ANNUAL REPORT
2018/2019

STENA METALL

THE YEAR IN BRIEF

- Stena Metall Group reported a result in line with last year in terms of EBITDA SEK 1,607 million (l.y. SEK 1,657 million).
- Business Area Recycling reported a strong year with an EBITDA of SEK 1,323 million (l.y. SEK 1,306 million). Volumes ended in line with last year and margins were strong in general.
- Stena Nordic Recycling Center (SNRC) is the hub of the industrial material recycling infrastructure that has been established within the Group. SNRC has continued to contribute to significantly increased recycling rates with higher quality.
- Stena Recycling has been named Sweden's most sustainable brand for 2018. The award is based on interviews with decision makers in large companies. The B2B Sustainable Brand Index study is conducted by SB Insight.
- In December the Stena Metall Group divested Juteskären AB to Stena Rederi AB. Juteskären AB owns the ferry MV Stena Scandinavica. The sale of Juteskären AB reduced the Stena Metall Group's interest bearing net debt with SEK 777 million.
- In December Stena Metall Group also divested Stena Components in Molkom.

920

STENA METALL GROUP OPERATING PROFIT FOR THE FINANCIAL YEAR 2018/2019 WAS SEK 920 MILLION.

KEY FIGURES

SEK million	**2018/2019**	2017/2018	2016/2017	2015/2016	2014/2015	2013/2014
Net sales	**27,391**	26,681	22,354	16,404	19,733	20,626
EBITDA	**1,607**	1,657	1,382	987	1,174	774
Operating profit	**920**	932	758	472	658	180
Shareholders' equity	**6,524**	5,737	5,135	4,750	4,585	4,225
Equity ratio, %	**44.3**	39.0	37.5	39.2	36.5	36.2
Average number of employees	**3,497**	3,756	3,365	3,152	3,224	3,335


Steel beams at Stena Stål's warehouse in Västerås.

CONTENTS

CHIEF EXECUTIVE OFFICER'S COMMENT

The Stena Metall Group is the Nordic region's leading recycling company. The 2018/19 financial year saw continued growth and further investment in new recycling solutions. The market was characterized by increased volatility and uncertainty. Profit before tax was SEK 1,004 million.

The 2018/19 financial year has been characterized by turmoil in the world around us, with overall uncertainty creating increasingly short-term behavior that, in itself, drives an economic downturn. Market conditions were very changeable for most of our businesses. Major price shifts occurred in commodity markets throughout the year. Pessimistic market projections intensified in the latter part of the financial year, which resulted in relatively large price drops.

As part of its environmental improvement efforts, China introduced a very strict policy on the import of mixed waste fractions of paper, plastics and metals. The country has gone from being one the world's largest importers of these waste products to virtually closing its doors in just over a year. In the rest of the world, this has caused a major increase in the supply of these materials for recycling, which has pushed prices down considerably.

While volatile markets have led to challenging conditions for everyone, we have continued to develop our business in a positive way. With a combination of continuous improvement work and focused investments, we are continuing to grow. I am impressed by the commitment and business acumen shown throughout the Group during the year. It is proof that giving clearly delegated mandates to the right people with the right skills can create success, even in more challenging times.

I am particularly pleased with the quality and creativity of our result-oriented business acumen, which generates many new value-creating projects and collaborations.

I AM PARTICULARLY PLEASED WITH THE QUALITY AND CREATIVITY OF OUR RESULT-ORIENTED BUSINESS ACUMEN, WHICH GENERATES MANY NEW VALUE-CREATING PROJECTS AND COLLABORATIONS.

Stena Recycling continues to make strong progress. As the Nordic region's leading recycling company, we are advancing our market position, while continuing to invest in new solutions that further increase the degree of refining in our recycling. Our large network of branches and closeness to customers provides a solid foundation for Stena Recycling's good growth. More than 170 branches, linked through increasingly efficient logistics, with regional as well as central production units, continue to create new, exciting solutions for our customers, as well as for ourselves. The Stena Nordic Recycling Center (SNRC) is the Group's hub for its industrial material recycling infrastructure and continues to contribute to higher recycling rates and a higher quality yield.

During the financial year, we continued to invest in SNRC and initiated four new recycling processes, in addition to productivity enhancements in existing lines. It is gratifying that we have deepened collaborations with a number of our customers, in order to find new, sustainable solutions together. With these focused, value-creating projects, truly exciting circular solutions are created for the benefit of all parties. The recognition of Stena Recycling as Sweden's most sustainable brand (B2B) for 2018 is gratifying proof that we are on the right track.

In an increasingly difficult market, Stena Aluminium strengthened its strong market position during the year.

Stena Components sold its Molkom facility, in order to fully focus on improvement work at its primary site in Nybro.

In a progressively weaker market, Stena Stål continues to make more possible through customer-oriented improvement work and by focusing on quality and efficiency.

Stena Oil has delivered improved results and strengthened its position as the leading, quality-assured supplier in the Scandinavian market.

Stena Metall Finans showed very good results for the year, while delivering continued strong support to our other operations, in terms of cash management and risk factors. It continues to contribute to the overall good financial discipline of the Stena Metall Group.

The Group is firmly committed to research and development. In addition to our own R&D unit, we work closely with several universities and colleges in order to find new recycling solutions. At the Stena Nordic Recycling Center, we have created the Stena Recycling Lab, a test arena for new recycling technologies and the development of new and sustainable products. This meeting place for entrepreneurs, researchers, students and companies acts as a catalyst for recycling innovation and development. Two areas of particular focus are "automation for improved recycling and safer work environments", and "creating new products from complex waste types".

With our New Ventures business area, we have a good channel for translating new ideas into business solutions. During the year, we launched several new construction products made from recycled material, as well as a digital platform to increase the reuse of white goods, which resulted in us receiving the New Thinker of 2019 award in the Öresund Institute's Real Estate Award.

By working closely with the automotive industry, we are seeking to lead the way in lithium-ion battery recycling. Through research and development work, among other initiatives, we are seeking new and improved recycling solutions for vehicle batteries. We have signed agreements with many vehicle manufacturers to handle lithium-ion batteries. In addition to recycling, we are introducing a first-stage solution that uses the batteries for energy storage during the current financial year.

We have a solid foundation in our overall business acumen. While our focus on continuous improvements works with full force, we want to continue to grow. By focusing on the efficient utilization of our resources, and the resources of our partners, we see good growth opportunities for most of our operations.

At the time of writing, market conditions continue to weaken. The situation in the market for raw materials have worsened throughout the fall and it appears that the situation will persist through this calendar year and, perhaps, a bit into the next year. Major price fluctuations and periods of increased market uncertainty are recurring challenges that we must address. Our financial position is strong and by maintaining financial discipline, we are well equipped to handle the situation in the best possible way. However, if current market conditions persist, it will be more difficult to preserve last year's good result.

Gothenburg, October 2019

Anders Jansson

PRICE TRENDS

The financial year 18/19 was relatively turbulent in terms of raw materials. The price of oil and aluminium fell by around 20 percent. Copper lost approximately 5 percent while nickel and iron ore rose by nearly 40 percent. Large variations such as these between the essential raw materials are rare. Concern about the trade war between the USA and China have had a significant effect, as well as negative signs from both Germany and China. Against this background, the new year started with major uncertainty in terms of raw material prices.

NON-FERROUS

The financial year was characterized by the ramped-up trade dispute between the USA and China as well as increased concern about the reduction in growth in the world economy. LME prices saw a declining trend with an exception of the start of 2019, when prices rose relatively strongly in the hope of a solution to the trade dispute between the USA and China. Instead, the conflict escalated with prices falling heavily during the spring. During the summer, prices remained relatively stable at low levels. Nickel was the exception, which rose sharply during the summer when the market was speculating that Indonesia would introduce its ban on the export of nickel ores earlier than originally planned. In August it was confirmed that the ban would take effect at the new year 2019/2020 instead of in 2022, as previously announced.

The market for scrap metal also weakened. The market for scrap aluminium was particularly weak, followed by stainless scrap. China's new import policy, which in practice bans the import of all mixed scrap, remained in place. Other Asian countries are increasingly following the same line. This presents a challenge for recycling companies in the rest of the world, which have to find their own solutions for the reprocessing of the volumes that previously went to China.

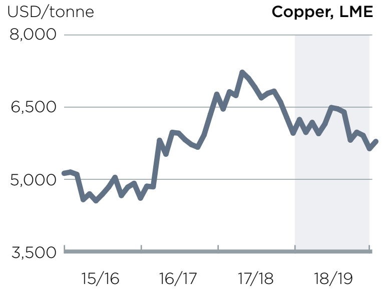
FERROUS SCRAP

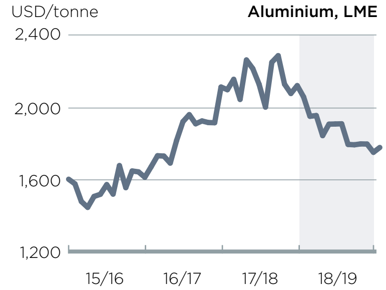
Global steel consumption remained high during the year. China was the main driver and moved towards record levels of annual production at more than one billion tonnes in 2019. For the industry in Europe, 2018 was an isolated strong year, while 2019 is back at the level of 2016-2017. Historically, Turkey was a very large importer of scrap, but the recession has now caused the construction sector to stall, which in turn drove down the demand for scrap imports. In turn, this contributed to a clear negative trend in global scrap prices during the year. Industry was strong in the USA, which generated large scrap tonnage. At the same time, there was a slowdown in Europe, where the brakes were put on the automotive industry, affecting industrial activity, not least in our home markets. We expect further reductions in the automotive industry in the coming year.

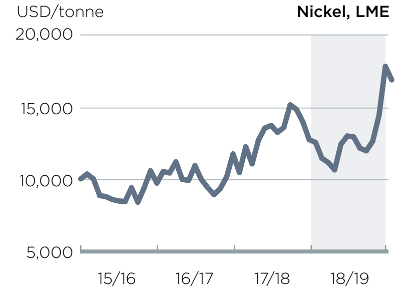
RECOVERED PAPER

The European market for collected corrugated cardboard was in decline throughout the financial year. The cause remains the fact that China is not buying the volumes that they used to in previous years.

During the fall and winter 2018/2019, the decline was limited due to the fact that the mills still had filled order books for their finished product. However, during the spring and summer the situation worsened with clear indications of an economic slowdown. The stores are full, supply is strong and demand is slowing down.
We see even more challenges for sales in the coming financial year compared with previously. The market has slowed down and prices







have been falling in both newspaper and magazine paper throughout 2019. The majority of mills have well-stocked inventory of both raw materials and finished products, and as a result many paper machines have been running with greatly reduced capacity. Tissue paper mills are stronger and have seen good demand on the material. Recovered paper qualities which act as pulp substitute have reduced in price at the same rate as the price of virgin pulp in 2019. For the coming financial year, the prospects for newsprint and graphic qualities continue to be weak with declining volumes and challenges on the sales side.

PLASTICS

We see a major change on the market where companies have started to request recycled plastics to a greater extent. Another clear trend is that recyclers and producers are working together to create circular material flows.

On the other hand, plastic waste which was previously largely exported to Asia has been is more limited demand. Exports to countries in south-east Asia have been blocked or significantly tightened and the list of countries that have introduced temporary import bans keeps growing longer. An increased supply of materials on the market combined with low prices of virgin materials has resulted in more and more material types being traded at record low levels. Plastics recyclers in Europe have taken advantage of the situation and invested in new capacity, as non-prime plastic has become less expensive.

ALTERNATIVE RAW MATERIALS

During the year there has been an excess of combustible commercial waste. There has been good access to imported materials, mainly from the UK and Norway. The cost of disposing of material is therefore expected to increase in the future. The quality of the material is becoming more important and demands will also be made on pretreated fuel.

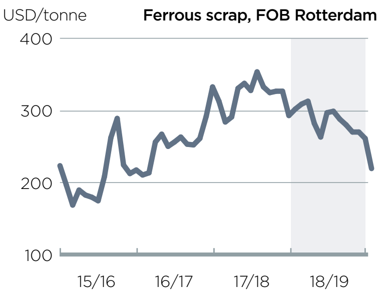
The prices for recycled wood have changed during the year and prices for uncrushed wood have risen. Before the heating season, the demand for recovered wood chips is high and the market is not balanced. Accessible combustion volume is reducing as operators predominately want to recycle material. Several recipients will therefore meet their needs with imported material, or offer higher prices to get access to stored volumes.

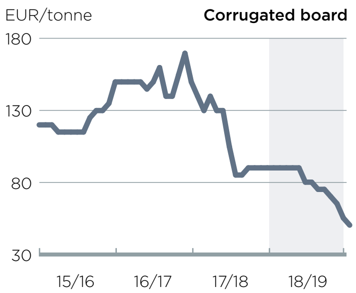
The sales opportunities for landfill material are generally good, while the market for construction materials is limited. Landfill tax rose during the year and will also be indexed annually in the future.

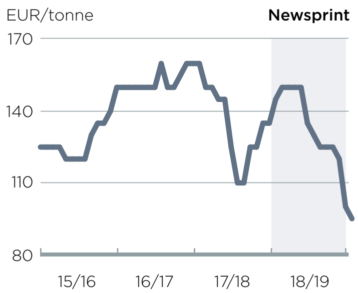
The demand for organic material from existing biogas plants is good. The need for biogas, mainly from industry, is increasing in line with the reduction in the use of fossil fuels.

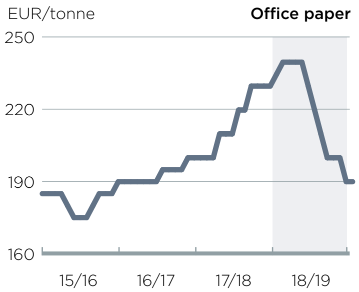
STEEL

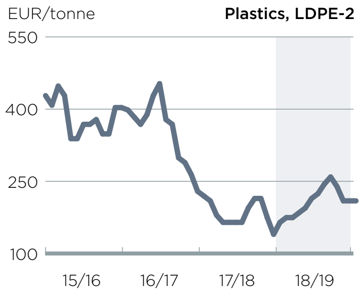
Demand for steel has been good in industry, but the construction industry has weakened during the year, resulting in a reduced demand for construction-related steel. Sector statistics from wholesalers now show reduced demand for steel compared with the calendar year 2018.











During the fall of 2018 prices were stable, but during the winter months demand fell and we saw steel prices fall. They rose again in the spring of 2019, this is largely explained by a weaker Swedish krona, producing higher prices on import goods. The introduction of barriers to trade with quotas and protective tariffs for imports into the EU has also contributed and provided a good capacity utilization in steel plants. When seen over the year, long products, which are usually scrap-based, have declined in price by 3 - 4 percent. Flat products, which are usually ore-based, have increased by about 3 percent in the same period.

The need for steel in the coming months is difficult to assess. The market faces challenges due to a decrease in demand from the automotive industry and the concern caused by the threat of further global trade barriers.

FREIGHT

Depressed oil prices kept freight prices at a low level during the year. Concern for the sustainability of global growth led to an initial fall in prices. After the summer of 2019, the harvest season for cereals was strong, driving up competition for the available tonnage and thus also freight prices. Price levels are also expected to be relatively high during the fall. Container cargo prices have remained low throughout the year due to the week global growth, but are expected to strengthen dramatically when the sulfur regulation IMO 2020 comes into effect on January 1, 2020. The global sulfur regulation results in more expensive fuel for all shipping. It is difficult for ship owners to determine the impact of this yet, but it is clear that it will become significantly more expensive to transport goods.

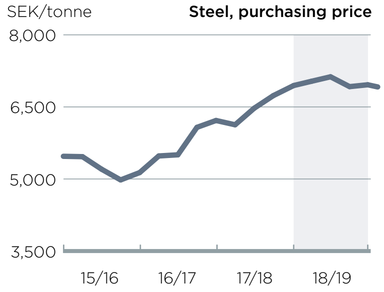
Even if we no longer consider China as a country where we can export plastic waste, it is still a large market for the use of plastic raw material. The automotive industry has seen a reduction in orders received in both Europe and China, which will affect both supply and demand. In future, we believe that the market will be characterized by how quickly the industry can adjust to work in a more circular way. The focus will be on sustainability and recycling, but there are challenges. If the manufacturing industry chooses cheap primary raw materials instead of recycled raw material, plastic recycling is at risk of losing the momentum we have seen in the past year.

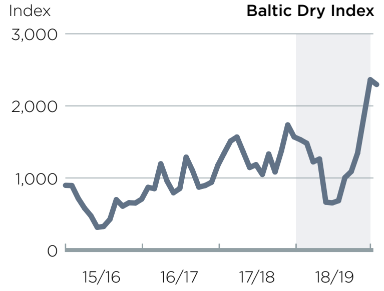
OIL

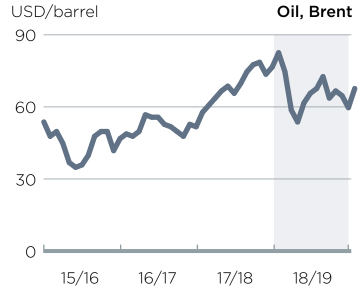
This financial year has seen high prices at more than USD 80/barrel to a level of around USD 60/barrel. The US sanctions against Iran and the trade dispute with China pushed up the prices during the year to the highest since 2014, to then turn steeply downward later. The continued increase in US production of shale oil has increased its market share. This has contributed to holding back oil price rises. OPEC+ (including Russia) agreed to continue to hold back production and probably also to reduce it even further in the future.

HSFO (high sulfur fuel oil), which is currently widely used by shipping, will not be able to be used from 2020 as a result of the sulfur regulation (IMO 2020) which will come into force, unless the vessel is equipped with scrubbers. This will lead to a dramatic price reductions in HSFO. At the same time, the demand for marine gas oil (diesel) will increase significantly, resulting in increased prices.

In summary, there is a fine balance between supply and demand of oil. The forecasts of global growth of approximately 3 percent next year will in itself generate an increased demand for oil by approximately one million barrels/day. In addition, there is a significant risk of geopolitical events that could lead to rising oil prices.







* All graphs refer to prices during the period September 1, 2015 to September 17, 2019. 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, 2018 to August 31, 2019.

ABOUT STENA METALL

The Stena Metall Group has operations in seven business areas spread across 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 2018/2019 the Group had operations in Sweden, Norway, Denmark, Finland, Poland, Switzerland, Malta, Germany, Italy and the U.S.

After a long period of growing doubts about the economic impact of all the political uncertainties in the world, our general business environment is clearly more challenging. Raw material prices have decreased considerably, the markets are becoming more volatile while the effects of a less certain business environment have resulted in lower volumes through our activities in general. The ongoing trade dispute between the US and China, combined with more volatile international relations, have created an uncertain and nervous market situation. At the same time, China's new environmental policy, which bans imports of all types of mixed scrap and waste, has put great pressure on the global recycling industry.

The Group continues to roll out its own lean programs in more areas with very good results.

MARKET

Recycling

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

Stena Recycling reported good earnings growth in several home markets while consolidating its position as the leading recycler in the Nordic region. During the financial year, the business unit Electronics Recycling was integrated into Stena Recycling, strengthening the company's position further. At the same time, continuous investments are being made in new production solutions to further improve recycling rates.

The business area's sales amounted to SEK 16,244 million (16,044) with operating profit of SEK 789 million (753).

Trading

The Stena Metall Group trades scrap metal, pig iron, hot briquetted iron and finished steel products. Stena Metal Inc. serves as a link between raw material suppliers and buyers around the world.

The business area's sales and operating profit/loss amounted to SEK 1,012 million (893) and SEK –2 million (–2) respectively.

Aluminium

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.

Operating profit amounted to SEK 29 million (60). Sales amounted to SEK 1,176 million (1,360).

Steel

Stena Stål has facilities in Sweden and Norway and offers a wide range of steel products as well as slitting and cutting to length of sheet and strip steel from coils. With structured improvements and stronger business acumen, Stena Stål has strengthened its market shares and continues to be on a sound profit level.

The business area's sales and operating profit amounted to SEK 2,340 million (2,360) and SEK 45 million (86) respectively.

Components

Stena Components manufactures flame-cut and CNC-processed steel products for industry. During the year, Stena Components intensified its improvement efforts and strengthened the marketing organization, which led to higher market shares. Operations in Molkom were disposed of during the year.

Sales and operating profit amounted to SEK 194 million (260) and SEK –18 million (–22) 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 challenging bunker market, Stena Oil has shown that the combination of business acumen and a quality-assured product creates value for its business and customers. During the year Stena Oil strengthened its market position in southern Sweden.

Sales and operating profit amounted to SEK 6,417 million (5,763) and SEK 36 million (23) 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 viewed the market conditions cautiously with relatively low exposure.

Operating profit amounted to SEK 124 million (23).

CHANGES IN THE GROUP'S COMPOSITION

During the year, Juteskären AB was sold from AB Stena Metall Finans and Stena Components Molkom AB was sold from Stena Components AB.

ENVIRONMENTAL INFORMATION

The majority of the Group's operations – 175 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 2018/2019 and on the company's website, www.stenametall.com.

PERSONNEL

The average number of employees during the financial year was 3,497 (3,756). During the year, all companies have continued to work towards ensuring relevant skills development based on their respective needs at the same time as giving priority to group-wide leadership development, including through Stena Way of Leadership. Employer Branding, i.e. the question of how we attract and retain the right skills, has been a key focus during the year. This resulted in a new employer offer of Stena Recycling Sverige, which was activated through the career page, training, etc. In addition, a group-wide career page was launched. We will continue to focus on skills development, diversity and inclusion as well as digitization of HR.

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 48 million (39) was invested in research and development.

ACCOUNTING PRINCIPLES

Starting this financial year, the Group applies IFRS 9 Financial instruments and IFRS 15 Revenue from Contracts with Customers. 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 16–21.

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's sales amounted to SEK 27,391 million (26,681), an increase of 2.7 percent compared with the previous financial year. The Parent Company's sales were SEK 245 million (204), of which intra-Group transactions accounted for SEK 240 million (199).

The Group's profit for the year and comprehensive income amounted to SEK 843 million (585) and SEK 866 million (663) respectively. The Parent Company's profit for the year, which is equal to its comprehensive income, was SEK 84 million (110).

FUTURE OUTLOOK

In a market that is currently uncertain with large price fluctuation, 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 such as internal audit and accounting.

PROPOSED DISTRIBUTION OF EARNINGS

The Board of Directors proposes that the unappropriated earnings in the Parent Company, amounting to SEK 2,928,226,287, be distributed as follows:

- Dividend to shareholders of SEK 110,000,000.
- To be carried forward, SEK 2,818,226,287.

GROUP

INCOME STATEMENT

September 1 to August 31, SEK million	Note	2018/2019	2017/2018
Net sales	2	27,391.1	26,680.7
Cost of goods sold	4, 27	–25,347.8	–24,642.7
GROSS PROFIT		**2,043.3**	**2,038.0**
Sales expenses	4, 27	–435.0	–431.9
Administrative expenses	3, 4, 27	–1,060.8	–971.8
Other operating income	5	372.2	297.5
OPERATING PROFIT	2	**919.7**	**931.8**
Income from investments in associated companies	6	3.1	–2.9
Net interest income	6	–148.4	–182.5
Other financial income and expenses	6	229.7	–3.3
PROFIT BEFORE TAX		**1,004.1**	**743.1**
Taxes	7	–160.7	–158.2
PROFIT FOR THE YEAR		**843.4**	**584.9**
OTHER COMPREHENSIVE INCOME			
Items that can later be reclassified to profit or loss:			
Change in value of available-for-sale financial assets		—	65.6
Change in value of hedging reserve		15.0	1.4
Translation difference in subsidiaries outside Sweden		3.1	30.3
Revaluation hedge of net investment		5.7	–19.7
Items that will not be reclassified to profit or loss:			
Translation of provision for pensions and similar obligations		–1.0	—
TOTAL COMPREHENSIVE INCOME		**866.2**	**662.5**
Profit/loss for the year is attributable to:			
Parent Company's shareholders		843.1	585.5
Non-controlling interests		0.3	–0.6
PROFIT FOR THE YEAR		**843.4**	**584.9**
Total comprehensive income attributable to:			
Parent Company's shareholders		865.9	663.1
Non-controlling interests		0.3	–0.6
TOTAL COMPREHENSIVE INCOME		**866.2**	**662.5**

GROUP

BALANCE SHEET

ASSETS

August 31, SEK million	Note	2019	2018
Fixed assets			
Intangible fixed assets			
Goodwill	8	594.6	597.4
Trademarks and customer relationships	8	295.5	346.6
Other intangible fixed assets	8	68.1	57.6
TOTAL INTANGIBLE FIXED ASSETS		**958.2**	**1,001.6**
Tangible fixed assets			
Buildings	9	1,170.9	1,132.5
Land and other real estate	9	870.1	874.7
Plant and machinery	9, 23	2,643.5	3,212.0
Equipment	9, 23	33.7	30.1
Construction in progress	9	241.4	238.1
TOTAL TANGIBLE FIXED ASSETS		**4,959.6**	**5,487.4**
Financial fixed assets			
Shares and participations in associated companies	10	8.5	7.0
Other long-term securities	11	779.8	629.4
Deferred tax assets	18	259.6	374.6
Other long-term receivables	12	65.7	55.9
TOTAL FINANCIAL FIXED ASSETS		**1,113.6**	**1,066.9**
TOTAL FIXED ASSETS		**7,031.4**	**7,555.9**
Current assets			
Inventories	13	1,681.2	1,780.6
Short-term receivables			
Accounts receivable	14	2,457.7	2,537.5
Current tax assets		43.8	50.8
Other receivables	14	434.5	513.7
Prepaid expenses and accrued income	14	691.7	707.6
TOTAL SHORT-TERM RECEIVABLES		**3,627.7**	**3,809.6**
Short-term investments		1,027.8	1,308.3
Cash and bank	15	1,346.8	252.8
TOTAL CURRENT ASSETS		**7,683.5**	**7,151.3**
TOTAL ASSETS		**14,714.9**	**14,707.2**

SHAREHOLDERS' EQUITY AND LIABILITIES

August 31, SEK million	Note	2019	2018
Shareholders' equity			
Share capital		13.0	13.0
Reserves	16	99.9	164.8
Retained earnings		5,566.4	4,973.1
Profit for the year		843.4	584.9
Non-controlling interests	16	1.5	1.2
TOTAL SHAREHOLDERS' EQUITY		**6,524.2**	**5,737.0**
Long-term liabilities			
Pensions and similar obligations	17	13.0	13.8
Deferred tax liabilities	18	319.8	392.9
Other provisions	19	625.5	664.2
Bond loans	20	3,000.0	3,600.0
Loans from credit institutions	21	142.3	292.0
Other liabilities	21	4.2	22.0
TOTAL LONG-TERM LIABILITIES		**4,104.8**	**4,984.9**
Current liabilities			
Bond loans	20	600.0	—
Loans from credit institutions	22	90.2	547.6
Accounts payable		1,709.0	1,802.5
Current tax liabilities		15.7	27.7
Other liabilities	22	291.4	229.0
Accrued expenses and prepaid income	22	1,379.6	1,378.5
TOTAL CURRENT LIABILITIES		**4,085.9**	**3,985.3**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**14,714.9**	**14,707.2**

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 AT SEPTEMBER 1, 2017	13.0	87.2	5,034.5	5,134.7	0.2	5,134.9
Profit for the year			585.5	585.2	−0.6	584.9
Minority interest in acquired company					**1.6**	**1.6**
Change in fair value reserve for the year		65.8		65.8		65.8
Change in hedging reserve for the year		1.4		1.4		1.4
Change in translation reserve for the year		30.2		30.2		30.2
Change in hedge of net investment for the year		−19.8		−19.8		−19.8
Restatement of provisions for pensions						
OTHER COMPREHENSIVE INCOME FOR THE YEAR		77.6		77.6		77.6
Share dividend			−62.0	−62.0		−62.0
CLOSING BALANCE AT AUG. 31, 2018	**13.0**	**164.8**	**5,558.0**	**5,735.8**	**1.2**	**5,737.0**
Profit for the year			843.1	843.1	0.3	843.4
Change in hedging reserve for the year		15.0		15.0		15.0
Change in translation reserve for the year		3.1		3.1		3.1
Change in hedge of net investment for the year		5.7		5.7		5.7
Restatement of provisions for pensions			−1.0	−1.0		−1.0
OTHER COMPREHENSIVE INCOME FOR THE YEAR		23.8	−1.0	22.8		22.8
Change in fair value reserve for the year due to changed accounting principle in the transition to IFRS9		−88.7	88.7			—
Share dividend			−79.0	−79.0		−79.0
CLOSING BALANCE AT AT AUG. 31, 2018	**13.0**	**99.9**	**6,409.8**	**6,522.7**	**1.5**	**6,524.2**

GROUP

STATEMENT OF CASH FLOWS

September 1 to August 31, SEK million	Note	2018/2019	2017/2018
Operating activities			
Profit before tax		1,004.1	743.1
Adjustments for non-cash items		409.3	569.1
		1,413.4	1,312.2
Taxes paid		−30.0	−28.6
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL		**1,383.4**	**1,283.6**
Cash flow from changes in working capital			
Increase(–)/Decrease(+) in inventories		81.7	−108.1
Increase(–)/Decrease(+) in short-term receivables		151.1	−765.5
Increase(+)/Decrease(–) in current liabilities		−25.6	177.5
CASH FLOW FROM OPERATING ACTIVITIES		**1,590.6**	**587.5**
Investing activities			
Acquisition of subsidiaries		—	−55.4
Sale of subsidiaries		727.1	−0.6
Acquisition of intangible fixed assets		−31.8	−23.3
Acquisition of tangible fixed assets		−770.9	−804.0
Sale of tangible fixed assets		99.2	104.5
Acquisition of financial assets		−335.0	−283.6
Sale of financial assets		299.2	6.4
CASH FLOW FROM INVESTING ACTIVITIES		**−12.2**	**1,056.0**
CASH FLOW AFTER INVESTMENTS		**1,578.4**	**−468.5**
Financing activities			
Loan proceeds		—	1,097.0
Amortization of loan liabilities		−405.6	−1,209.5
Share dividend		−79.0	−62.0
CASH FLOW FROM FINANCING ACTIVITIES			**−174.5**
CASH FLOW FOR THE YEAR		**1,093.8**	**−643.0**
Cash and bank at September 1		252.8	878.6
Translation difference in liquid assets		0.2	17.2
CASH AND BANK AT SEPTEMBER 31	25	**1,346.8**	**252.8**
Supplemental disclosure to statement of cash flows			
Adjustments for non-cash items			
Income from investments in associated companies		3.1	2.9
Depreciation and impairment of assets		687.5	725.4
Unrealized translation differences		16.9	−210.4
Capital gain/loss on sale of tangible fixed assets		−43.0	−48.9
Capital gain/loss on sale of subsidiaries		−228.3	5.0
Change in fair value of available-for-sale assets		—	65.8
Change in provisions		−40.4	32.4
Other non-cash items		13.5	−3.1
TOTAL		**409.3**	**569.1**

GROUP AND PARENT COMPANY

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 October 23, 2019, 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

New standards and interpretations that have not yet been applied by the Group

IFRS 16 Leases

IFRS 16 will replace IAS 17 Leases and will be applied as of September 1, 2019. The standard requires assets and liabilities attributable to all leases, with few exceptions, to be recognized in the balance sheet. This is based on the view that the lessee has a right to use an asset during a specific period of time and at the same time has a liability to pay for this right.

Stena Metall will apply a modified transition method. The implementation of IFRS 16 will lead to a modification in the Group's accounting principles which will be applied with forward retroactive effect. This means that the opening balance will be converted on 09/01/2019. The modified accounting principle will lead to tangible fixed assets and long-term and short-term liabilities increasing by about SEK 1,000 million as at 09/01/2019, or by 7% of the balance sheet total. The equity ratio will drop from 44% to 42% and the introduction will have a marginal impact on future EBIT.

New or modified accounting standards 2018/2019

From September 1, 2018, Stena Metall AB will apply IFRS 9 Financial instruments and IFRS 15 Revenue from contracts with customers. In terms of IFRS 9, the implementation has resulted in the following changes in classification and associated valuation, see the table below:

Adjustment of opening balances in balance sheet as of August 31, 2018

Balance sheet	August 31 2018	IFRS 9	September 1 2018
Fixed assets			
Available-for-sale financial assets	623.6	–623.6	—
Financial assets at fair value through profit or loss		623.6	623.6
Shareholders' equity			
Fair value reserve	88.7	–88.7	—
Retained earnings		88.7	88.7

IFRS 9 Financial Instruments

1. A number of financial instruments which were previously (available-for-sale) reported at their fair values over other comprehensive income will be reported directly in the income statement. No revaluation effect has occurred, however the reclassification has given rise to an adjustment in equity between the fair value reserve and retained earnings, where retained earnings increased by SEK 88 million.

2. In accordance with IFRS 9, a credit risk reserve should be calculated and reported based on expected credit losses rather than on the credit losses identified. In the case of Stena Metall, the change has not caused any material change in the size of the reserve.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 Revenue from Contracts with Customers is applied as of September 1, 2018, and Stena Metall has chosen not to apply it retroactively. Implementation of IFRS 15 has not resulted in any changes, and is unlikely to in the future as long as the same business models are applied. Contracts with customers essentially all include a performance obligation, and revenue is recognized when control passes to the customer, which in the case of the business areas happens when goods are transferred or received in accordance with the contractual terms. The volume of services provided to customers is limited in relation to the value of goods delivered. Certain contracts contain traditional floating price mechanisms in the form of discounts that apply to the individual transaction.

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 and internal gains are eliminated upon consolidation. Intra-Group transactions, balance sheet items and unrealized gains and losses on transactions between Group companies are eliminated.

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 holders 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. Foreign 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.

Currency 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.

Translation of foreign currency Translation of foreign operations 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 segment is responsible for operating profit and the assets used in their business operations.

Sales between segments are made on fair market terms and at market prices. The Stena Metall Group business areas and thus segments are:

- Recycling
- Aluminium
- Oil
- Steel
- Components
- Trading
- 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 distributed by cash-generating unit. The distribution applies to the cash-generating units that are expected to benefit from synergies from the acquisition. Every unit that goodwill has been distributed to corresponds to the lowest level in the Group at which the goodwill in question is monitored through internal governance. Goodwill is monitored by cash-generating unit.

IT investments

Acquired software is capitalized on the basis of acquisition and implementation expenses. The expense is written off on a straight-line basis over an estimated useful life of 5 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 measured 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 and derivatives. The Group's derivatives have been acquired in order to hedge financially the risks that the Group is exposed to, for example currency rate exposure. Stena Metall does not apply hedge accounting, 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 is 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 liabilities valued at accrued acquisition value

Bond loans, liabilities from credit institutions and other financial liabilities, for example accounts payable, are included in this category. Liabilities are valued at the accrued acquisition cost. Loans from credit institutions and bond loans are initially recognized at nominal value. 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. With respect to available-for-sale financial assets, a significant or long-term decrease in the fair value of an instrument to a level below its acquisition value is proof of a needed 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 recognized as a defined benefit 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 recognizes a revenue when the control passes to the customer, which in the case of the business areas happens when goods are transferred or received in accordance with the contractual 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, aluminium, steel, component, oil and trading 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 in net financial income/expense when the right to the proceeds is obtained.

LEASING

A lease where a significant portion of the risks and benefits of ownership are retained by the lessor is classified as an operating lease, which means that the lease fee is recognized on a straight-line basis over the lease term.

A lease 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 and amortized over the shorter of the asset's useful life and the lease term. The obligation to pay future lease fees is recognized as other long- and short-term borrowing. Lease payments are recognized as interest and amortization of the liabilities.

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 and in certain cases tax regulations. 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.

MEASUREMENT OF TAX 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 319 million (294 million) as of August 31, 2019.

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

By business area	2018/2019	2017/2018
Recycling	16,244.0	16,044.2
Aluminium	1,176.5	1,360.1
Oil	6,416.7	5,762.8
Steel	2,340.0	2,359.7
Components	194.1	259.9
Trading	1,012.5	893.3
Other	7.3	0.7
TOTAL	**27,391.1**	**26,680.7**

By geographic market		
Europe	21,745.3	22,446.0
Rest of world	5,645.8	4,234.7
TOTAL	**27,391.1**	**26,680.7**

By significant revenue source		
Goods	24,459.2	23,930.3
Services	2,931.9	2,750.4
TOTAL	**27,391.1**	**26,680.7**

Excise duties of 0.6 (1.6) are included in sales.

OPERATING PROFIT

By business area	2018/2019	2017/2018
Recycling	788.7	753.1
Aluminium	28.7	60.0
Oil	35.5	23.2
Steel	44.7	86.1
Components	–18.3	–21.6
Trading	–2.0	–1.9
Finance	124.1	23.2
Other	–81.7	9.7
TOTAL	**919.7**	**931.8**

By geographic market		
Europe	921.7	933.7
Rest of world	–2.0	–1.9
TOTAL	**919.7**	**931.8**

Net exchange rate differences recognized in operating profit amount to 26.8 (24.3).

3 | FEES TO AUDITORS

PwC	2018/2019	2017/2018
Audit assignment	9.1	9.1
Audit work in excess of audit assignment	1.3	0.2
Tax advice	3.2	0.7
Other assignments	0.6	0.7
TOTAL	**14.2**	**10.7**

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/AMORTIZATION AND IMPAIRMENT LOSSES

Depreciation/amortization and impairment losses according to plan by function	2018/2019	2017/2018
Cost of goods sold	–667.3	–647.0
Sales expenses	–0.4	–56.2
Administrative expenses	–19.8	–22.2
TOTAL	**–687.5**	**–725.4**

Depreciation/amortization and impairment losses according to plan by asset		
Goodwill	—	—
Trademarks and customer relationships	–58.1	–55.8
Other intangible fixed assets	–14.3	–17.4
Buildings	–69.5	–68.4
Land improvements	–19.1	–16.8
Plant and machinery	–515.1	–558.1
Equipment	–11.4	–8.9
TOTAL	**–687.5**	**–725.4**

5 | OTHER OPERATING INCOME AND OPERATING EXPENSES

	2018/2019	2017/2018
Business area Finance	213.3	64.0
Lease income from vessels, net	93.0	161.1
Result on sale of tangible fixed assets, net	43.0	48.9
Grants received	3.1	1.0
Rental income	19.4	17.7
Other	0.4	4.8
TOTAL	**372.2**	**297.5**

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

Grants received relate partially to EU grants for R&D project, 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. Grants received primarily refer to EU grants for R&D projects, among other things, to identify new and innovative methods to recycle rare earth metals from, for example, neodymium magnets and projects to optimize the recycling chain through image analysis and volume sensors.

6 | NET FINANCIAL INCOME/EXPENSE

INCOME FROM INVESTMENTS IN ASSOCIATED COMPANIES	2018/2019	2017/2018
Returpapperscentralen i Uppsala HB	1.8	–1.7
Other	1.3	–1.2
TOTAL	**3.1**	**–2.9**

NET INTEREST INCOME		
Interest income	13.4	10.9
Interest expenses	–151.5	–183.4
Borrowing costs	–10.3	–10.0
TOTAL	**–148.4**	**–182.5**

OTHER FINANCIAL INCOME AND EXPENSES		
Change in value of interest rate swaps	—	7.8
Capital gains/losses	228.3	–5.0
Exchange rate differences	1.5	–4.7
Other	–0.1	–1.4
TOTAL	**229.7**	**–3.3**

Capital gains/losses relate to the consolidated profit on the sale of Juteskären AB, 265.1, loss on sales of Stena Components Molkom AB, -33.1 and loss from the liquidation of Stena Technoworld International GmbH in Austria, -3.7. Value for the previous year relates to the sale of the Russian subsidiary LLC Property & Logistics.

7 | TAXES

	2018/2019	2017/2018
Current tax	−30.0	−28.6
Deferred tax	−130.7	−129.6
TOTAL	**−160.7**	**−158.2**

Current tax		
Current tax for the period	−29.5	−21.9
Adjustment of previous years' tax	−0.5	−6.7
TOTAL	**−30.0**	**−28.6**

Deferred tax		
Related to temporary differences	−19.5	−28.7
Related to tax loss carryforwards	−111.2	−97.9
Adjustment of previous years' tax	—	−3.0
TOTAL	**−130.7**	**−129.6**

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

Reconciliation of recognized tax charge	2018/2019	2017/2018
Profit before tax	1,004.1	743.1
Tax according to Parent Company's current tax rate 22.0%	−220.9	−163.5
Effect of other tax rates for foreign subsidiaries	18.2	11.9
Effect of changed tax rate	5.7	—
Non-deductible expenses	−20.4	−13.1
Tax-exempt revenue	75.6	1.9
Utilized tax loss carryforwards	3.2	43.2
Unrecognized tax assets on net loss for the year	−12.5	−18.2
Deferred tax	0.2	−7.7
Tax attributable to previous years	−0.5	−9.7
Other	−9.3	−3.0
RECOGNIZED TAX CHARGE	**−160.7**	**−158.2**

8 | INTANGIBLE FIXED ASSETS

ACQUISITION COST	Goodwill	Trademarks and customer relationships	Other intangible fixed assets	Total
Opening balance, Sep. 1, 2017	1,262.7	430.3	69.8	1,762.8
Acquired companies	30.2	—	—	30.2
Acquisitions for the year	—	—	23.3	23.3
Translation differences	101.7	—	1.4	103.1
CLOSING BALANCE, Aug. 31, 2018	**1,394.6**	**430.3**	**94.5**	**1,919.4**
Acquisitions for the year		7.0	24.8	31.8
Correction of acquisition analysis purchased company	–4.2	—	—	–4.2
Scrapping of fully-depreciated assets	—	–2.0	–20.4	–22.4
Translation differences	8.7	—	—	8.7
CLOSING BALANCE, Aug. 31, 2018	**1,399.1**	**435.3**	**98.9**	**1,933.3**

ACCUMULATED DEPRECIATION AND IMPAIRMENT				
Opening balance, Sep. 1, 2017	–736.1	–27.9	–18.3	–782.3
Amortization for the year	—	–55.8	–10.6	–66.4
Impairment losses for the year	—	—	–6.8	–6.8
Translation differences	–61.1	—	–1.2	–62.3
CLOSING BALANCE, Aug. 31, 2018	**–797.2**	**–83.7**	**–36.9**	**–917.8**
Amortization for the year	—	–58.1	–14.3	–72.4
Scrapping of fully-depreciated assets	—	2.0	20.4	22.4
Translation differences	–7.3	—	—	–7.3
CLOSING BALANCE, Aug. 31, 2018	**–804.5**	**–139.8**	**–30.8**	**–975.1**
NET CARRYING VALUE, Aug. 31, 2018	**597.4**	**346.6**	**57.6**	**1,001.6**
NET CARRYING VALUE, Aug. 31, 2019	**594.6**	**295.5**	**68.1**	**958.2**

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 through profit or loss. 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. 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 2018/2019, a discount factor (WACC – weighted aver-age cost of capital) of 5.3%–8.0% after tax and 6.9%–10.4% before tax has been used, which is unchanged compared with the previous year.

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, 2017	2,023.7	986.8	8,296.4	190.7	142.9	11,640.5
Acquired companies	34.1	4.0	55.4	7.6	—	101.1
Divested companies	—	–2.8	—	—	—	–2.8
Acquisitions for the year	19.2	19.2	417.4	10.8	337.4	804.0
Reclassification	117.7	52.0	62.3	1.2	–233.2	—
Sales and disposals	–35.7	–16.8	–326.5	–7.5	–0.1	–386.6
Translation differences	119.5	41.8	245.7	8.7	–8.9	406.8
CLOSING BALANCE, Aug. 31, 2018	**2,278.5**	**1,084.2**	**8,750.7**	**211.5**	**238.1**	**12,563.0**
Divested companies	—	—	–873.6	–2.2	–36.8	–912.6
Acquisitions for the year	7.7	20.3	453.8	11.9	277.2	770.9
Reclassification	116.1	8.7	98.8	3.2	–226.8	—
Sales and disposals	–44.7	–17.8	–341.8	–5.2	–1.1	–410.6
Translation differences	7.9	–0.9	18.4	4.9	–9.2	21.1
CLOSING BALANCE, Aug. 31, 2019	**2,365.5**	**1,094.5**	**8,106.3**	**224.1**	**241.4**	**12,031.8**
ACCUMULATED DEPRECIATION AND IMPAIRMENT						
Opening balance, Sep. 1, 2017	–1,026.8	–194.7	–5,032.5	–163.2		–6,417.2
Acquired companies	–12.6	—	–53.0	–7.5		–73.1
Divested companies	—	1.3	—	—		1.3
Reclassification	—	—	0.4	–0.4		—
Sales and disposals	22.8	6.8	294.7	6.5		330.8
Depreciation for the year	–68.0	–16.8	–551.7	–8.7		–645.2
Impairment losses for the year	–0.4	—	–6.4	–0.2		–7.0
Translation differences	–61.0	–6.1	–190.2	–7.9		–265.2
CLOSING BALANCE, Aug. 31, 2018	**–1,146.0**	**–209.5**	**–5,538.7**	**–181.4**		**–7,075.6**
Divested companies	—	—	293.9	2.2		296.1
Reclassification	—	–0.1	0.1	—		—
Sales and disposals	26.3	3.0	320.4	4.7		354.4
Depreciation for the year	–69.3	–19.1	–515.1	–11.4		–614.9
Impairment losses for the year	–0.2	—	—	—		–0.2
Translation differences	–5.4	1.3	–23.4	–4.5		–32.0
CLOSING BALANCE, Aug. 31, 2019	**–1,194.6**	**–224.4**	**–5,462.8**	**–190.4**		**–7,072.2**
NET CARRYING VALUE, Aug. 31, 2018	**1,132.5**	**874.7**	**3,212.0**	**30.1**	**238.1**	**5,487.4**
NET CARRYING VALUE, Aug. 31, 2019	**1,170.9**	**870.1**	**2,643.5**	**33.7**	**241.4**	**4,959.6**

10 | SHARES AND PARTICIPATIONS IN ASSOCIATED COMPANIES

Indirectly owned	Shareholders' equity/Votes, %	Aug. 31, 2019	Aug. 31, 2018
Returpapperscentralen i Uppsala HB, 916513-9313, Uppsala	50.0	1.2	0.9
Jern og Metallomsetning AS, Norge	50.0	4.8	4.5
Mørlandsmoen Bilopphugging AS, Norge	33.3	2.2	1.4
BioImpakt AB, 559004-5018, Örebro	20.0	0.3	0.2
TOTAL		**8.5**	**7.0**

Accumulated acquisition cost		
Net carrying value, opening balance	7.0	12.7
Acquired companies	—	0.2
Divested companies	—	–2.0
Share of profit for the year	3.1	–0.9
Distribution/withdrawal from partnerships	–1.5	–3.4
Translation difference	–0.1	0.4
NET CARRYING VALUE, CLOSING BALANCE	**8.5**	**7.0**

11 | OTHER LONG-TERM SECURITIES

	Aug. 31, 2019	Aug. 31, 2018
Private equity funds	773.9	623.6
Other	5.9	5.8
TOTAL	**779.8**	**629.4**

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

12 | OTHER LONG-TERM RECEIVABLES

	Aug. 31, 2019	Aug. 31, 2018
Interest-bearing receivables	8.7	17.6
Derivatives	—	18.6
Other	57.0	19.7
TOTAL	**65.7**	**55.9**
Net carrying value, opening balance	55.9	23.8
Additional receivables	37.3	39.5
Settled receivables	–21.2	–3.7
Transferred to short-term receivables	–6.3	–3.7
NET CARRYING VALUE, CLOSING BALANCE	**65.7**	**55.9**

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

13 | INVENTORIES

	Aug. 31, 2019	Aug. 31, 2018
Raw materials	1,109.3	1,278.9
Finished goods	571.9	501.7
TOTAL	**1,681.2**	**1,780.6**

Obsolescence of 0.5 was expensed during the year. At year-end the obsolescence reserve amounted to 11.1 (10.6).

14 | SHORT-TERM RECEIVABLES

ACCOUNTS RECEIVABLE	Aug. 31, 2019	Aug. 31, 2018
Not overdue	2,306.8	2,378.2
Overdue up to 30 days	118.2	114.2
Overdue more than 30 days	32.7	45.1
TOTAL	**2,457.7**	**2,537.5**

OTHER SHORT-TERM RECEIVABLES		
Value-added tax	284.4	327.7
Derivatives	45.2	34.8
Tax account	8.1	17.1
Interest-bearing receivables	6.3	3.7
Other	90.5	130.4
TOTAL	**434.5**	**513.7**

PREPAID EXPENSES AND ACCRUED INCOME		
Prepaid overhead	131.9	108.7
Goods delivered not invoiced	470.3	467.1
Other accrued income	89.5	131.8
TOTAL	**691.7**	**707.6**

The book value of the receivables is equal to the actual value. Accounts receivable include a credit risk reserve for expected credit losses of 9.5 (5.2). 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, 2019	Aug. 31, 2018
Cash and bank balances	1,345.1	250.7
Bank deposits	1.7	2.1
TOTAL	**1,346.8**	**252.8**

16 | SHAREHOLDERS' EQUITY

Specification of reserves	Fair value reserve	Hedging reserve	Translation reserve	Revaluation reserve	Total
Reserves, opening balance at Sep. 1, 2017	**22.9**	**–1.4**	**–7.5**	**73.2**	**87.2**
Change in fair value reserve for the year	65.8				65.8
Change in hedging reserve for the year		1.4			1.4
Change in translation reserve for the year			30.2		30.2
Change in hedge of net investment for the year				–19.8	–19.8
RESERVES, CLOSING BALANCE AT Aug. 31, 2018	**88.7**	—	**22.7**	**53.4**	**164.8**
Change in fair value reserve for the year	–88.7				–88.7
Change in hedging reserve for the year		15.0			15.0
Change in translation reserve for the year			3.1		3.1
Change in hedge of net investment for the year				5.7	5.7
RESERVES, CLOSING BALANCE AT Aug. 31, 2019	—	**15.0**	**25.8**	**59.1**	**99.9**

CONT. NOTE **16** SHAREHOLDERS' EQUITY

FAIR VALUE RESERVE

The reserve comprising the previous financial year's gains and losses that arose in the valuation of available-for-sale financial assets. With the transition to accounting based on IFRS 9, these assets are valued at fair value through profit or loss and the amount in the fair value reserve has been transferred to retained earnings.

HEDGING RESERVE

The reserve relates to the change in fair value of derivative instruments which hedge a binding commitment in foreign currency. Previously, the reserve contained the fair value of certain derivatives at the time of transition to IFRS. This value decreased in pace with the derivative's remaining maturity and at the end of the financial year was 0.

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.

RESERVE FOR HEDGE 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%) -1.3 (-1.4), Bilretur ABC AB (49%) 1.0 (1.0), BatteryLoop Technologies AB (24.9%) -0.0 (0.0) and Tred Carpi spa (4%) 1.8 (1.6).

17 | PENSIONS AND SIMILAR OBLIGATIONS

	Aug. 31, 2019	Aug. 31, 2018
Net carrying value, opening balance	13.8	13.5
Actuarial gain/loss	1.0	0.7
Utilized during the period	−1.6	−1.4
Translation differences, etc.	−0.2	1.0
NET CARRYING VALUE, CLOSING BALANCE	**13.0**	**13.8**

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 13.0 (13.8). For actuarial calculations in Norway a discount rate of 1.8% (2.6%) has been applied and salary increases have been estimated at 2.25% (2.75%), which together with pension disbursements of 1.6 (1.4) and foreign currency translations of -0.2 (1.0) is the reason for the decrease in the pension liability.

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 158.2 (155.4).

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 recognized as a defined contribution plan. The annual fees for pension insurance obtained from Alecta amount to 73.5 (73.2).

18 | DEFERRED TAXES

DEFERRED TAX ASSETS	Aug. 31, 2019	Aug. 31, 2018
Net carrying value, opening balance	374.6	486.8
Additional receivables	14.1	1.0
Settled receivables	–131.0	–110.0
Acquired/divested companies	—	–0.8
Restatement to new tax rate in Sweden	—	–16.3
Translation differences	1.9	13.9
NET CARRYING VALUE, CLOSING BALANCE	**259.6**	**374.6**

Deferred tax assets related to tax loss carryforwards that have not been recognized in the income statement and balance sheet amount to 319.2 (293.9). Finland and Poland have time limits on the use of tax loss carryforwards.

DEFERRED TAX LIABILITIES	Aug. 31, 2019	Aug. 31, 2018
Net carrying value, opening balance	392.9	390.5
Provisions during the period	24.5	35.4
Utilized during the period	–4.3	–22.2
Acquired/divested companies	–93.2	—
Restatement to new tax rate in Sweden	—	–11.3
Translation differences	–0.1	0.5
NET CARRYING VALUE, CLOSING BALANCE	**319.8**	**392.9**

DEFERRED TAX ASSETS/TAX LIABILITIES BY BALANCE SHEET ITEM	Aug. 31, 2019	Aug. 31, 2018
Tangible assets	–238.0	–330.7
Inventories	6.4	13.7
Receivables	—	19.5
Other provisions	78.2	69.5
Liabilities	–19.4	–14.6
Tax loss carryforwards	112.6	224.3
TOTAL	**–60.2**	**–18.3**

19 | OTHER PROVISIONS

The large part of other provisions consists of future remediation costs for contaminated soil, 447.9 (523.9).
Unsecured pension obligations (endowment insurance) have been offset against corresponding long-term receivables.

	Aug. 31, 2019	Aug. 31, 2018
Net carrying value, opening balance	664.2	616.0
Provisions during the period	92.4	115.7
Utilized during the period	–132.2	–80.2
Translation differences	1.1	12.7
NET CARRYING VALUE, CLOSING BALANCE	**625.5**	**664.2**

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 recognized 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, 2019	Aug. 31, 2018
NO0010736895 2015–2019	1 years	2.85	500.0	500.0
SE0007158373 2015–2020	1 years	3.00	100.0	100.0
SE0008373831 2016–2021	2 years	4.05	400.0	400.0
NO0010752710 2015–2020	2 years	3.50	1,000.0	1,000.0
NO0010764095 2016–2022	3 years	4.35	600.0	600.0
NO0010766157 2016–2022	3 years	4.35	200.0	200.0
NO0010823362 2018–2023	4 years	2.15	800.0	800.0
TOTAL			**3,600.0**	**3,600.0**

21 | LONG-TERM LIABILITIES

LONG-TERM LOANS FROM CREDIT INSTITUTIONS	Aug. 31, 2019	Aug. 31, 2018
Leasing liabilities	5.5	26.9
Other liabilities	136.8	265.1
TOTAL	**142.3**	**292.0**

The Group has credit commitments of 1,000.0 (1,000.0), of which 1,000.0 (1,000.0) has not been utilized. The agreements contain financial covenants.

OTHER LONG-TERM LIABILITIES		
Derivatives	—	10.1
Other liabilities	4.2	11.9
TOTAL	**4.2**	**22.0**

22 | CURRENT LIABILITIES

CURRENT LIABILITIES TO CREDIT INSTITUTIONS	Aug. 31, 2019	Aug. 31, 2018
Utilized bank overdraft facilities	—	294.9
Leasing liabilities	12.0	20.9
Other loans	78.2	231.8
TOTAL	**90.2**	**547.6**

The Group has credit commitments of 650.0 (650.0), of which 650.0 (355.1) has not been utilized. The agreements contain financial covenants.

OTHER CURRENT LIABILITIES		
Employee salaries and withholding taxes	103.7	99.1
Value-added tax	46.8	71.1
Derivatives	69.1	15.5
Advance payments from customers	13.8	9.9
Excise taxes	4.7	10.2
Property tax	4.2	3.2
Other	49.1	20.0
TOTAL	**291.4**	**229.0**

ACCRUED EXPENSES AND PREPAID INCOME		
Accrued cost of goods sold	552.6	559.5
Accrued salary and payroll expenses	405.5	407.9
Incineration and sludge reserve	137.3	103.8
Waste disposal costs	19.1	20.3
Interest	11.9	15.4
Other accrued expenses	208.6	229.4
Prepaid income	44.6	42.2
TOTAL	**1,379.6**	**1,378.5**

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

Finance leases

The Group's finance leases comprise plant and machinery. There are no subleases. The acquisition cost as of the balance sheet date was 55.8 (119.8), while the net carrying value was 17.5 (47.8).

Future minimum lease fees as of the balance sheet date amounted to:	Aug. 31, 2019	Aug. 31, 2018
Within one year	14.1	15.1
Between 1 and 5 years	5.4	14.5
More than five years	—	—
TOTAL MINIMUM LEASE FEES	**19.5**	**29.6**

Present value of finance lease liabilities		
Within one year	13.9	14.6
Between 1 and 5 years	5.2	10.1
More than five years	—	—
TOTAL	**19.1**	**24.7**

CONT. NOTE **23** LEASING

Operating leases

Operating lease contracts in which the Group is the lessee relate mainly to properties and charter of tanker vessels on time charter. The year's cost for operating leases amounted to 361.0 (303.9) and consists of minimum lease fees.

Future minimum lease fees as of the balance sheet date amounted to:	Aug. 31, 2019	Aug. 31, 2018
Within one year	285.0	169.0
Between 1 and 5 years	589.4	263.5
More than five years	455.6	139.0
TOTAL MINIMUM LEASE FEES	**1,330.0**	**571.5**

GROUP AS LESSOR

Revenues for the year for operating leasing contracts amounted to 95.8 (164.0) and mainly relate to charter income from two vessels. 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, 2019	Aug. 31, 2018
Within one year	64.6	160.2
Between 1 and 5 years	99.6	242.4
More than five years	0.9	1.4
TOTAL MINIMUM LEASE INCOME	**165.1**	**404.0**

24 | ASSETS AND CONTINGENT LIABILITIES

	Aug. 31, 2019	Aug. 31, 2018
Assets pledged to credit institutions		
Vessels	215.1	343.2
Tangible fixed assets, lease financing	17.5	47.8
TOTAL	**232.6**	**391.0**
Assets pledged for other liabilities		
Liquid assets	0.9	0.9
Other	—	2.0
TOTAL	**0.9**	**2.9**
TOTAL ASSETS PLEDGED	**233.5**	**393.9**
Contingent liabilities		
Sureties	100.5	106.0
Guarantees and other contingent liabilities	367.9	376.0
Remaining commitments private equity funds	411.9	528.1
Obligations for partnerships	16.7	15.8
Other	—	4.6
TOTAL CONTINGENT LIABILITIES	**897.0**	**1,030.5**

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 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 -127.1 (-162.8) and interest received to 9.8 (8.0). Dividends received amounted to 13.0 (13.1).

The following changes occurred in the Group's composition during the year: Juteskären AB and Stena Components Molkom AB were divested. Operations in Gujab AB were transferred to Stena Stål AB after which Gujab AB was dissolved. Stena Technoworld International GmbH in Austria was dissolved.

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

	Sep. 1, 2018	Cash items	Reclassifications	Other non-cash items	Aug. 31, 2019
Long-term bond loans	3,600.0	—	–600.0	—	3,000.0
Other long-term loans	291.9	–21.4	–78.2	–50.0	142.3
Short-term bond loans	—	—	600.0	—	600.0
Other short-term loans	547.7	–384.2	78.2	–151.5	90.2
Total interest-bearing liability	**4,439.6**	**–405.6**	**0.0**	**–201.5**	**3,832.5**

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 16–21 and financial risk management later in this note. Other notes that include information used in Note 26 are Note 11 Other long-term securities, Note 12 Other long-term receivables, Note 5 Other operating income and costs, Note 21 Long-term liabilities and Note 23 Leasing.

Financial instruments in the Stena Metall Group consists of bank loans, derivatives, financial leasing contracts, accounts payable, accounts receivable, bonds, stocks and share, 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, 2019	Financial instruments at fair value through profit or loss[1]	Amortized cost	Total book value	Total fair value
Assets				
Other long-term securities	779.8		779.8	779.8
Other long-term receivables		65.7	65.7	65.7
Accounts receivable		2,457.7	2,457.7	2,457.7
Derivatives included in other receivables	45.2		45.2	45.2
Short-term investments	1,027.8		1,027.8	1,027.8
TOTAL ASSETS	**1,852.8**	**2,523.4**	**4,376.2**	**4,376.2**
Liabilities				
Bond loans		3,600.0	3,600.0	3,694.3
Loans from credit institutions		232.5	232.5	232.5
Accounts payable		1,709.0	1,709.0	1,709.0
Derivatives included in other liabilities	69.1		69.1	69.1
TOTAL LIABILITIES	**69.1**	**5,541.5**	**5,610.6**	**5,704.9**

CONT. NOTE 26 FINANCIAL INSTRUMENTS/RISKS

	Financial instruments at fair value through profit or loss						
August 31, 2019	Fair value changes	Held for trading purposes[1]	Available-for-sale financial instruments	Financial receivables	Financial liabilities	Total book value	Total fair value
Assets							
Other long-term securities			629.4			629.4	629.4
Other long-term receivables				37.3		37.3	37.3
Accounts receivable				2,537.5		2,537.5	2,537.5
Derivatives included in other receivables		53.4				53.4	53.4
Short-term investments	1,147.2	161.1				1,308.3	1,308.3
TOTAL ASSETS	**1,147.2**	**214.5**	**629.4**	**2,574.8**		**4,565.9**	**4,565.9**
Liabilities							
Bond loans					3,600.0	3,600.0	3,761.9
Loans from credit institutions					839.6	839.6	839.6
Accounts payable					1,802.5	1,802.5	1,802.5
Derivatives included in other liabilities		25.6				25.6	25.6
TOTAL LIABILITIES		**25.6**			**6,242.1**	**6,267.7**	**6,429.6**

1) Financial instruments at fair value through profit or loss includes derivative held for hedging purposes, but not included in hedge accounting among other liabilities/receivables, -23.9 (27.8).

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 fixed currency and interest rates 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 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 (0.0) of the Group's interest-bearing liabilities relate to fixed interest rate and 3,832.5 (4,439.6) to variable interest rate. The most important variable interest rate is the STIBOR.

CONT. NOTE 26 FINANCIAL INSTRUMENTS/RISKS

If the interest rate were to change by +/-1%, the Group would be charged at 38.3 (44.4) higher/lower interest costs, with all other variables constant.

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 SEK 451.2 million (473.6) on August 31, 2019. A change of 1% in the value of SEK against foreign currencies as of August 31, 2019 would affect shareholders' equity by 4.5 (4.7).

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 330.0 million (NOK 370.0 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 7.2 (-26.6) 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 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 monetary 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, 2019, 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 considered 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, 2019, however, there are the following effects of hedge accounting regarding the hedging of currency risks.

Currency hedging	2019
Fair value	19.1
Nominal value	243.9
Maturity structure	Sept – Oct 2019
Hedging relationship	1:1
Change in value, outstanding hedging instruments since September 1, 2018	19.1
Change in value, hedged object used to determine the hedging effectiveness	–19.1

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

Forward contracts, nominated amounts, SEK million	Bought	Sold
DKK	61.8	
EUR		193.7
NOK	15.7	
PLN	1.7	
SEK	886.0	
USD		771.5

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, 2019, the Group had a ferrous stock of SEK 547 million (668). Of this, SEK 410 million (448) 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, 2019, all other variables being constant, the market value of the ferrous stock as of August 31, 2018 would have been 13.7 (22.0) 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 primarily traded on active markets and where valuations are based on quoted market prices. The types of holdings the Group had on August 31, 2019 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.

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

On August 31, 2019, the Group had 1,027.8 (1,308.3) in short-term securities and 779.8 (629.4) 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 180.8 (193.7) higher/lower when all securities are valued at the market price.

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, 2019	Financial assets/ liabilities gross	Netted balances	Amount recognized in balance sheet	Financial instruments covered by netting agreements but not recognized net	Financial instruments, net amount
Derivative financial assets	45.2	0	45.2	34.6	10.6
Derivative financial liabilities	–69.1	0	–69.1	–34.6	–34.5
TOTAL	**–23.9**	**0**	**–23.9**	**0**	**–23.9**

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 1,345.1 (252.8) and unused credit facilities of 1,650.0 (1,355.1).

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, 2019	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Bond loans	709.6	1,473.7	1,663.2	
Loans from credit institutions	93.6	85.8	59.4	
Accounts payable	1,709.0			
Derivatives	69.1			
TOTAL	**2,581.3**	**1,559.5**	**1,722.6**	

August 31, 2018	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Bond loans	110.5	698.4	3,123.7	
Loans from credit institutions	553.2	96.1	205.3	
Accounts payable	1,802.5			
Derivatives	15.5	10.1		
TOTAL	**2,481.7**	**804.6**	**3,329.0**	

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, 2019, 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, 2019	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:				
- Derivatives		45.2		45.2
- Short-term investments	610.9	416.9		1,027.8
- Other long-term securities			779.8	779.8
TOTAL ASSETS	**610.9**	**462.1**	**779.8**	**1,852.8**
Financial liabilities at fair value through profit or loss:				
- Derivatives		–69.1		–69.1
TOTAL LIABILITIES		**–69.1**		**–69.1**

August 31, 2018	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:				
- Derivatives		53.4		53.4
- Short-term investments	645.6	662.7		1,308.3
Available-for-sale financial assets			629.4	629.4
TOTAL ASSETS	**645.6**	**716.1**	**629.4**	**1,991.1**
Financial liabilities at fair value through profit or loss:				
- Derivatives		–25.6		–25.6
TOTAL LIABILITIES		**–25.6**		**–25.6**

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:

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

Specification of financial instruments on level 3	Aug. 31, 2019	Aug. 31, 2018
Opening balance	629.4	375.6
Total unrealized gain/loss		
– Currency effects recognized through profit or loss	26.9	44.9
– Recognized in the income statement (previous year in comprehensive income)	84.4	65.8
Impairment through profit or loss	–0.2	–6.3
Purchase proceeds	147.6	206.7
Sales proceeds	–159.6	–92.7
Management fee	14.3	14.2
Realized results recognized through profit or loss	37.0	21.2
CLOSING BALANCE	**779.8**	**629.4**

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 2019	Fair value 2019	Nominal amount 2018	Fair value 2018
Currency risk management				
Currency swap contracts				
positive position			4,066.8	23.4
negative position	3,447.0	–18.1		
Forward exchange contracts				
positive position	461.5	42.6	620.3	27.0
negative position	1,560.1	–50.4	737.7	–24.4
Oil risk management				
Oil futures				
positive position	43.6	2.2		
negative position	17.1	–0.2	70.4	–0.8
Metal risk management				
Metal futures				
positive position	13.5	0.6	26.3	1.9
negative position	6.3	–0.6	6.6	–0.4
Share price risk management				
Options/futures				
positive position	0.6	0.0	2.0	1.0
negative position				

27 | PERSONNEL

Average number of employees	2018/2019 Total	2018/2019 Of which men	2017/2018 Total	2017/2018 Of which men
Parent Company				
Sweden	27	13	28	14
Subsidiaries				
Sweden	1,957	1,516	2,182	1,730
Denmark	233	195	350	271
Norway	354	278	274	236
Finland	125	86	121	85
Germany	86	70	84	72
Switzerland	1	1	2	1
Italy	144	124	138	121
Poland	568	374	575	380
USA	2	2	2	2
GROUP TOTAL	**3,497**	**2,659**	**3,756**	**2,912**

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 Boards of Directors of the Group and the Parent Company consist exclusively of men. Of Stena Metall's senior executives, 0 percent are women.

Salaries, remuneration and social insurance contributions	2018/2019 Salaries and other remuneration	2018/2019 Social insurance contributions (of which pensions)	2017/2018 Salaries and other remuneration	2017/2018 Social insurance contributions (of which pensions)
Parent Company	51.2	28.5 (12.3)	51.1	28.5 (11.3)
Subsidiaries	1,737.8	567.8 (178.0)	1,682.1	561.4 (175.3)
GROUP TOTAL	**1,789.0**	**596.3 (190.3)**	**1,733.2**	**589.9 (186.6)**

Salaries and other remuneration	Parent company	Subsidiaries	Parent company	Subsidiaries
Board and President				
Salaries	12.7	41.4	12.4	39.3
Bonuses	5.0	18.9	5.0	19.1
Other employees				
Salaries	26.9	1,596.4	27.8	1,567.4
Bonuses	6.6	81.1	5.9	56.3
GROUP TOTAL	**51.2**	**1,737.8**	**51.1**	**1,682.1**

Pension costs for the Parent Company's President and Board of Directors amount to 4.2 (3.9), while outstanding pension obligations total 97.0 (88.3).
An agreement was 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 2,472.3 (2,018.9).

The Stena AB Group performed previous year services for Stena Metall, for which 0.1 was paid.

Stena Rederi AB has been paid 9.3 (8.3) for the Stena Metall Group's portion of shared IT costs and Stena Fastigheter AB has been paid 9.3 (11.1) for rents and property management.

At the start of the financial year, Stena Metall owned two vessels which were chartered out to Stena Line. The rent amounted to 93.0 (161.1). One of the vessels were sold to Stena Rederi AB on 20 December 2018, which explains the reduced rental income compared to the previous year.

OLSSON FAMILY

Stena Metall rents offices from the Olsson family. Rents paid amounted to 17.8 (13.5).

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.

Aluminium ingots from Stena Aluminium, ready to be delivered to customers where they are used, for example, to cast vehicle components. The raw material for Stena Aluminium's products consists solely of recycled aluminium.

PARENT COMPANY

INCOME STATEMENT

September 1 to August 31, SEK million	Note	2018/2019	2017/2018
Net sales	3	245.2	204.5
Cost of goods sold	5	–84.1	–68.9
GROSS PROFIT		**161.1**	**135.6**
Sales expenses		–18.4	–12.0
Administrative expenses	4, 5, 17, 20	–211.2	–165.8
Other operating income and operating expenses	6	—	8.4
OPERATING LOSS		**–68.5**	**–33.8**
Income from investments in Group companies	7	95.1	118.8
Interest income and similar items	7	5.5	0.5
Interest income and similar items	7	–27.2	–27.3
PROFIT AFTER FINANCIAL ITEMS		**4.9**	**58.2**
Appropriations	8	76.6	50.5
PROFIT BEFORE TAX		**81.5**	**108.7**
Taxes	9	2.5	1.4
PROFIT FOR THE YEAR		**84.0**	**110.1**

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 million	Note	2019	2018
Fixed assets			
Tangible fixed assets			
Buildings	10	438.7	387.1
Land and other real estate	10	363.7	373.2
Plant and machinery	10	7.4	8.3
Equipment	10	4.0	1.6
Construction in progress	10	5.3	27.8
TOTAL TANGIBLE FIXED ASSETS		**819.1**	**798.0**
Financial fixed assets			
Receivables from Group companies		440.4	496.1
Shares and participations in Group companies	11	1,373.1	1,403.0
Other long-term securities		3.0	3.0
Deferred tax assets	12	35.0	32.6
TOTAL FINANCIAL FIXED ASSETS		**1,851.5**	**1,934.7**
TOTAL FIXED ASSETS		**2,670.6**	**2,732.7**
Current assets			
Short-term receivables			
Accounts receivable		1.5	0.5
Receivables from Group companies		752.0	276.4
Tax assets		4.4	4.4
Other receivables		3.8	9.3
Prepaid expenses and accrued income	13	30.8	32.1
TOTAL SHORT-TERM RECEIVABLES		**792.5**	**322.7**
Cash and bank		—	—
TOTAL CURRENT ASSETS		**792.5**	**322.7**
TOTAL ASSETS		**3,463.1**	**3,055.4**

SHAREHOLDERS' EQUITY AND LIABILITIES

August 31, SEK million	Note	2019	2018
Shareholders' equity			
Restricted shareholders' equity			
Share capital		13.0	13.0
Restricted reserves		2.6	2.6
TOTAL RESTRICTED SHAREHOLDERS' EQUITY		**15.6**	**15.6**
Unrestricted shareholders' equity			
Unrestricted reserves		2,844.2	2,813.1
Profit for the year		84.0	110.1
TOTAL UNRESTRICTED SHAREHOLDERS' EQUITY		**2,928.2**	**2,923.2**
TOTAL SHAREHOLDERS' EQUITY		**2,943.8**	**2,938.8**
UNTAXED RESERVES	14	**6.7**	**5.9**
Provisions			
Provisions for deferred taxes		0.5	0.6
Other provisions	15	27.8	26.0
TOTAL PROVISIONS		**28.3**	**26.6**
Current liabilities			
Accounts payable		24.3	24.9
Loans from Group companies		411.9	2.0
Other liabilities		3.3	14.2
Accrued expenses and prepaid income	16	44.8	43.0
TOTAL CURRENT LIABILITIES		**484.3**	**84.1**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**3,463.1**	**3,055.4**

PARENT COMPANY

STATEMENT OF CASH FLOWS

September 1 to August 31, SEK million	Note	2018/2019	2017/2018
Operating activities			
Profit after financial items		4.9	58.2
Adjustments for non-cash items		82.9	42.2
		87.8	**100.4**
Taxes paid		—	4.2
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL		**87.8**	**104.6**
Cash flow from changes in working capital			
Increase(–)/Decrease(+) in short-term receivables		204.0	594.2
Increase(+)/Decrease(–) in current liabilities		275.3	–12.3
CASH FLOW FROM OPERATING ACTIVITIES		**567.1**	**686.4**
Investing activities			
Acquisition of Group companies		—	–3.0
Dividend from Group companies		125.0	265.8
Shareholder contribution paid		–650.0	—
Acquisition of tangible fixed assets		–91.7	–139.7
Sale of tangible fixed assets		30.2	69.6
Loans to Group companies		50.9	–53.7
Acquisition of financial assets		–3.0	–3.4
CASH FLOW FROM INVESTING ACTIVITIES		**–538.6**	**135.5**
Financing activities			
Amortization of debt		—	–823.5
Group contributions received		50.5	63.6
Share dividend		–79.0	–62.0
CASH FLOW FROM FINANCING ACTIVITIES		**–28.5**	**–821.9**
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	19		
Adjustments for non-cash items			
Depreciation and impairment of assets		63.2	31.4
Capital gain/loss on sale of tangible fixed assets		—	–6.5
Change in provisions		4.9	6.1
Reclassifications		7.1	11.1
Currency effect conversion of loans		6.9	—
Other non-cash items		0.8	—
TOTAL		**82.9**	**42.2**

PARENT COMPANY

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share capital	Restricted reserves	Unrestricted reserves	Net income	Total shareholders' equity
Opening balance at September 1, 2017	**13.0**	**2.6**	**2,868.4**	**6.7**	**2,890.7**
Transfer of previous year's profit			6.7	–6.7	
Dividend			–62.0		–62.0
Profit for the year				110.1	110.1
CLOSING BALANCE Aug. 31, 2018	**13.0**	**2.6**	**2,813.1**	**110.1**	**2,938.8**
Transfer of previous year's profit			110.1	–110.1	
Dividend			–79.0		–79.0
Profit for the year				84.0	84.0
CLOSING BALANCE AT Aug. 31, 2019	**13.0**	**2.6**	**2,844.2**	**84.0**	**2,943.8**

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 16–21 with respect to the fair value of derivatives or other financial instruments and with respect to the impairment of available-for-sale financial assets 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. 5.0 (5.1) refers to income from properties leased to outside tenants.

4 | FEES TO AUDITORS

	2018/2019	2017/2018
PwC		
Audit assignment	2.8	2.7
Tax advice	2.7	0.1
Other assignments	0.3	1.1
TOTAL	5.8	3.9

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/AMORTIZATION AND IMPAIRMENT LOSSES

	2018/2019	2017/2018
Depreciation according to plan by function		
Cost of goods sold	–32.4	–29.2
Administrative expenses	–0.9	–0.2
TOTAL	**–33.3**	**–29.4**
Depreciation according to plan by asset		
Buildings	–23.0	–20.9
Land improvements	–8.5	–7.2
Plant and machinery	–0.9	–1.1
Equipment	–0.9	–0.2
TOTAL	**–33.3**	**–29.4**

6 | OTHER OPERATING INCOME AND OPERATING EXPENSES

The amount for the previous year mainly related to capital gains on the sale of buildings and land.

7 | NET FINANCIAL INCOME/EXPENSE

INCOME FROM INVESTMENTS IN GROUP COMPANIES	2018/2019	2017/2018
Dividends from Group companies	775.0	120.8
Write-down of shares in Group companies	–679.9	–2.0
TOTAL	**95.1**	**118.8**

INTEREST INCOME AND SIMILAR ITEMS		
Interest income, external	0.1	—
Exchange rate gains	5.4	0.5
TOTAL	**5.5**	**0.5**

INTEREST INCOME AND SIMILAR ITEMS		
Interest expenses, Group companies	27.2	–25.9
Exchange rate losses	—	–1.4
TOTAL	**27.2**	**–27.3**

8 | APPROPRIATIONS

	2018/2019	2017/2018
Group contributions	77.4	50.5
Provision for/Reversal of accumulated accelerated depreciation	–0.8	—
TOTAL	**76.6**	**50.5**

9 | TAXES

	2018/2019	2017/2018
Current tax	—	—
Deferred tax	2.5	1.4
TOTAL	2.5	1.4
Reconciliation of reported tax charge/tax claim		
Profit before tax	81.5	108.7
Tax according to current tax rate (22%)	–17.9	–23.9
Non-deductible expenses	–153.4	–3.5
Tax-exempt revenue	171.3	27.4
Change in deferred tax	2.5	1.4
RECOGNIZED TAX CLAIM/CHARGE	**2.5**	**1.4**

10 | TANGIBLE FIXED ASSETS

	Buildings	Land and other real estate	Plant and machinery	Equipment	Construction in progress	Total
Acquisition cost, opening balance September 1, 2018	669.0	427.7	28.9	47.7	27.8	1,201.1
Acquisitions for the year	0.8	6.3		3.3	85.4	95.8
Reclassification	86.5	5.4			–91.9	
Sales and disposals	–26.3	–13.8	–0.4		–16.0	–56.5
ACQUISITION COST, CLOSING BALANCE Aug. 31, 2019	**730.0**	**425.6**	**28.5**	**51.0**	**5.3**	**1,240.4**
Accumulated depreciation, opening balance 09/01/2018	–281.9	–54.5	–20.6	–46.1		–403.1
Sales and disposals	13.6	1.1	0.4			15.1
Depreciation for the year	–22.8	–8.5	–0.9	–0.9		–33.1
Impairment losses for the year	–0.2					–0.2
ACCUMULATED DEPRECIATION, CLOSING BALANCE Aug. 31, 2019	**–291.3**	**–61.9**	**–21.1**	**–47.0**		**–421.3**
NET CARRYING VALUE Aug. 31, 2018	**438.7**	**363.7**	**7.4**	**4.0**	**5.3**	**819.1**

CONT. NOTE 10 TANGIBLE FIXED ASSETS

	Buildings	Land and other real estate	Plant and machinery	Equipment	Construction in progress	Total
Acquisition cost, opening balance Sep. 1, 2017	580.5	401.8	28.9	46.6	81.0	1,138.8
Acquisitions for the year		0.9		1.1	137.7	139.7
Reclassification	92.7	27.1			–119.8	
Sales and disposals	–4.2	–2.1			–71.1	–77.4
ACQUISITION COST, CLOSING BALANCE Aug. 31, 2018	**669.0**	**427.7**	**28.9**	**47.7**	**27.8**	**1,201.1**
Accumulated depreciation, opening balance Sep. 1, 2017	–263.9	–47.6	–19.5	–45.9		–376.9
Sales and disposals	2.9	0.3				3.2
Depreciation for the year	–20.9	–7.2	–1.1	–0.2		–29.4
ACCUMULATED DEPRECIATION CLOSING BALANCE Aug. 31, 2018	**–281.9**	**–54.5**	**–20.6**	**–46.1**		**–403.1**
NET CARRYING VALUE, Aug. 31, 2018	**387.1**	**373.2**	**8.3**	**1.6**	**27.8**	**798.0**

11 | 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.

12 | DEFERRED TAX ASSETS

	Aug. 31, 2019	Aug. 31, 2018
Net carrying value, opening balance	32.6	31.4
Provisions during the period	2.4	3.4
Restatement to new tax rate 20.6%	—	–2.2
NET CARRYING VALUE, CLOSING BALANCE	**35.0**	**32.6**

13 | PREPAID EXPENSES AND ACCRUED INCOME

	Aug. 31, 2019	Aug. 31, 2018
Prepaid rents	1.8	0.9
Prepaid insurance premiums	25.0	23.7
Other prepaid expenses and accrued income	4.0	7.5
TOTAL	**30.8**	**32.1**

14 | UNTAXED RESERVES

	Aug. 31, 2019	Aug. 31, 2019
Accelerated depreciation		
Net carrying value, opening balance	5.9	5.8
Provision/reversal for the year	0.8	0.1
NET CARRYING VALUE, CLOSING BALANCE	**6.7**	**5.9**

Of the untaxed reserves, 1.5 (1.3) refers to deferred tax.

15 | 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.

16 | ACCRUED EXPENSES AND PREPAID INCOME

	Aug. 31, 2019	Aug. 31, 2018
Accrued salaries	20.6	20.6
Accrued social insurance contributions	9.6	9.6
Miscellaneous	14.6	12.8
TOTAL	**44.8**	**43.0**

17 | LEASING

The year's leasing revenue for rents amounts 110.3 (95.0).

Future minimum lease income as of the balance sheet date amounted to:	Aug. 31, 2019	Aug. 31, 2018
Within one year	111.8	99.4
Between 1 and 5 years	478.0	397.5
More than five years	120.7	99.4
TOTAL	**710.5**	**596.3**

The year's leasing expense for assets held via operating leases, including leases on premises, amounts to 17.6 (12.8).

Future minimum lease fees as of the balance sheet date amounted to:	Aug. 31, 2019	Aug. 31, 2018
Within one year	19.1	17.5
Between 1 and 5 years	80.1	73.1
More than five years	20.9	19.0
TOTAL	**120.1**	**109.6**

18 | CONTINGENT LIABILITIES

	Aug. 31, 2019	Aug. 31, 2018
Sureties for subsidiaries	6,617.0	6,362.5
Other sureties	98.5	106.0
TOTAL	**6,715.5**	**6,468.5**

19 | CASH FLOW

Received and paid external interest amounted to 0.1 (-). Interest paid to Group companies amounted to -27.2 (-25.9). Dividends received from Group companies amounted to 775.0 (120.8).

20 | 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.

21 | 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 Swedish Group companies	Corp. ID number	Registered office	Holding %	Net carrying value SEK, thousands Aug. 31, 2019	Net carrying value SEK, thousands Aug. 31, 2018
Stena Fragmentering AB	556012-5691	GOTHENBURG	100	250,528	250,528
Stena Aluminium AB	556039-3075	ÄLMHULT	100	71,400	71,400
Stena Technoworld AB	556443-2184	GOTHENBURG	100	90,005	90,005
Stena Recycling AB	556132-1752	GOTHENBURG	100	45,325	45,325
Stena Stål AB	556077-5925	GOTHENBURG	100	20,500	20,500
Stena Miljöteknik AB	556139-0922	GOTHENBURG	100	12,200	12,200
Stena Recycling International AB	556732-2903	GOTHENBURG	100	10,100	10,100
Fastighets AB B:staden 15:1	559049-5247	GOTHENBURG	100	9,928	9,928
Förmasten AB	556308-1396	GOTHENBURG	100	7,570	7,570
Stena Metal International AB	556732-2895	GOTHENBURG	100	5,000	5,000
Adactum AB	556628-8246	GOTHENBURG	100	5,000	5,000
Stenungsund Kärr 1:11 AB	559035-4543	GOTHENBURG	100	3,858	3,858
Fastighets AB Stilleryd 8:12	559119-9400	GOTHENBURG	100	3,390	3,390
Stena Oil AB	556236-0288	GOTHENBURG	100	2,350	2,350
AB Stena Metall Finans (publ)	556008-2561	GOTHENBURG	100	1,200	1,200
Stena Regalia AB	556236-0841	GOTHENBURG	100	197	30,050
Stena Recycling Holding AB, formerly Stena Resurs 1 AB	556732-2887	GOTHENBURG	100	100	100
Stena Trade & Industry AB, formerly Stena Components AB	559069-9210	GOTHENBURG	100	50	50
KB Pinnen i Göteborg	916835-1493	GOTHENBURG	50	—	—
SUBTOTAL				**538,701**	**568,554**
Shares in Group companies outside Sweden					
Stena Recycling AS		NORWAY	100	782,660	782,660
Stena Recycling Oy		FINLAND	100	41,452	41,452
Stena Metal Inc.		USA	100	10,315	10,315
TOTAL				**834,427**	**834,427**
SUBTOTAL				**1,373,128**	**1,402,981**

Group companies' holdings of shares and participations	Corp. ID number	Registered office	Holding %
Stena Fragmentering AB			
SMG Glava AB	556610-2231	GOTHENBURG	100
Rossholmen AB	556554-8269	GOTHENBURG	100
Dannholmen AB	556867-2918	GOTHENBURG	100
Stena Recycling A/S		DENMARK	100
Stena Recycling Sp. z o.o.		POLAND	100
Dannholmen AB			
Fastighets AB Kalmar Mejseln 7	559141-1987		
Stena Recycling AB			
Bilretur ABC AB	556814-7457	GOTHENBURG	51

Group companies' holdings of shares and participations	Corp. ID number	Registered office	Holding %
Stena Regalia AB			
Wockatz & Co i Göteborg AB	556155-3974	GOTHENBURG	100
Förmasten AB			
KB Pinnen i Göteborg	916835-1493	GOTHENBURG	50
Adactum AB			
Repur AB	556732-2911	GOTHENBURG	99.5
BatteryLoop Technologies AB	559119-9434	GOTHENBURG	75.2
Halosep AB	559197-5478	GOTHENBURG	100
AB Stena Metall Finans (publ)			
Havgalleskären AB	559054-3285	GOTHENBURG	100
Stena Metall Finans Invest AB, formerly Träteskären AB	559089-0116	GOTHENBURG	100
Stena Oil Shipping AB	559103-9630	GOTHENBURG	100
Sten Met Insurance AG		SWITZERLAND	100
Stena Metall Holding Limited		MALTA	100
Stena Metall Holding Limited			
Stena Metall Limited		MALTA	100
Stena Stål AB			
Stena Stål Moss AS		NORWAY	100
Stena Trade & Industry AB, formerly Stena Components AB			
Stena Components Nybro AB	556179-4628	NYBRO	100
Stena Technoworld AB			
Stena Nera AB	556719-5465	GOTHENBURG	100
Stena Metall Holding GmbH		GERMANY	100
Stena Metall Holding srl		ITALY	100
Stena Metall Holding GmbH			
Stena Technoworld GmbH		GERMANY	100
Stena Metall Holding srl			
Stena Technoworld srl		ITALY	100
Stena Technoworld srl			
Tred Carpi spa		ITALY	96
Stena Recycling AS			
Stena Recycling Decom AS		NORWAY	100
Stena Oil AB			
Stena Oil Terminal A/S		DENMARK	100

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	2,844,231,279
Profit for the year	83,995,008
UNRESTRICTED SHAREHOLDERS' EQUITY	**2,928,226,287**

be distributed as follows:	
To the shareholders	110,000,000
To be carried forward	2,818,226,287
TOTAL	**2,928,226,287**

The proposed dividend reduces the company's equity/assets ratio to 84.5 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, October 23, 2019

Dan Sten Olsson
Chairman of the Board of Directors

Mårten Hulterström

M Johan Widerberg

Per Kaufmann

Joakim Rosengren

Carl von Schantz

William Olsson

Anders Jansson
President and CEO

Ronny Persson
Employee representative

Fabrice Angelini
Employee representative

My auditor's report was submitted on October 23, 2019

Johan Rippe
Authorized Public Accountant

AUDITOR'S REPORT

TO THE ANNUAL GENERAL MEETING OF STENA METALL AB,
CORPORATE IDENTITY 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, 2018 - August 31, 2019. The company's annual accounts and consolidated financial statements are included on pages 9-56 in this document.

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, 2019 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, 2019 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 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.

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 the 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, 2018 - August 31, 2019 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 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 contravention 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, October 23, 2019

Johan Rippe
Authorized Public Accountant

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Cover image: Plastic pellets produced from recycled plastic at Stena Nordic Recycling Center in Halmstad. The pellets are used as raw material in the manufacture of new plastic products.

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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.

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