

SURVIVING ANNUS HORRIBLIS AND CONTINUING TO DEVELOP

For the first time in Stena's 80-year history, we suffered an overall financial loss. The Covid-19 pandemic has brought lockdowns and closed borders. As a result, the number of Stena Line passengers fell by 75 per cent.

FORTUNATELY, STENA LINE has substantial, important freight activities, so that we succeeded in generating a small positive EBITDA.

Oil prices collapsed and Stena Drilling's contracts were terminated. All except one of our drilling units had to be laid up. Our negative EBITDA was close to USD 100 million. All but a handful of our competitors in the drilling industry are currently undergoing financial reconstruction. To maintain cash flows, we were obliged to sell valuable financial assets at a loss.

Fortunately, we received government support in the form of state guarantees for specific loans, as well as other support that helped us to keep our ferry operations largely intact. As a consequence, we have raised considerable liquid funds to enable us to keep our operations running, with a reasonable time perspective.

The times we are currently experiencing are tragic in too many ways to be described here. Nevertheless, new ideas and new ways of dealing with our situation are being developed very quickly and the world is becoming more and more digitalised. For Stena, this presents opportunities to increase contact among our employees, and between our employees and our company. We can establish closer ties with our customers,

suppliers and various other parties with whom we cooperate. New products and systems to improve our business in terms of higher productivity, and new services and products for ourselves and our customers, are changing both what we do and what we deliver. To ensure that we can stay ahead, each of our business areas has a person responsible for this digital transformation.

Once again, this is a time for engineers, but in contrast to earlier times' mechanical engineers, digital engineers are the heroes of the day. Yet technology is worthless without people who can collaborate and dream of new business opportunities or ways of doing business. We are changing in many respects. Many projects do not achieve productive end results. In order to reduce costs, it is very tempting to terminate projects that run into difficulties far too early. Maintaining a balance between realism, vision and perseverance is very difficult, especially when you are losing money. Without new products and services going forward, we will have no future. Today, both the courage to continue to invest and good business acumen are required of us.

Our assets are a strong base, with equity including deferred tax totaling SEK 47.7 billions. Fortunately, our property portfolio, primarily residential

properties, gives us stability in terms of both cash flow and valuation. Our portfolio of companies in Stena Adactum is both substantial and profitable.

Oddly enough, at the moment we are implementing a huge investment programme for new ferries designed for efficient transport of wheeled lorries and trailers. We believe that visiting friends and going on holiday by car will see an upswing after the pandemic is over. Driving by car gives a person more privacy than going by air. E-commerce is increasing transport frequency, and we have the advantage of increasing freight volumes. Our priority project for the future is to build a fully electrically-powered ferry for our three-hour route between Göteborg and Fredrikshamn.

We are continuing our annual investments in new flats, in the range of 1,000 units per year, in combination with the renovation of 1,000 units. Our kitchen manufacturer Ballingslöv International is doing well and will continue its international expansion based on flat packs exported to more and more European countries.

Despite a challenging start to 2021, we strengthened our liquidity position considerably by selling a large part of our international property portfolio and winning the dispute with Samsung Heavy

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