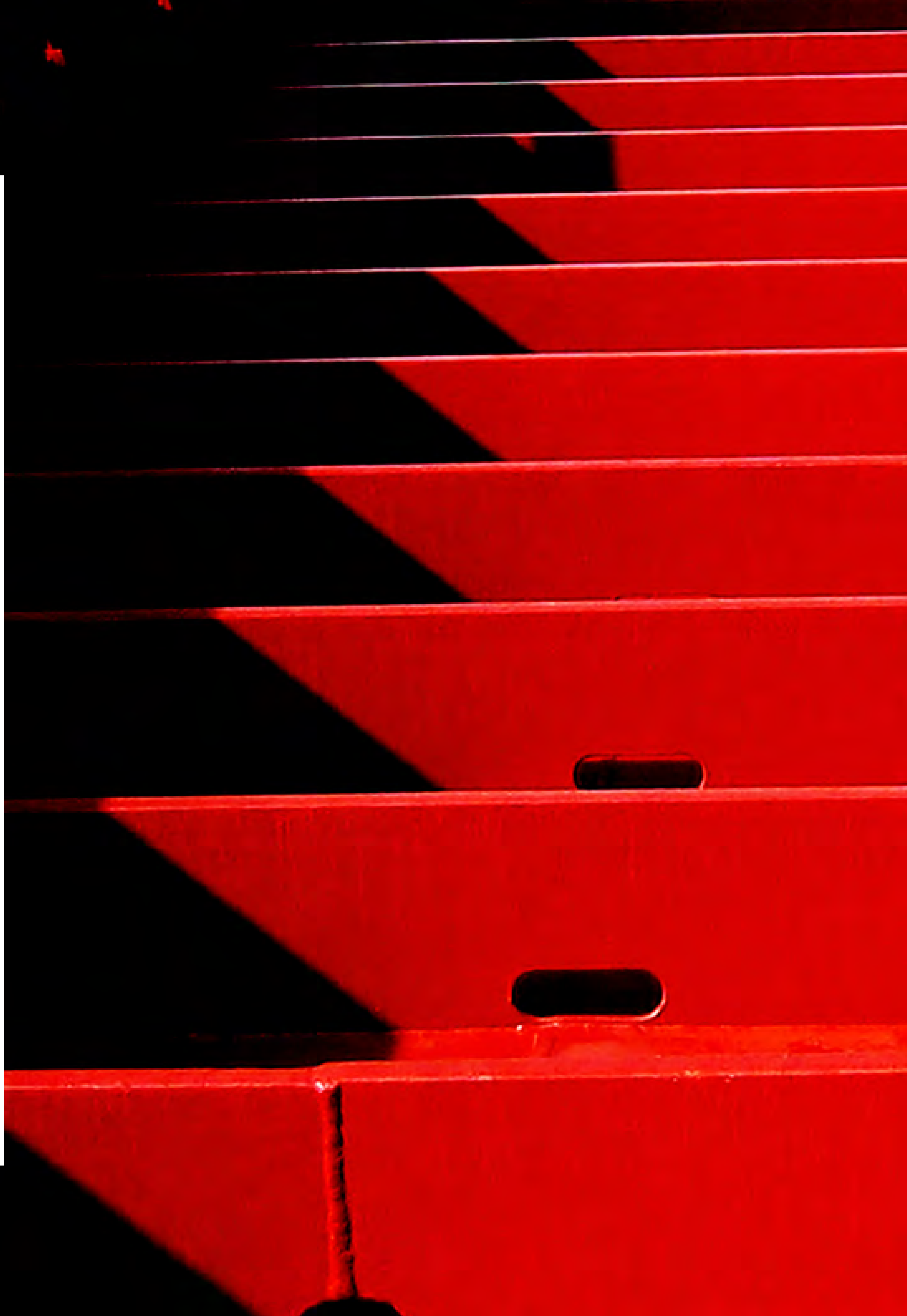
CONCORDIA MARITIME

Annual Report 2019

CONTENTS

The audited annual report for Concordia Maritime AB (publ), 556068-5819, consists of pages 47–83. The annual report is published in Swedish and English, with Swedish being the original version. Sustainability priorities are integrated into the entire annual report.



Concordia Maritime is an international tanker shipping company. We focus on safe, sustainable and reliable transportation of refined oil products, chemicals and vegetable oils. The Company's B shares were first listed on Nasdaq Stockholm in 1984.

13	514	1984
Number of ships	Number of crew members	Share listed on Nasdaq Stockholm

THE GLOBAL GOALS For Sustainable Development

Concordia Maritime fully supports Agenda 2030.

Fleet's position, 3103/2020

1 Stena Premium
2 Stena Polaris
3 Stena Performance
4 Stena Provence
5 Stena Progress
6 Stena Paris
7 Stena Primorsk
8 Stena Penguin
9 Stena Perros
10 Stena President
11 Stena Image
12 Stena Important
13 Stena Supreme

Focus on transportation of refined oil products

Extraction → Transports crude oil → Refining → Transports refined oil products → Distribution → End consumer

Sharp market upturn at the end of the year

VLCC and Suezmax

Product tankers (MR clean)

After several weak years, the tanker market took a sharp upturn at the end of 2019. This development was evident in all market segments and was largely structurally driven. The main drivers included underlying stable demand for oil, extensive US exports and ever-decreasing net tanker fleet growth. In addition, the installation of scrubbers on a relatively large number of vessels reduced the total available fleet, which further strengthened the markets.

Source: Clarkson Average VLCC/Suezmax/MR Clean Long Run Historical Earnings.

The year in brief

1,140.2
Net sales SEK million (1,052.9)

29%
Equity ratio[1] (38)

–102.3
Result before tax SEK million (–181.9)

0.0
Dividend per share, SEK (0.0)

Key figures

	2019	2018
Total income	1,140.2	1,052.9
EBITDA, SEK million	249.5	56.8
EBITDA, USD million	26.4	6.5
Operating result, SEK million	–0.4	–130.1
Result before tax, SEK million	–102.3	–181.9
Result after tax, SEK million	–102.6	–182.1
Equity ratio, %	29	38
Return on equity, %	–9	–15.6
Available liquid funds, including unutilised credit facilities, SEK million	354.8	160.1
Result per share after tax, SEK	–2.15	–3.81
Equity per share, SEK	22.12	22.24
DIVIDEND PER SHARE, SEK	0.00	0.00
Share price on closing date, SEK	14.60	12.20
Lost-time injuries	1	0

1) The decline in the equity ratio is largely due to the introduction of IFRS 16 for lease reporting from 1 January 2019. If the accounting had been unchanged, the equity ratio would have been 37%.

Significant events

- Three P-MAX vessels chartered out for two years (until November 2021)
- Two P-MAX vessels chartered out for 8-10 months (until May 2020)
- Refinancing of eight P-MAX vessels; credit facility in place
- Decision on a new corporate structure
- Agreed IMOIIMAX bonus of USD 5 million received

Higher earnings due to stronger market

As a result of the stronger market, Concordia Maritime's earnings in both the MR and Suezmax segment showed an increase, albeit from low levels. In the MR segment, earnings increased by an average of about 20 percent from 2018. In the Suezmax segment, the increase was about 50 percent.

+20%
Increased earnings in MR segment

Continued work to reduce bunker consumption

During the year, Concordia Maritime continued the long-term process of reducing the vessels' bunker oil consumption. For the full year 2019, consumption decreased by 0.24 mt per day compared with the previous year.

–0.24
mt/day bunker consumption

IMO 2020 introduced

On 1 January 2020, the IMO's new regulations on maximum permissible sulphur content in ship fuel came into force. The intention of the new regulations, which represent the single largest change for marine fuel ever implemented, is to reduce the emission levels of sulphur in the air. Concordia Maritime began the transition to low-sulphur fuel in the latter part of 2019.

0.5%
Maximum permissible sulphur content

Significant events after the end of the financial year

Consequences of the Coronavirus difficult to assess
Since the new Coronavirus, COVID-19, was first discovered in China, it has spread across the world. The WHO views it as a pandemic and its effects obviously have an impact on tanker shipping. As of the date of publication of this annual report, it is not possible to assess the long-term consequences of the virus and its effects.

Record low oil price
Oil prices have fallen sharply since the turn of the year. In a short-term perspective, the decline contributes positively to trading in crude oil – and therefore tanker transport.

CEO's overview

New conditions for the tanker market

At the time of writing, mid-March 2020, worldwide efforts are underway to reduce the spread of the new Coronavirus and mitigate its effects as far as possible. The consequences of the pandemic are dramatic. Oil prices and world stock markets are falling, borders are being closed and travel restrictions are being imposed. The whole of society is going into emergency standby in a way we have not witnessed before.

THESE ARE DRAMATIC TIMES TO SAY THE LEAST and of course we are also affected in tanker shipping. Still, if we start by looking back, we can see that the first three quarters of 2019 were challenging, with ship deliveries and refinery maintenance among the factors that had a negative impact. The turnaround we had predicted for so long then came in the fourth quarter. To a large extent, the upturn was structurally driven and was mainly due to underlying stable demand for oil, extensive US exports and ever-decreasing net tanker fleet growth. In addition, installations of scrubbers on a number of vessels and the US sanctions against the Chinese-owned shipping company Cosco contributed to further strengthening the market.

As a result of previously signed charters, the stronger overall market did not have a clear impact on our operations until the end of the fourth quarter of 2019. Looking at the year as a whole, we reported a loss before tax of SEK –102.3 (–181.9) million. EBITDA was SEK 249.5 (56.8) million, corresponding to USD 26.4 (6.5) million.

The fleet, sustainability and administration

During the year, several of the P-MAX vessels were employed on special trade routes in Brazil, for which they are particularly well suited. Other vessels in the fleet, the two IMOIIMAX vessels and the Suezmax tanker *Stena Supreme*, have been employed in pools with comparatively good earnings.

Our long-term focus on maintenance and safety is confirmed by customers' ongoing controls and our own incident statistics. The transition to low-sulphur fuels in combination with continuing improvement work has resulted in continued reductions in emissions of carbon dioxide, sulphur oxide and particles during the year.

Efforts to reduce our administrative costs continue. As part of this work, we changed our corporate structure in early 2020. The business is now run from Denmark and is therefore part of the Danish tonnage tax system. As a consequence, we have closed the offices in Bermuda and Switzerland.

IMO 2020 introduced

The IMO's new regulations came into force on 1 January 2020. The new rules mean that the world's 60,000 or so merchant ships must either switch to low-sulphur and more expensive fuel – or continue to use high-sulphur fuel and instead install scrubbers that clean the exhaust gases.

Vessels with scrubbers have lower fuel costs, but on the other hand they have to make an investment of about USD 3-5 million depending on vessel size. Concordia Maritime has decided against investing in scrubbers, but is switching to low-sulphur fuels instead. The proportion of vessels that have had or will have scrubbers installed varies between different vessel segments. In the VLCC segment, the proportion is expected to be about 35 percent, in the Suezmax segment about 25 percent and in the MR/LR1 product tanker segment about 10 percent. Installations have been in progress for some time and are not expected to be completed until late spring.

In a slightly longer perspective, the new regulations will contribute to increased trading in clean oil products, more arbitrage opportunities and a greater variation in earnings between vessels with and without scrubbers. More about this on page 19.

Massive consequences of the Coronavirus

Since the new Coronavirus, COVID-19, was first discovered in China, it has spread across the world. The WHO views it as a pandemic and its effects obviously affect tanker shipping. Since becoming aware of the outbreak, our highest priority has been to safeguard the health of our seagoing employees and minimise the risk of the virus spreading onboard the vessels. We and our crewing partner Northern Marine Management (NMM) are following developments closely and have also taken a large number of preventive measures, including continuous risk assessments and exercises. For shipping to and from seriously affected countries – notably China – a large number of special procedures have been introduced. In addition, there are also established procedures in the event of someone in the crew being diagnosed as ill.

Looking at tanker market development, we can see sharply reduced flows of goods and people. For example, imports of oil into China in February fell by approximately 20 percent. The reduced flows have in turn affected demand for oil – and therefore tanker transport. In February 2020, most market segments suffered relatively significant declines, but from high levels. It is now our hope that the effects of the virus can be contained.

Effects of the fall in oil prices

As a direct consequence of the Coronavirus, oil prices fell from about USD 70 per barrel to about USD 55 per barrel in January and February. They then dropped to about USD 30 per barrel in March, the largest fall since 1991. The development was a result of a lack of agreement within OPEC+ regarding production volumes, which in turn resulted in Saudi Arabia abandoning its production cuts and instead opting to increase its market shares through sharply reduced prices to its customers.

In the short term, the sharp decline in oil prices has contributed positively to trading in crude oil. In the segment for large crude oil tankers, rates rose sharply immediately after the fall. Much of this extra oil will go into storage, but some is likely to go to refining, thereby also affecting the product tanker segment.

Market prospects in the period ahead

To say that 2020 been turbulent is no exaggeration. The strengthening of the market in the fourth quarter of 2019 continued into the beginning of the year. Unfortunately, since then, the spread of the Coronavirus has placed the entire global community in a completely new position.

At the time of writing, oil prices are at a record low and stock levels are balanced – two factors that are positive for the market. Another positive factor is that the global order book is also at a record low, with few expected deliveries as a result. At the beginning of 2020, the order book amounts to about 6.5 percent of the total existing fleet, while the average for the last 10 years is just under 15 percent.

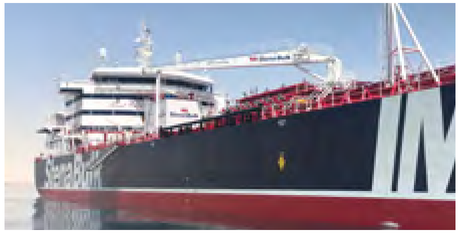
We also do not see any signs of new orders increasing. On the contrary, during the first quarter of 2020 they were about 50 percent lower than in the same quarter of 2019.

It is not possible to predict future market development in this situation. We will continue to provide regular updates on the market situation at www.concordiamaritime.com. Follow us there.

Gothenburg, March 2020
Kim Ullman, CEO

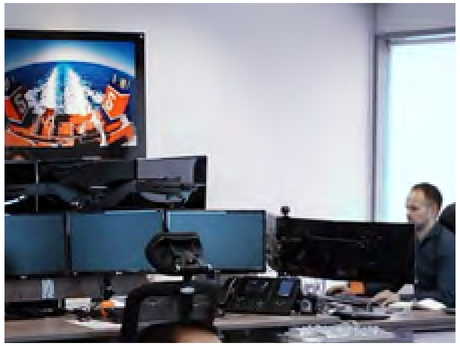
Business and revenue model

Concordia Maritime's business model consists of the purchase and sale of vessels and daily ship operation.



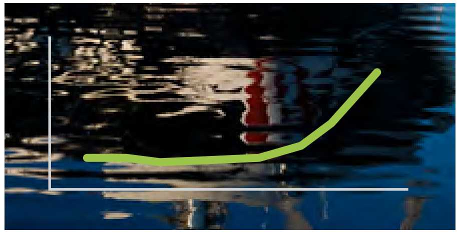
Purchase of vessels

Tanker shipping is capital intensive in nature, with high values attached to the vessels. The prices of both new and second-hand tonnage vary according to the market and the ship's condition. The ability to optimise the timing of purchases and sales is therefore critical to the overall profitability of the business.



Daily operation

Income from daily operation is mainly derived from compensation for contracting either through the spot market or time charters. Freight rate levels for spot charters are completely variable and based on supply and demand at any given time. With time charters, on the other hand, income consists of a pre-agreed daily time charter hire that applies throughout the negotiated charter period. In addition to the owned vessels, supplementary vessels can be chartered in for short or long periods.



Sale of vessels

Tanker shipping is capital intensive in nature, with high values attached to the vessels. The prices of both new and second-hand tonnage vary according to the market and the ship's condition. The ability to optimise the timing of purchases and sales is therefore critical to the overall profitability of the business.

Vision

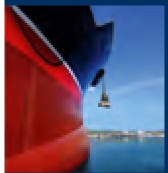
To always be the preferred carrier and business partner within tanker transportation.

Business concept

- To create value for our customers and shareholders by providing safe, sustainable and reliable tanker transportation based on innovation and performance.
- To make timely investments in vessels and gain financially from fluctuations in their values.

Goals and strategies

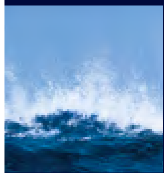
Concordia Maritime overall goal is to ensure a level of profitability that allows continuous investments and a good return for shareholders. Operations must be conducted with the utmost regard for both people and the environment.



Financial objectives

	Goal	Outcome 2019	Comments
Profitability	10% return on equity	–9%	2019 was a year in which the tanker market was very challenging, resulting in poor profitability.
Equity ratio	>40% over a business cycle.	29%	2019 saw considerable operating losses as a result of a challenging tanker market. Amended IFRS standards also had a negative effect. Adjusted for the new rules, the equity ratio was 37 percent.
Growth	10%[1] average annual fleet growth over a business cycle.	–26%	On 31 December 2019, Concordia Maritime had 14 (23) vessels in the fleet.

1) Trading in vessels, both purchases and sales, is a key part of shipping operations. The right timing of purchases and sales of vessels can be crucial to long-term financial growth. For Concordia Maritime, this means that the fleet size may vary over time. For this reason, annual growth in the fleet is not an overall objective in itself. However, the aim is for operations to generate a return over time that allows average fleet growth of 10 percent over a business cycle.



Overall sustainability goals

	Goal	Outcome 2019	Comments
Safety first	0 LTIF	0.35	For the first time in six years, a crew member suffered a lost-time injury during the year.
Environmental responsibility	0.3 mt Reduced fuel consumption mt/day	0.24 mt	The ongoing work increase fuel efficiency and thereby reduce emissions of harmful substances and particles continued during the year. Overall consumption was reduced by 0.24 mt per vessel per day. This in turn contributed to reduced emissions of carbon dioxide, sulphur and nitrogen oxides and particles.
	2,800 mt CO_2-reduction	1,940 mt	
	36 mt SO_x-reduction	26.5 mt	
	80 mt NO_x-reduction	55.0 mt	

Overall strategy

Preferred partner

Concordia Maritime will be the partner of choice for the transportation of oil and oil products. Specific transportation and logistics needs will be satisfied, based on a comprehensive understanding of market drivers and the individual customer's business. Collaboration with customers will be based on long-term relationships, characterised by partnership – whether this applies to one voyage or the development of a brand new vessel concept.

Diversified fleet strategy

Concordia Maritime's fleet and employment strategy is aimed at optimising earnings capacity, balancing risks and opportunities and enabling good growth in invested capital if vessels are sold. Although the main focus is on the product tanker segment, this does not exclude a presence in other segments.

As a complement to the owned tonnage, other vessels may also be chartered in.

Major focus on sustainability

Concordia Maritime has high ambitions in the area of sustainability, and aims to be a leader in safety and quality. Sustainability work has been an integral part of our activities for many years. Through systematic improvement work, innovation and continuous training programs, strong position in this area will be further strengthened.

Cost efficiency and flexibility

Collaboration with several other companies in the Stena Sphere ensures world-leading and unique expertise in all areas of shipping – from shipbuilding and manning to technical operation, chartering and commercial operation. This also allows for a cost-effective and flexible organisation.

MONITORING IN 2019

New contracts

During the year, two P-MAX vessels were contracted out on consecutive voyage charters to a Brazilian refinery company. A further three P-MAX vessels have been contracted out on time charters to a Brazilian oil company.

MONITORING IN 2019

High proportion of niche trades

During the year, several of the vessels in the fleet sailed on special routes, including Brazil.

Balance between spot and time charter

Efforts to adapt the fleet's disposition to current market conditions and expected future developments continued during the year. Most (just over 85 percent) of the vessels were employed in the spot market during the year.

MONITORING IN 2019

One Lost Time Injury (LTI) – the first in six years

For the first time in six years, one of the crew members suffered a lost-time injury during the year. The crew member, who injured a hand in the accident, was signed off work but quickly recovered.

Reduced emissions into air

As a result of continuing improvement measures, carbon dioxide emissions were reduced by just over 1,940 tonnes, sulphur dioxide emissions by about 26.5 tonnes and nitrogen oxide emissions by about 55 tonnes during the year. Emissions of particles decreased by 0.8 tonnes during the year.

MONITORING IN 2019

New long-term sustainable legal structure

As part of efforts to reduce administrative costs and also establish the Company within a relevant maritime cluster with European tonnage tax, Concordia Maritime changed its corporate structure in early 2020. With effect from January 2020, the business is run from Denmark and is part of the Danish tonnage tax system. During the year, offices in Switzerland and Bermuda were also closed.

Fleet & organisation

Flexible vessels

At the end of March 2020, Concordia Maritime's fleet consisted of ten P-MAX class product tankers, two IMOIIMAX class chemical and product tankers and one suezmax tanker. Most of the vessels were employed in the spot market.

P-MAX

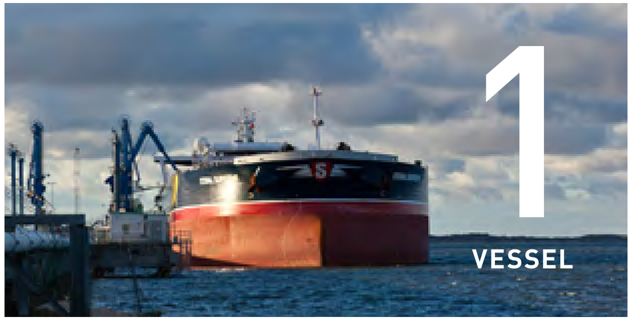
The ten P-MAX tankers are the backbone of the fleet. The tankers combine transport economy and flexibility with safety of the highest class. The concept was developed together with leading oil and gas companies in response to a need to operate in shallow waters and ports while carrying more cargo than corresponding vessels of the same size class. To make this possible, the P-MAX tankers are considerably wider than traditional MR tankers. The increased volume means that they are able to transport up to 30 percent more cargo, allowing them to compete for cargo in both the MR and panamax segments.

IMOIIMAX

On delivery, the IMOIIMAX vessels set a new standard for chemical and product tankers in terms of both bunker consumption and cargo efficiency. With a completely new hull design, a newly developed main engine, and a number of other technical innovations, the vessels' fuel consumption was reduced by about 25 percent compared with the previous generation of MR tankers.

Suezmax

As a complement to the product tanker segment, Concordia Maritime is also active in the transportation of crude oil. The presence in the suezmax segment consists of the suezmax tanker *Stena Supreme*. At the time of the order, the vessel's technical equipment and design meant that fuel consumption was up to 10-15 percent lower than with standard tonnage. *Stena Supreme* is employed on the spot market via Stena Sonangol Suezmax Pool. The pool consists of a fleet of about 20 efficient suezmax tankers.



World-leading competence

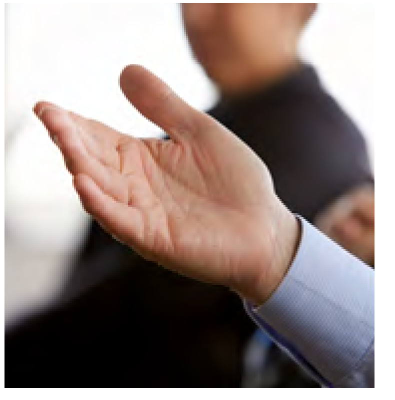
Concordia Maritime's operations are conducted in close cooperation with several of the companies in the Stena Sphere. The partnerships give access to world-leading competence in all areas of shipping – from concept development and manning to technical operation, chartering and commercial operation.

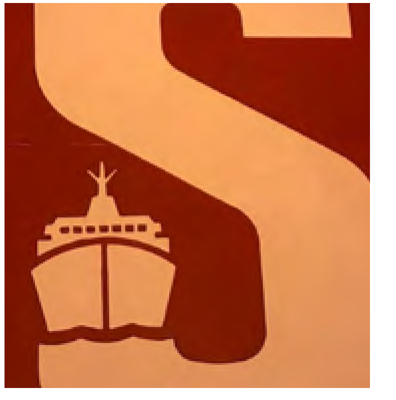
CONCORDIA MARITIME'S OWN SHORE-BASED ORGANISATION consisted of a total of 6 (6) persons in 2019. The contracted seagoing organisation is considerably larger. The number of seagoing employees at the end of the year was 514 (494).

Day-to-day operational work in the form of chartering and manning is conducted in cooperation with Stena Bulk and Northern Marine Management This close cooperation means that operations can be conducted cost-effectively, while access to world-leading competence in all areas of shipping is guaranteed.

Part of the Stena Sphere

Concordia Maritime has close links with the Stena Sphere – both in terms of operations and ownership. With over 19,000 employees across the world, the Stena Sphere is currently one of Sweden's largest family-owned groups of companies, and its operations encompass shipping, recycling, real estate and finance. Success factors include care for customers, innovative solutions and perfect performance.





Concordia Maritime

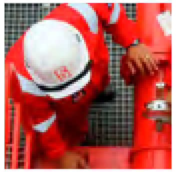
Stena Bulk
Chartering and commercial operation

In total, Stena Bulk charters and operates about 100 vessels worldwide. Customers include leading oil and gas companies and independent trading houses.

Stena Bulk functions as Concordia Maritime's marketing organisation and is responsible for chartering, marketing and commercial operation. Through the close cooperation, Concordia Maritime gains access to a worldwide organisation with extensive knowledge and experience in all the tanker market's segments.

Stena Bulk has offices in Gothenburg, Houston, Singapore, Dubai and Copenhagen.

www.stenabulk.com

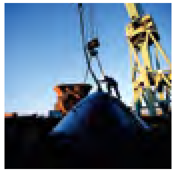


Northern Marine Management
Operation, manning and maintenance

Stena-owned Northern Marine Management (NMM) is responsible for manning, operation and technical maintenance of Concordia Maritime's vessels. NMM currently has responsibility for operation and/or manning for about 130 vessels of varying types and sizes with a total of about 7,500 seagoing employees.

External customers include many of the world's leading shipping and oil companies. The business is conducted from the head office in Glasgow. There are also offices in Aberdeen, Gothenburg, St. Petersburg, Houston, Manila, Mumbai, Perth, Shanghai and Singapore.

www.nmm-stena.com

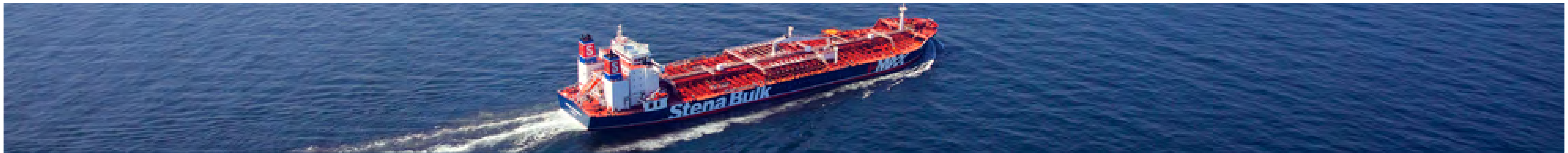


Stena Teknik
Newbuilding and conversion projects, R & D and procurement

Stena Teknik is a resource for all maritime-related business in the Stena Sphere. Operations include newbuilding and conversion projects, general marine technical consultation and procurement services. The company also conducts research and development in the marine sector. The work covers most types of shipping, from passenger traffic to oil tankers and rigs.

Stena Teknik provides Concordia Maritime with expertise in areas that range from corrosion protection, classification and safety to more comprehensive projects related to the development and design of new ships. The business is conducted from the office in Gothenburg.

www.stenateknik.com



Flexible and safe transportation with good transport economy

External trends & market

Market development and fleet earnings 2019

The tanker market remained weak during much of 2019. The main reasons were OPEC's oil production cuts, continued stock withdrawals close to the consuming countries, adaptation of refineries to IMO 2020 and relatively extensive ship deliveries.

THE WEAK MARKET IN RECENT YEARS is largely due to OPEC's production cuts and extensive stock withdrawals close to the consuming countries. Overall, this has resulted in reduced transport demand, leading to low freight rates.

These factors also made their mark in the first half of 2019. In addition, relatively extensive ship deliveries and refinery maintenance also had a negative impact on the market.

However, in the fourth quarter, there was a marked improvement, notably in the VLCC and Suezmax segments. The main drivers were structural factors in the form of underlying stable demand for oil, extensive US exports and ever-decreasing net tanker fleet growth.

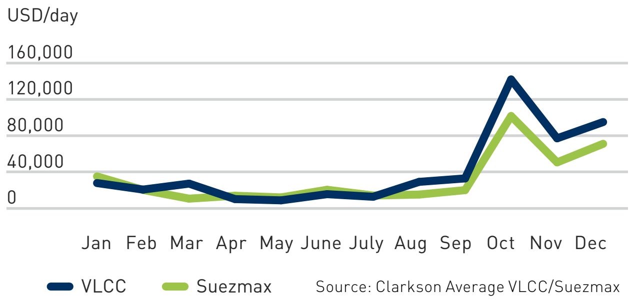
Strong end to the year

At the end of the fourth quarter, the market also took a sharp upturn in the MR segment. In addition to the structural factors mentioned above, the installation of scrubbers on a relatively large number of vessels and bunker-related delays in ports helped to reduce the total available fleet, which further strengthened the market. Spot market rates in the MR segment were up to about USD 25,000 per day at the end of the year, the highest since 2015. The rates for VLCC vessels were about USD 90,000 per day and for Suezmax vessels USD 70,000 per day.

Rising ship values

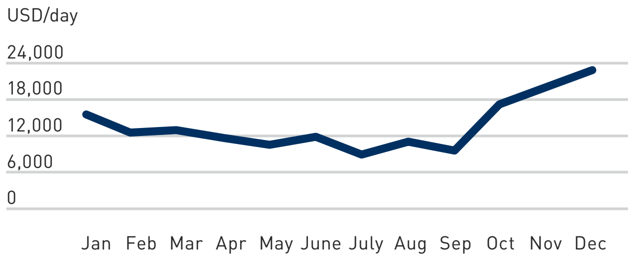
The belief in a gradually stronger market is also reflected in the price of vessels. The price of a 5-year-old product tanker has increased by almost 40 percent since 2016.

VLCC and Suezmax development 2019



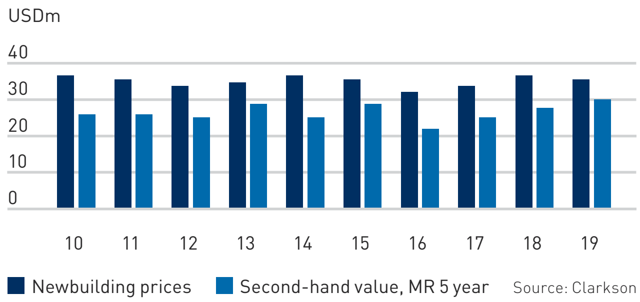
Source: Clarkson Average VLCC/Suezmax

Product tanker development 2019 (MR clean)



Source: Clarkson Average MR Clean

Vessel values 2010–2019 (product tanker 47–51K DWT)



Source: Clarkson

Concordia Maritime's earnings, 2019

FOR CONCORDIA MARITIME, THE YEAR WAS LARGELY FOCUSED on continuing efforts to position and deploy the fleet in line with the employment strategy and current market conditions. A central part of this work involved continuing to concentrate P-MAX vessel employment on trade routes and cargo systems where the vessels' unique properties are most beneficial – which in turn creates opportunities for premium rates.
For the full year, average earnings for the entire product tanker fleet, spot and TC, were USD 14,500 (12,900) per day. For vessels employed in the spot market, average earnings for the year were USD 14,300 (12,100) per day. In the Suezmax segment, average earnings for the year were USD 28,000 (18,500) per day.

Product tankers

P-MAX

The ten vessels in the P-MAX fleet were employed on time charters or in the spot market during the year. Several vessels sailed on special routes for customers with special requirements. Five of the six vessels carrying lighter oil products were employed on special trade routes in Brazil during the year. In these cases, the utilisation rate was high in terms of the vessels' load capacity. Three of the four vessels that carry heavier oil products were deployed in icy waters during the year.

IMOIIMAX

The IMOIIMAX vessels *Stena Image* and *Stena Important* continued to be employed under the cooperation with Stena Bulk. Through their pool employment during the year, both vessels had earnings that exceeded the market, mainly due to a good combination of petroleum products, vegetable oils and chemicals.

MR (ECO) vessels chartered in

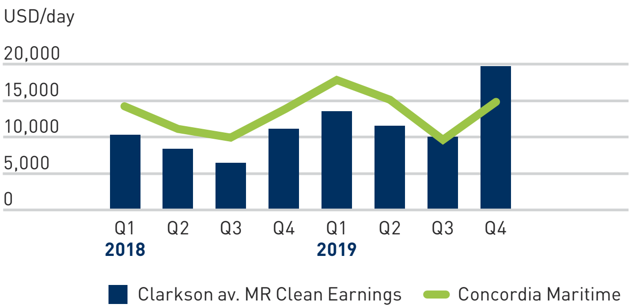
The product tanker fleet also included six IMO2/3 class MR tankers (ECO design) that were chartered in during some of the year. These are joint charters with Stena Bulk, and Concordia Maritime's share amounts to 50 percent.

Crude oil

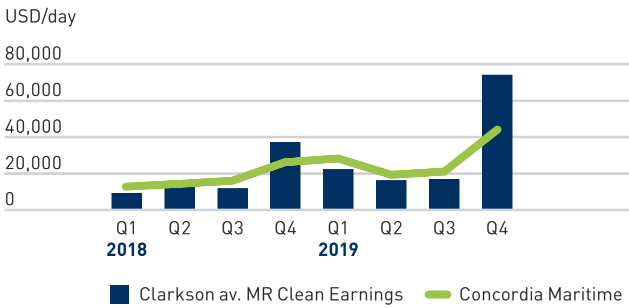
Suezmax

The suezmax tanker *Stena Supreme* was successfully employed on the spot market during the year via Stena Sonangol Suezmax Pool. The pool is a long-time market leader in terms of suezmax tanker earnings.

Product tanker fleet's average voyage result[1] (spot)



Suezmax fleet's average voyage result[1] (spot)



With the exception of the fourth quarter, Concordia Maritime's vessels employed in the spot market had higher earnings per day than the Clarksons theoretical index. When the market made a significant upturn towards the end of the year, earnings were lower than the index as a result of delay effects. This is due to the fact that current charters must be terminated before new ones can be agreed at the new market level.

1) Freight income minus voyage costs (e.g. bunker, port charges and commission)

Drydocking and repairs

The vessels normally go into drydock every five years. Three drydock inspections (*Stena Primorsk* and *Stena Progress*) were carried out during the year.

Valuation of the fleet

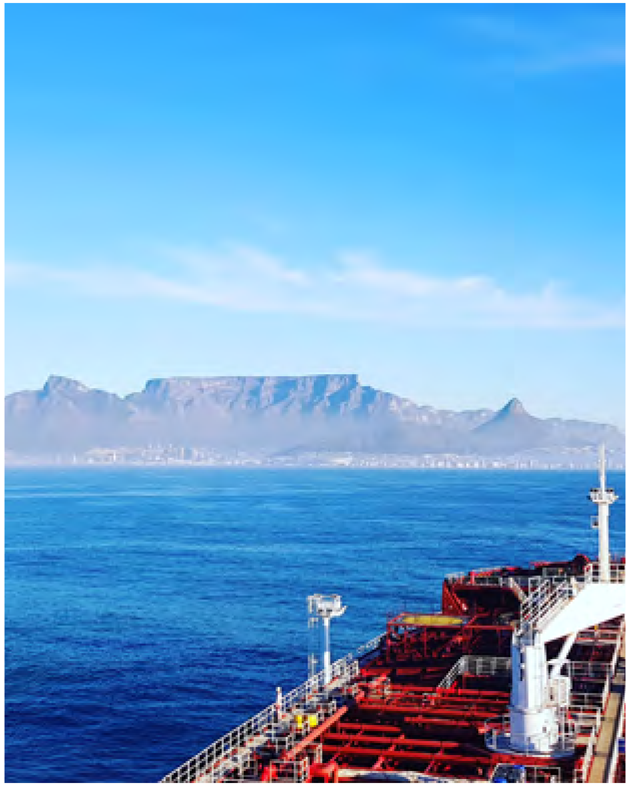
Concordia Maritime's standard process is to conduct six-monthly assessments and valuations of the fleet to determine whether there is any indication of impairment. The process is based on an overall assessment of future earnings, newbuilding price development and average values from three independent ship brokers.

The fleet is defined as a cash-generating unit, and an impairment loss is recognised when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. The recoverable amount is the higher of fair value (external valuations) and value in use (future discounted cash flows). At the end of December 2019, the fleet's carrying amount did not exceed its recoverable amount, which meant that there was no impairment loss recognised.

Earnings and EBITDA development

	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Product tankers								
EBITDA, time charter	1.5	1.9	4.3	4.3	4.1	4.5	5.8	7.6
EBITDA, spot (owned and leased tonnage)	3.1[3]	3.1[2]	1.2	3.8	–0.5	–4.1	–4.5	–4.4
EBITDA, spot (short-term chartered tonnage)	0.0	–0.2	–0.1	0.1	–0.6	–1.1	–0.4	–0.1
EBITDA, sale of ships	—	—	—	—	—	—	—	—
Product tankers, total	**4.7**	**4.8**	**5.5**	**8.1**	**3.0**	**–0.7**	**0.9**	**3.0**
SUEZMAX								
EBITDA, spot (owned and leased tonnage)	3.1	1.0	0.9	1.6	–0.1	–1.1	–1.2	–1.3
EBITDA, spot (short-term chartered tonnage)	0.0	0.0	0.0	0.0	6.7[1]	0.2	–0.0	—
EBITDA, sale of ships	—	—	—	—	—	—	—	—
Suezmax, total	**3.1**	**1.0**	**0.9**	**1.6**	**6.6**	**–0.9**	**–1.2**	**–1.3**
Admin and other	–1.3	–0.4	–0.7	–0.8	–0.7	–0.5	–0.8	–0.8
Total	**6.5**	**5.4**	**5.6**	**8.9**	**8.9**	**–2.1**	**–1.1**	**0.9**

1) The figure includes the sales amount for shares in the period charters of Suezmax vessels.
2) The total includes an IMOIIMAX bonus of USD 5 million received.
3) The total includes a negative bunker hedge of USD –0.5 million.



IMO 2020 launched

On 1 January 2020, the IMO's new regulations on maximum permissible sulphur content in ship fuel came into force. The new regulations represent the single largest change for marine fuel ever implemented. The regulations are a response to climate change and the intention is to reduce the level of sulphur emissions into the air by about 80 percent.

With the implementation of the regulations, the maximum permissible content of sulphur in a vessel's fuel is reduced from 3.5 percent to 0.5 percent. The new rules mean that the world's 60,000 or so merchant ships must either switch to low-sulphur and more expensive fuel – or continue to use high-sulphur fuel and instead install scrubbers that clean the exhaust gases.

Large price differential for fuel

The price differential between low and high sulphur content fuel at the end of March 2020 was USD 150–200/mt, depending on the region of the world. For Suezmax vessels with scrubbers, the difference in TCE (time charter equivalent, i.e., voyage result) is USD 5,000–10,000/day, while for a MR vessel, the difference is USD 3,000–7,000/day.

Vessels with scrubbers therefore have lower fuel costs, but on the other hand they have to make an investment of USD 3–5 million depending on vessel size.

The relatively high investment cost has in turn meant that it is mainly larger vessels, with higher fuel consumption, that have chosen to install scrubbers. In the VLCC segment, the proportion is about 35 percent and in the Suezmax segment about 25 percent. In the product segment (LR1, MR and Handy), the proportion of vessels with scrubbers is lower, at about 10 percent.

Consequences for the tanker market

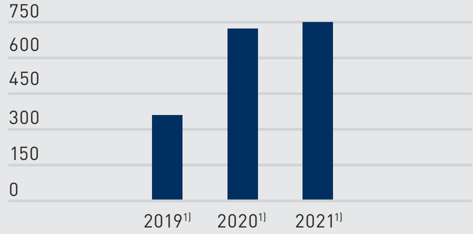
Short-term

■ Fewer available vessels and increased inefficiency in ports

The introduction of IMO 2020 is affecting the tanker market in several ways. In a shorter perspective, the change will have a dampening effect on the number of vessels available. At the end of 2019, an estimated 50 percent of the planned scrubber installations had been completed. The remaining installations are expected to be done in the second quarter of 2020.

An increased number of fuel grades has also brought a certain degree of increased inefficiency in ports. This in turn has resulted in longer waiting times in the ports for bunkering, which has further reduced the number of available vessels.

Total number of vessels with scrubbers



1) Estimated number as of 31 December

Source: DNB

Long-term

■ Increased trading in clean products and more arbitrage opportunities

The reduction of the maximum sulphur content from 3.5 to 0.5 percent and the subsequent increase in the number of available marine fuel grades is expected to increase demand for transportation of clean petroleum products. In addition, arbitrage opportunities also increase when differences in supply and demand for specific fuels increase from market to market.

■ Increased variation in earnings

It was already known that the difference in bunker consumption – depending on the year of building – meant that actual vessel earnings could vary quite significantly. The possibility of installing scrubbers has now increased the earnings variation further. As the majority of vessels (mainly in the MR segment) will not have scrubbers, these vessels will also determine the market price for freight in future.

Tanker market drivers

Tanker market development is governed by the balance between demand for tanker transport and supply of available vessels. Both supply and demand are in turn governed by several different factors.

Factors affecting demand for tanker transport

1 Economic activity and demand for oil

Demand for seaborne tanker transportation is closely aligned with general demand for oil and oil products. Global demand for oil is expected to continue to increase in the coming years. Increased global prosperity and growing populations are among the main drivers.

2 Changes in OPEC's production

Members of OPEC account for just over 30[1] percent of the world's total oil production. The organisation's decision to increase or decrease oil production of has a direct impact on the need for transport.

3 Changes in refining capacity

The distance between refinery and end consumer has a significant bearing on the transport requirement. The fact that global refining capacity has declined or is stagnating west of Suez while increasing east of Suez is having a significant effect on the entire tanker market.

4 Oil price and changes in stocks

Actual and expected oil price development has a direct impact on stocks of both crude oil and refined oil products in consuming countries. Prolonged stock withdrawals, in turn, have a negative impact on transport demand and vice versa in the case of stock building.

5 Geopolitics

War, political turmoil, storms and other geopolitical factors can cause major disruptions to transport flows. These situations cannot be foreseen, but can quickly result in significant changes in demand for transport.

6 New regulations

Demand is also affected by changes in global regulations. For example, the introduction of IMO 2020 is expected to bring an increased need for transport as a result of changes in trading patterns.

1) Now often referred to as OPEC+, which also includes a number of other oil-producing countries. OPEC+'s share of total production is about 50%.

Factors affecting supply of vessels

1 Deliveries of new vessels

In terms of the size of the fleet, deliveries of additional tonnage are an important factor. When demand for tonnage is high, newbuildings generally tend to increase – and vice versa when markets are poorer.

2 Phasing-out

Phasing-out of older vessels – usually by scrapping or use as floating storage – is as important as the number of new vessel deliveries. Here too, the economy tends to come into play.

3 New regulations

Phasing-out is not only affected by age but also by new regulations. If new requirements make it necessary to invest in existing vessels, shipowners can instead choose to phase out vessels in less favourable times.

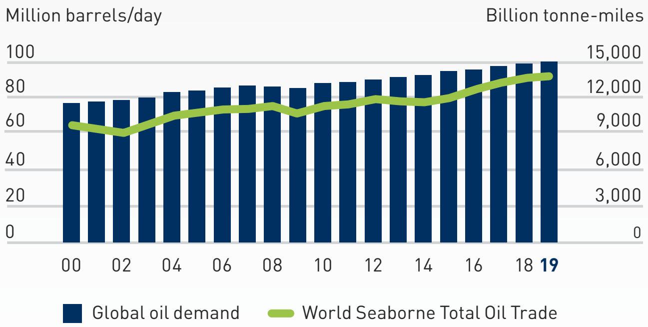
Outlook

Consequences of the Coronavirus difficult to assess

The consequences of the Coronavirus make it difficult to assess tanker market development. In a shorter perspective, there will be a fall in demand for oil. As the Coronavirus effects recede, demand is expected to increase again. Combined with a record low tanker order book, this means that the structural conditions for a strong market in a longer perspective are still considered good.

Increase in demand for oil in the long term

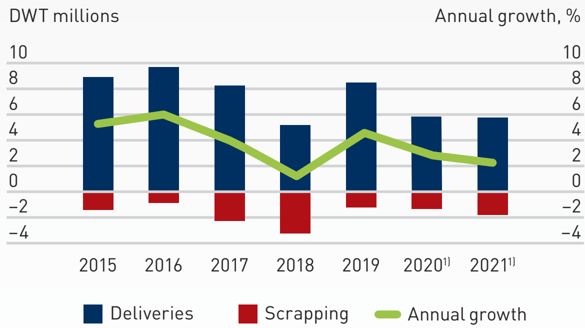
Tanker market development is closely aligned with global demand for oil and oil products. As a result of the Coronavirus, demand will fall in the shorter term. However, in the longer term, it is expected to rise again. In addition, the introduction of IMO 2020 is also expected to contribute to increased demand for product tanker transport.



Source: Clarkson

Low net growth in the tanker fleet

The weak markets in recent years have brought few new orders, resulting in record-low order books. At the beginning of 2020, the global order book amounted to about 6.5 percent of the total existing product tanker fleet. The average for the last 10 years is just under 15 percent. Growth is also expected to be low in 2021, as the number of new orders in 2018 and 2019 has been limited.



1) Forecast

Source: Clarkson

The impact of the Coronavirus on tanker shipping

At the time of writing, the Coronavirus is spreading to more and more regions of the world. From initially being relatively confined to China, the outbreak is now considered a pandemic.

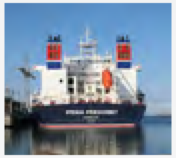
The rapid spread of the virus has resulted in sharply reduced flows of goods and people – which in turn has affected demand for both oil and tanker transport. Imports of oil alone to China have fallen by about 20 percent in January and February.

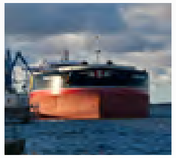
It is not yet possible to assess the longer-term consequences of the virus. If the virus is temporary in nature, the market is likely to recover and compensate for the now reduced volumes. On the other hand, if the virus continues and spreads more widely, this may have a negative impact on the tanker market.

Well positioned fleet

Concordia Maritime's vessels are well positioned for a continuing strong market in the coming years. From May 2020, 10 of 13 vessels in the fleet will be employed in the spot market. The other three vessels are signed to long-term contracts.

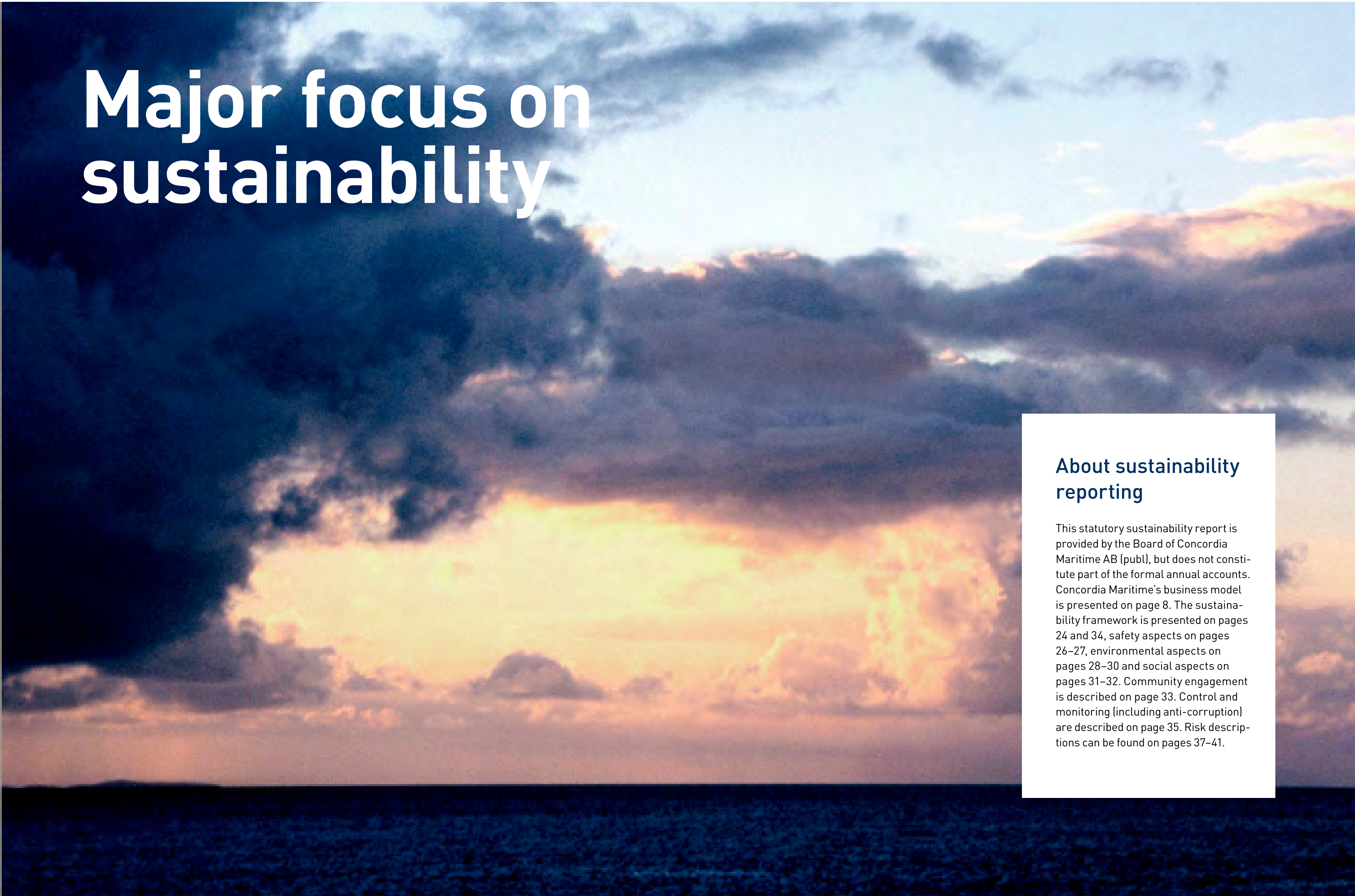
Fleet employment, 01/03/2020





Product tankers	DWT	Ice class	Year	Employment
P-MAX				
Stena Premium	65,200	1B	2011	Time charter to December 2021
Stena Primorsk	65,200	1B	2006	CVC to June 2020
Stena Performance	65,200	1B	2006	CVC to June 2020
Stena Provence	65,200	1B	2006	Spot
Stena Progress	65,200	1B	2009	Time charter to November 2021
Stena Paris	65,200	1B	2005	Spot
Stena Polaris	65,200	1A	2010	Spot
Stena Penguin	65,200	1A	2010	Spot
Stena Perros	65,200	1B	2007	Time charter to November 2021
Stena President	65,200	1B	2007	Spot
IMOIIMAX				
Stena Image[1]	50,000		2015	Spot
Stena Important[2]	50,000		2015	Spot
Suezmax				
Stena Supreme[3]	158,000		2012	Spot

1) Contracted on a bareboat basis until 2024, with annual purchase options from 2020.
2) Contracted on a bareboat basis until 2026, with purchase obligation in the same year and annual purchase options from 2021.
3) Contracted on a bareboat basis until 2028, with annual purchase options from 2019.



Major focus on sustainability

About sustainability reporting

This statutory sustainability report is provided by the Board of Concordia Maritime AB (publ), but does not constitute part of the formal annual accounts. Concordia Maritime's business model is presented on page 8. The sustainability framework is presented on pages 24 and 34, safety aspects on pages 26–27, environmental aspects on pages 28–30 and social aspects on pages 31–32. Community engagement is described on page 33. Control and monitoring (including anti-corruption) are described on page 35. Risk descriptions can be found on pages 37–41.

Five priority areas

		Outcome 2019	SDG	Page
Safety first	Concordia Maritime's operations must be conducted in a manner that protects employees, the environment and vessels. A strong safety culture at all levels of the organisation is needed to prevent the risk of accidents.	■ No serious accidents or incidents.	12 Responsible consumption and production; 16 Peace, justice and strong institutions	26
Environmental responsibility	Concordia Maritime is strongly committed to reducing the impact of its operations on the environment. Continuous work to reduce emissions and increase energy efficiency is conducted both within the organisation and in cooperation with other stakeholders.	■ Emissions of carbon dioxide, sulphur dioxide, nitrogen oxide and particles continue to decline.	9 Industry, innovation and infrastructure; 12 Responsible consumption and production; 13 Climate action; 14 Life below water	28
Financial sustainability	Operations shall be conducted in such a way as to ensure sound financial development, which in turn creates scope for both continuing investments and dividends to owners.	■ Negative result due to weak market but the Company still has a healthy balance sheet.	8 Decent work and economic growth	9
Corporate social responsibility	Concordia Maritime aims to be an attractive employer, offering safe and stimulating workplaces at competitive conditions.	■ Continuing low staff turnover for seagoing employees. ■ For the first time in six years, a lost time incident occurred during the year.	5 Gender equality; 8 Decent work and economic growth	31
Community engagement	Concordia Maritime is an active community participant. The projects or initiatives supported must contribute to a safer everyday life for each seagoing individual and/or more environmentally and socially sustainable shipping.	■ Financial support for Mercy Ships Cargo Day. ■ Activities in partnership with the organisation Keep Sweden Tidy.	3 Good health and well-being; 14 Life below water; 16 Peace, justice and strong institutions; 17 Partnerships for the goals	33

TANKER SHIPPING IS PROBABLY one of the most strictly regulated and scrutinised industries. The regulations cover environmental and safety aspects, as well as technical and work environment areas. The combination of this regulatory control and our own internal regulations helps to ensure that consistently high quality is maintained.

Concordia Maritime has been at the forefront in safety, quality and employer responsibility for a long time. Sustainability work is based on a materiality analysis in which the main and most relevant sustainability issues are identified. The key aspects of this work include minimising the risk of accidents and continuously reducing the impact of the Company's operations on the environment. The work is conducted on a long-term basis and is monitored using a well-structured plan for which the CEO is ultimately responsible. The CEO is also responsible for continuous reporting to the Board. The ongoing work is conducted in close cooperation with the partners from which Concordia Maritime purchases services relating to technical and commercial operation and manning.

UN's Sustainable Development Goals

In 2015, the UN General Assembly adopted the resolution "Changing our world: 2030 Agenda for Sustainable Development", with 17 global goals that summarise the global challenges and priority areas facing the world. The purpose of the goals is to end poverty, protect human rights, promote equality and combat climate change.

Concordia Maritime fully supports the 17 goals and believes that they provide the potential to contribute to more sustainable development – both for society at large and individual companies and businesses.

Concordia Maritime's operations have a bearing on several of the goals, but the focus of the work is on goals 3, 5, 8, 9, 12, 13, 14, 16 and 17 where it is considered there is greatest scope to make a positive impact.

Learn more about the work on the goals at www.concordiamaritime.com.

The basis of sustainability work

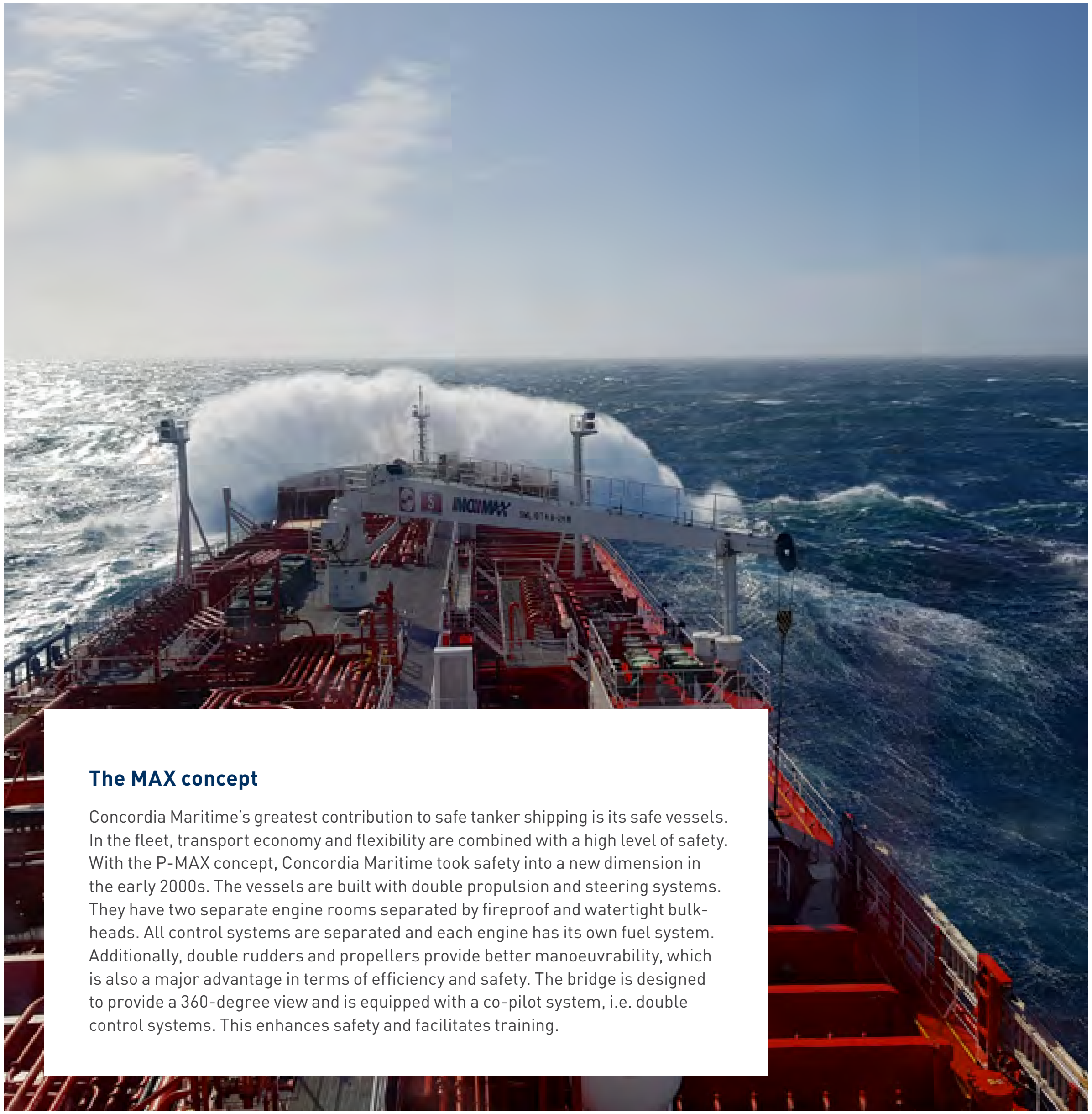
Care
Care and quality in everything we do

Innovation
An innovative corporate culture helps us to perform and improve

Performance
First-class performance

Transparency
Our ambition is full transparency. What we report must be relevant and linked to the most important issues for our business

Clear control
- The CEO is responsible for overall coordination and follow-up
- Reporting and follow-up at all ordinary board meetings
- Quarterly status review with partners



The MAX concept

Concordia Maritime's greatest contribution to safe tanker shipping is its safe vessels. In the fleet, transport economy and flexibility are combined with a high level of safety. With the P-MAX concept, Concordia Maritime took safety into a new dimension in the early 2000s. The vessels are built with double propulsion and steering systems. They have two separate engine rooms separated by fireproof and watertight bulkheads. All control systems are separated and each engine has its own fuel system. Additionally, double rudders and propellers provide better manoeuvrability, which is also a major advantage in terms of efficiency and safety. The bridge is designed to provide a 360-degree view and is equipped with a co-pilot system, i.e. double control systems. This enhances safety and facilitates training.

Safety first

SAFETY WORK IS ONE OF THE CORNERSTONES of Concordia Maritime's operations. Substantial resources are invested in continuously developing vessels, procedures and crews. The goal is to prevent the risk of accidents arising and to limit and minimise any damage if an accident should occur. Safety work is carried out on several different levels – during the design and construction of the actual vessel and its equipment, and as part of a continuous process of identifying potential risks and dangerous operations.

Key figures: Safety first

	Target 2019	Outcome 2019	Goal 2020
LTI	0	1	0
LTIF	0	0.35	0
Number of inspections with more than 5 observations (owned vessels)	0	0	0
Average number of vetting observations (entire fleet) per inspection (owned vessels)	<4	2.1	<4
Number of port state controls resulting in detention	0	0	0
Number of piracy-related incidents	0	0	0
Material damage	0	4	0
Medical treatment case	0	1	0
Restricted work case	0	1	0
High potential near miss	0	4	0
High risk observation	0	0	0

Training and risk identification

Working at sea places high demands on officers and ratings on board. In addition to comprehensive international regulations, there are also strict internal requirements and routines for ensuring safety on board. To ensure that quality, environmental and safety demands are met, we provide continuous skills development. The training activities are both general and specially adapted for a specific vessel.

Behaviour Based Safety

The most important element of the work to continuously improve safety on board is systematic risk identification. As part of the daily routines, all crew members on Concordia Maritime's vessels spend time studying how procedures and movement patterns are adhered to. The reporting is based on a standardised model (Behaviour Based Safety). The observations are compiled into reports, which are then distributed to all vessels in the fleet.

The systematic safety work is clearly reflected in the number of personal injuries and the LTIF (lost time injury frequency) rate, where Concordia Maritime is significantly lower than the industry average. During the last six years, there has only been one accident with a lost workday. The crew member, who injured a hand in the accident, was signed off work but quickly made a full recovery.

No serious injuries or incidents

No serious incidents or accidents occurred on board Concordia Maritime's vessels in 2019. There were four incidents that resulted in material damage during the year. The damage included broken mooring ropes and equipment and damage to MF/HF antenna caused by lightning. Four incidents were classified as high potential near misses during the year. No incidents were classified as a high risk observation.

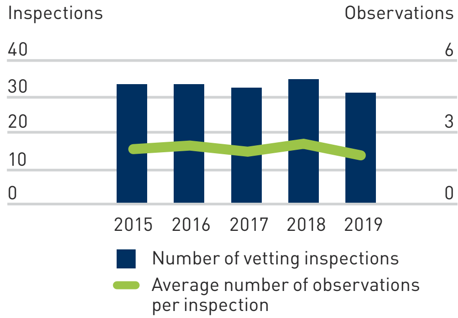
External controls and inspections

There were 31 vetting inspections on board Concordia Maritime's vessels during 2019. A total of 64 observations arose from these inspections, which gives an average of 2.1 observations per inspection. None of the observations were of a serious nature. No inspection had more than 5 observations. There were also 31 port state controls during the year. None of these resulted in observations of a serious nature.

Piracy

Ship hijackings are a potential threat to international shipping. Concordia Maritime works actively to reduce the risk of hijacking or other types of threats. Extensive analyses and risk assessments are conducted before each voyage. Based on the outcome of these analyses, strategic and tactical choices are made in terms of route, special support and other measures. The work is regulated by recommendations from international maritime organisations such as Intertanko, and by the IMO's ISPS (International Ship and Port Facilities Security) Code. The Code contains requirements regarding ships' equipment and requires every ship to have security procedures and a trained person responsible for this area. All vessels in the fleet satisfy the requirements of the ISPS Code. In 2019, none of Concordia Maritime's vessels was subject to an attempted hijacking.

Vetting inspections of our fleet[1]



1) Oil companies' vessel inspections

Environmental responsibility

CONCORDIA MARITIME WORKS SYSTEMATICALLY to continuously reduce the adverse impacts of operations on the environment. The Company has a major focus on reducing emissions into the sea and air, increasing fuel efficiency and maintaining a high overall operational quality.

Concordia Maritime's own environmental impacts are emissions of carbon dioxide, sulphur and nitrogen oxides and harmful particles associated with bunker fuel consumption. In addition, there is also a potential risk of spreading organisms as a result of the discharge of ballast water. In both areas, work is carried out to reduce or completely eliminate the environmental impact.

Reduced carbon dioxide emissions

Carbon dioxide emissions are directly related to the vessels' fuel consumption. The target is to achieve an average reduction of 0.3 tonnes in fuel consumption per vessel per day at sea. In order

Key figures: Environmental responsibility

	Target 2019	Outcome 2019	Goal 2020
Oil spills, litres	0	0	0
Reduced fuel consumption, mt/day (owned vessels)[1]	0.3	0.24	0.3
CO_2 reduction, mt	2,800	1,940	2,800
SO_x reduction, mt	36	26.5	36
NO_x reduction, mt	80	55	80
Reduction in emissions of particulates, mt	0.9	0.8	0.9

1) Bunker consumption for days at sea for the last 12 months is measured on the last day of the quarter. This 12-month figure is then compared with the same period the previous year.

to continuously reduce emissions, great emphasis is placed on efficient operation and ongoing technical improvements on vessels.

Within the framework of commercial and technical operation, a large-scale fuel efficiency program has been in progress since 2012. Activities and measures include more frequent and detailed monitoring of vessels' energy consumption and implementation of advanced systems and routines that enable speed and route optimisation based on weather conditions, demurrage, bunker costs and customer needs.

The reduced bunker consumption cut carbon dioxide emissions by over 1,940 tonnes and sulphur dioxide emissions by about 26.5 tonnes in 2019. Sulphur dioxide emissions were reduced by 55 tonnes and particle emissions by 0.8 tonnes.

Measures to reduce emissions of sulphur and nitrogen oxides

One of shipping's main environmental impacts is emissions of sulphur and nitrogen oxides. In addition to health risks, the emissions also contribute to eutrophication and acidification of forests, soil and water.

Sulphur oxides

Sulphur is naturally contained in all crude oils and is converted into sulphur dioxide on combustion. The amount of sulphur dioxide released during combustion of sulphur-containing fuel is proportional to the amount of sulphur in the fuel. The sulphur content of the fuel affects the emissions in several different ways. In addition to determining the amount of sulphur dioxide released, the sulphur content also affects emissions of particles and nitrogen oxides.

Maximum sulphur content may differ according to a vessel's location. With effect from 1 January 2015, the sulphur content of fuel may not exceed 0.1% m/m in sulphur emission control areas (SECAs). These areas include the Baltic Sea, North Sea, English Channel, Canada and the United States. With the introduction of IMO 2020 on 1 January 2020, the limit outside SECA was reduced from 3.5 to 0.5 percent m/m.

To meet the requirements, a transition to low sulphur marine fuels or use of alternative fuels (e.g., LNG or methanol) will be necessary. In addition, the regulations are also an incentive to install scrubbers that clean exhaust gases on board.

Concordia Maritime has decided against investing in scrubbers, but has been gradually switching to low-sulphur fuels since Q4 2019.

Learn more about IMO 2020 on page 19.

Nitrogen oxides

Nitrogen oxides are formed during combustion of bunker oil. As a result of stricter regulations and companies' own improvement efforts, there has been a significant reduction in emissions of nitrogen oxides from shipping in recent years. The current emission limit values for nitrogen oxides are controlled by when the diesel engine was manufactured and when the vessel was built. All of the vessels in Concordia Maritime's fleet were built after 1 January 2000 and therefore meet the IMO Tier 1 standards. Two fleet vessels also meet the Tier 2 standards.

Technical development and maintenance

In addition to work on route planning, optimisation of speed and energy management, the Company also conducts extensive and continuous technical development and maintenance of the vessels. Various measures to reduce fouling on the hull, propellers and gears have a large effect on fuel consumption. Fouling has the effect of significantly increasing fuel consumption and it may also have an adverse effect on handling, and therefore safety.

Great effort has also been put into further technical development of the propellers, including the installation of hub vortex absorbing fins behind the propellers. The fins break the vortex that would otherwise be created behind the propellers. To reduce emissions into the air, VTA (Variable Output Turbine Area)

Green Passport

In recent years, the maritime industry has taken steps to reduce the impact of ship recycling on the environment and people. There are now stringent environmental requirements throughout the chain from ship design and construction to operation and recycling. For example, all material on board must be classified and the entire scrapping process must be structured and certified – this has been Concordia Maritime's policy since the first P-MAX tanker was delivered in 2005. *Stena Paris* was the first vessel in the world to be certified in accordance with Det Norske Veritas Green Passport.

turbines have been installed on four of the vessels in the fleet. The main advantage is that by angling the blades in the turbine, the turbine's thermal efficiency can be adapted to the vessel's speed, which reduces fuel consumption.

Conflicting interests

Efforts to reduce the environmental impact are complicated by the fact that different measures for improving the environment sometimes conflict with each other. For example, lowering the thermal efficiency of a ship's engines can reduce emissions of nitrogen oxides, but this would also result in higher carbon dioxide emissions due to higher consumption. Consequently, many different factors need to be taken into account in order to achieve the optimum effect.

Discharge of ballast water

To reduce the risk of impacts on local ecosystems, the UN International Maritime Organisation (IMO) has issued a ballast water management convention. The convention, which came into force in September 2017, aims to prevent alien organisms from being spread with ships' ballast water. This applies to all vessels on international voyages that take on and release ballast water.

According to the Convention, all international traffic vessels are obliged to manage ballast water according to a ship-specific ballast water management plan. All vessels are required to keep a ballast water book and hold an international ballast water management certificate. The Convention also includes requirements for built-in ballast water management systems that move or kill micro-organisms in the ballast water before it is released. The systems must be installed no later than the first completed mandatory docking in September 2019.

All Concordia Maritime's vessels follow a Ballast Water Management Plan, based on existing guidelines. The IMOIIMAX vessels are equipped with special systems for managing ballast water. Similar systems for other vessels in the fleet have been procured and will be installed during drydocking.

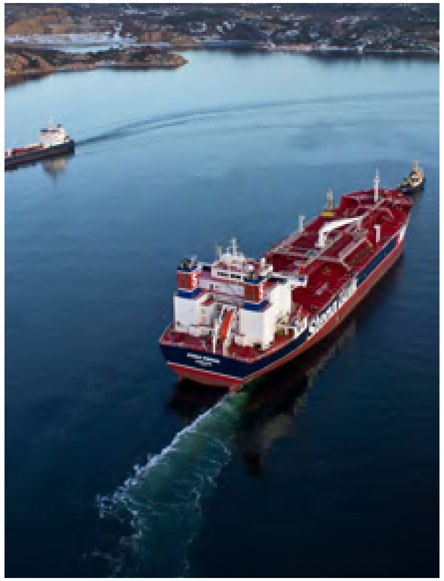
No oil spills

The largest environmental risk associated with tanker shipping is the risk of an oil spill in connection with a grounding, collision or other accident. However, with the increasing modernisation and safety of the global tanker fleet, the number of oil spills has declined dramatically and they are now very rare. This trend is due to a combination of comprehensive improvement work on the part of the world's shipping companies and tougher requirements from regulators, customers and other stakeholders. Strict reporting procedures enable total control over all incidents – in port and at sea. 2019 was another year in which none of Concordia Maritime's vessels were involved in any incident that resulted in bunker oil or cargo discharging into the water.

A flexible fleet

Concordia Maritime's main contribution to more sustainable tanker shipping is a cargo-flexible fleet. Both the P-MAX tankers and IMOIIMAX tankers are designed to transport different types of oil products, which allows good cargo efficiency. Three of the P-MAX vessels have been converted to IMO3 class after delivery, resulting in a further increase in cargo flexibility, as they can now also carry vegetable oils and lighter chemicals.

One of the P-MAX vessels' main strengths is the hull design, which makes it possible to carry about 30 percent more cargo than a standard tanker on the same draft. At full load, this means lower fuel consumption per unit load than with traditional MR vessels built at the same time. The Suezmax vessel and the two IMOIIMAX vessels are ECO-design tankers, which means that a large number of innovative technical solutions have resulted in considerably lower fuel consumption at service speed than the previous generation of tankers.



Safety exercises on vessels

Corporate social responsibility

SHIPPING IS GLOBAL IN NATURE – in terms of business and competition, but also in relation to the labour market for seafarers. Demand for educated and experienced seafarers is high and is expected to increase further in the coming years, partly due to large numbers of retirements. In addition to competitive wages to attract skilled and experienced officers and crews, a long-term approach and a good reputation as an employer are also required.

Concordia Maritime and its manning partner Northern Marine Management endeavour to ensure they are attractive employers, offering competitive conditions while also providing stimulating and safe workplaces. Respect for the individual, skills development opportunities and a strong safety culture are important components of this work.

Key figures: Corporate social responsibility

	Target 2019	Outcome 2019	Goal 2020
LTI (Lost Time Injury)	0	1	0
LTIF (Lost Time Injury Frequency)	0	0.35	0
Medical treatment case	0	1	0
Restricted work case	0	1	0
NO_x reduction, mt	80	55	80
Reduction in emissions of particulates, mt	0.9	0.8	0.9

Low staff turnover

A total of 514 staff were employed on Concordia Maritime's vessels at the end of 2019, all employed through the Company's manning partner Northern Marine Management. The year's average staff turnover for seagoing employees was 4 percent, which is relatively low compared with industry standards. All seagoing personnel on our vessels are covered by ITF (International Transport Workers' Federation) agreements.

Continuous skills development

In addition to comprehensive international regulations, there are also strict internal requirements and well established routines for ensuring safety on board. To ensure that the requirements are met, continuous skills development is provided. The training activities are both general and specially adapted for a specific vessel. In addition to compulsory safety training, there are also opportunities for skills development in other areas.

First more serious incident in six years

For the first time in six years, a lost time incident occurred during the year. The incident involved an injury to the fingers of a crew member on a portable fan. The accident occurred onboard *Stena Performance*. During the year, there was one work-related injury requiring treatment by healthcare personnel (medical treatment case). The injuries also caused any restrictions in the performance of scheduled work (restricted work case).

Zero tolerance for drugs and alcohol

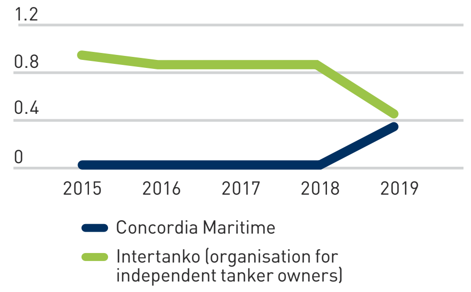
There is zero tolerance for alcohol and drugs on board Concordia Maritime's vessels. The captain of each vessel is entitled to carry out unannounced tests, and random checks are also regularly conducted by third parties. In 2019, tests were carried out on all vessels, all with negative results.

Human rights

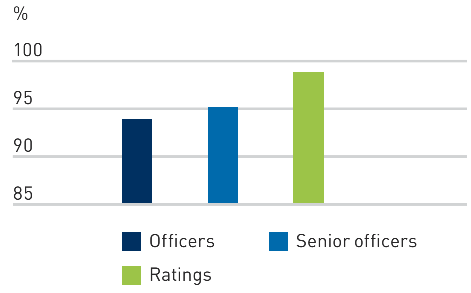
Concordia Maritime supports and respects the United Nations Declaration on Human Rights and ILO's International Programme on the Elimination of Child Labour (IPEC). The current Code of Conduct clarifies that forced labour is not accepted in any form, nor is the use of prisoners or illegal labour in the manufacture of goods or services, either for Concordia Maritime or its suppliers and other partners.

Concordia Maritime endeavours to provide fair working conditions and equal opportunities for all. No employee may be discriminated against or treated differently on the basis of gender, transgender identity or expression, ethnicity, religion or other belief, disability, sexual orientation or age. Likewise, employees' right to freedom of association and collective bargaining must be respected. Concordia Maritime has zero tolerance for harassment and abuse, and does not accept any type of violence, threat or destructive behaviour in the workplace.

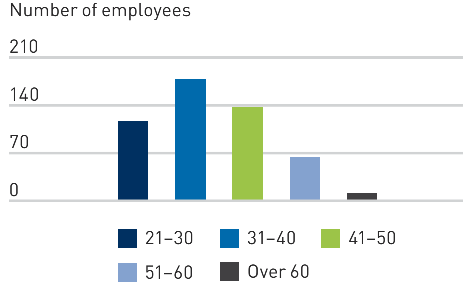
LTIF compared with industry



Retention rate, seagoing



Age distribution




Beach clean-up at Särö near Gothenburg

Community engagement

CONCORDIA MARITIME'S GUIDELINES on community engagement give priority to initiatives that have a clear link to the Company's values, expertise and operations. The projects or initiatives that are supported must be largely related to shipping. They must contribute to a safer everyday life for each seagoing individual, support the progression towards more environmentally and socially sustainable shipping, or contribute to positive development of the local markets in which the Company operates.

Mercy Ships Cargo Day

Concordia Maritime has supported Mercy Ships Cargo Day since 2016. The purpose is to raise funds for Mercy Ships, a non-governmental organisation operating the world's largest private hospital ship. Mercy Ships provides free surgery, dental care and other qualified medical care in places where the need is greatest.

Plastic in the ocean – training and beach clearing

Plastic waste in the sea is one of the biggest environmental problems of our time, with the world's oceans rapidly filling with litter. Ocean currents cause litter from around the world to accumulate in specific areas, forming giant islands of litter. If nothing is done now, there will be more plastic than fish in the sea by 2050.

In 2018, Concordia Maritime initiated a collaboration with the non-profit organisation Keep Sweden Tidy with the aim of increasing knowledge about the state of the world's oceans. Concordia Maritime's initiatives include an e-learning course, which is available through www.concordiamaritime.com, and beach clearing on the west coast of Sweden. The aim is to spread knowledge about plastic waste in the sea and to increase the engagement of the general public and personnel.

Framework, principles and guidelines

Concordia Maritime's Board and management have jointly formulated and adopted a framework that defines guidelines on how Concordia Maritime should act as a responsible company and employer. The framework consists of internal regulations and guidelines connected to external principles and recommendations.

Internal regulations

- **Sustainability policy** The sustainability policy describes Concordia Maritime's overall approach to sustainability and the overall principles for control and monitoring of sustainability work.

- **Code of Conduct** The Code is a business ethics policy describing Concordia Maritime's guidelines for suppliers and partners. It also describes the relationship with employees, business partners and other stakeholders, and the attitude to gifts and bribes. The Code is based on internationally recognised conventions and guidelines, such as the UN's Conventions on Human Rights, the ILO's Conventions, OECD Guidelines and the UN Global Compact, which Concordia Maritime signed in 2015. Concordia Maritime's Code of Conduct sets out applicable guiding principles to ensure operations are conducted in an ethically, socially and environmentally correct way, and deals with areas such as the environment, social conditions, personnel, human rights and anti-corruption. The Code of Conduct also deals with relationships with business partners, with Concordia Maritime reserving the right to withdraw from a relationship if a partner does not meet the standards of business ethics that the Group expects. The Code applies to all employees without exception, and training in it is compulsory for all employees. The Code is available on Concordia Maritime's website.

External regulations and alliances

- **Global Compact** Concordia Maritime follows both the UN Global Compact Initiative and the Universal Declaration of Human Rights. The Global Compact was introduced in 1999 and, with over 6,000 corporate members from 135 countries, is currently the largest international initiative for corporate responsibility and sustainability issues. The corporate members undertake to comply with ten principles on human rights, environment, labour and anti-corruption, and to respect them throughout the value chain.

- **OECD Guidelines for Multinational Enterprises** The OECD Guidelines for Multinational Enterprises are recommendations addressed to multinational enterprises operating or based in any of the OECD countries. The guidelines deal with how these enterprises are to relate to human rights, environment and labour.

- **The ILO's Fundamental Conventions** The International Labour Organization's eight fundamental conventions represent a minimum global standard for labour. The conventions address fundamental human rights at work.

- **World Ocean Council**. In 2017, Concordia Maritime became a member of the World Ocean Council, a sectoral global organisation gathering together leaders in ocean and related industries such as shipping, fisheries, agriculture, tourism and ports. The overall goal is to contribute to sustainable development of the global ocean.

- **Maritime Anti-Corruption Network** In 2016, Concordia Maritime became a member of the Maritime Anti-Corruption Network (MACN), an international initiative created by maritime industry players to share experiences and promote best practice in combating all forms of corruption and bribery.

- **Certification** In the area of ships and ship management, NMM's certification includes ISO 9001 (quality), ISO 14001 (environment), ISO 50001 (energy) and OHSAS 18001 (health and safety). The certification is aimed at continuously reducing the total environmental impact of operations. Safety and environmental work is regulated within NMM by a Group-wide SHE (Safety, Health and Environment) policy, which contains minimum standards and requirements for reporting in a number of areas such as incidents and accidents, absences due to illness and occupational injuries.

Stena AB's Code of Conduct

Concordia Maritime's partners Stena Bulk (chartering and commercial operation) and Northern Marine Management (manning, operation and maintenance) are wholly owned by Stena AB. The companies' operations are subject to Stena's Group-wide Code of Conduct, which sets out applicable guiding principles to ensure operations are conducted in an ethically, socially and environmentally correct way. The Code deals with areas such as environmental issues, social issues, good business practices and human rights. The Code also deals with relationships with business partners, with Stena reserving the right to withdraw from a relationship if a partner does not meet the standards of business ethics that Stena expects.

Monitoring and controls

The CEO of Concordia Maritime is responsible for coordinating and driving the Company's sustainability work on an overall level and reporting regularly to the Board about developments. The Board continuously monitors the Group's work on sustainability issues. Developments are always dealt with as a separate agenda item at each ordinary Board meeting.

Close cooperation with partners

A large proportion of Concordia Maritime's day-to-day operational work is purchased from partners, mainly Stena Bulk (chartering and commercial operation) and Northern Marine Management (manning, operation and maintenance). Ongoing sustainability efforts are therefore largely reflected in the work carried out in each partner's operations. The cooperation is based on openness, transparency and trust. We continuously work together to develop sustainable working practices and improve our sustainability performance.

Concordia Maritime conducts a quarterly follow-up of safety, environmental and social issues with representatives of Stena Bulk and Northern Marine Management. Vetting deviation reporting is conducted on a weekly basis. The results are recorded and used in ongoing improvement work.

Both Stena Bulk and Northern Marine Management have well-developed systems, procedures and processes to ensure that their operations are conducted in line with defined goals and Concordia Maritime's Code of Conduct.

Both companies are also covered by Stena AB's Code of Conduct, which is essentially similar to Concordia Maritime's Code. The Code of Conduct and other relevant policies are available to all employees. The Codes of Conduct are also an integral part of the employment contract and part of the introductory programs for new employees and new business partners. Training in the Code and its application is compulsory for all employees within the partner organisations. During the year, an e-learning course was provided to train employees in the Code.

Zero tolerance for bribery and corruption

Within Concordia Maritime, Stena Bulk and Northern Marine Management, there is zero tolerance for all forms of corruption, including zero tolerance for all types of bribery, extortion, nepotism, racketeering and misappropriation. In addition, work is also in progress to completely eliminate facilitation payments.

Group-wide whistleblower function

Within the Stena Sphere, there is a Group-wide whistleblower function. Employees who discover something that violates Concordia Maritime's, Stena Bulk's or Northern Marine Management's codes of conduct, values, policies or applicable law are able report the malpractice anonymously. The service is provided by an external partner and all information is encrypted, which further strengthens security. In 2019, no cases were reported that had a bearing on Concordia Maritime's operations, staff or seagoing employees.

Compliance with laws and permits

As a listed company with global operations, Concordia Maritime is subject to a number of laws, regulations and rules. No significant violations of laws and permits resulting in legal consequences or fines were reported in 2019.

External controls

In addition to our own controls, there are also comprehensive inspections and follow-ups from authorities and customers. The vessels in the fleet, both owned and chartered, are subject to continuous quality inspections in the form of vetting by the oil and chemical industry, flag state annual inspections, published port state controls and the classification societies' inspections. The inspections include the ship's construction and its general condition, equipment and procedures for navigation, survival equipment, fire-fighting equipment, cargo handling systems, oil recovery equipment and procedures for crisis management. Crew numbers, the crew's qualifications, employment conditions, the ship's logbooks and certificates are also examined. Shore-based activities are checked primarily by auditing processes and procedures. Learn more about external controls on page 27.

Cooperation with the Stena Sphere

The close cooperation between Concordia Maritime and the related companies within the Stena Sphere provides access to world-leading competence in all areas of shipping – from concept development and manning to technical operation, chartering and commercial operation. It also creates the conditions for a cost-effective internal organisation. It is management's belief that this cooperation is one of Concordia Maritime's main strengths, even though the relationship is associated with some risk, as services are purchased from a small number of suppliers. For more information about cooperation with the Stena Sphere, see note 22 on pages 77–78.

Regulations

External regulations

As a public Swedish company with securities listed on Nasdaq Stockholm, Concordia Maritime must comply with laws and regulations, including the Swedish Companies Act, Nasdaq Stockholm's Rules for Issuers and the Swedish Corporate Governance Code.

Derogations from the Code, stock exchange rules or good practices in the share market

The full Board serves as remuneration committee and audit committee. The Company does not derogate from the Code in any other way.

Internal regulations

Concordia Maritime has a number of internal regulations, which with the external regulations provide the framework for the Company's operations. The central regulations include the Articles of Association, the Board's rules of procedure, the CEO's instructions, the Code of Conduct, the sustainability policy, the insider policy and guidelines, the financial policy and authorisation instructions.

Risk & the share

Risk assessment

Type of risk	Impact (1–5)	Probability (1–5)	Risk strategy
1. Corporate risks			
A Brand	**4** (4)	**2** (2)	Clear frameworks on how Concordia Maritime should act as a responsible company.
B Employees	**4** (4)	**3** (3)	Close cooperation with several companies in the Stena Sphere.
C Liquidity	**5** (4)	**3** (2)	Good financing and focus on costs.
D Financing risk	**4** (4)	**2** (2)	Good solvency and good banking relationships.
F Investment risk	**2** (2)	**3** (3)	Diversification and continuous evaluation.
2. Market-related risks			
A Economic trends	**5** (4)	**5** (5)	Active work on the fleet strategy and good market knowledge.
B Freight rates	**5** (5)	**5** (5)	Efficient operation, good market knowledge and good customer relationships.
C Oil price	**4** (4)	**5** (5)	Operational and financial oil management via the Stena Sphere.
D Political risks	**3** (3)	**4** (4)	At the forefront in safety and sustainability work.
E War/instability	**4** (3)	**4** (4)	Continuous business intelligence and internal security policy.
3. Operational risks			
A Damage to vessels	**3** (3)	**3** (3)	Continuous maintenance work in combination with comprehensive insurance cover.
B Accidents and incidents	**5** (5)	**2** (2)	Continuous work on preventive measures.
C Ship operation	**3** (3)	**1** (1)	Continuous work on preventive measures to enable long-term employment.

Previous year's figures in brackets.

Type of risk	Impact (1–5)	Probability (1–5)	Risk strategy
4. Counterparty risks			
A Counterparty risks – customer credit	**3** (3)	**2** (2)	Long-term collaboration and continuous monitoring. Known customer base.
B Counterparty risks – subcontractors and partners	**3** (3)	**1** (1)	Financially and operationally strong players. Bank guarantees and penalty clauses.

5. Financial risks

Financial risks, which are mainly related to currency and interest rates, are described in note 18 and have therefore not been described in this section.

Previous year's figures in brackets.

Change in the risk environment in 2019

The biggest change in the risk environment in 2019 concerns weaker market conditions, resulting in reduced operating income. However, the effects of this risk are offset to some extent by active work on the chartering strategy and fleet disposition.

Type of risk

- Corporate risks
- Market-related risks
- Operational risks
- Counterparty risks

1. Corporate risks

Corporate risks refer mainly to overall risks related to the actual management and operation of the Company.

A Brand

Brand risk refers to events that could fundamentally have an adverse effect on the confidence of customers, employees, shareholders and other stakeholders in the business. These may include malpractice, serious accidents or other incidents, as well as events of a more financial or stock-market-related nature.

MANAGEMENT: Concordia Maritime's Board and management have jointly formulated and adopted a framework that defines guidelines on how Concordia Maritime should act as a responsible company and employer. The framework consists of internal regulations and guidelines connected to external principles and recommendations. The main regulations include Concordia Maritime's Code of Conduct, the Sustainability Policy and guidelines related to the UN Global Compact Initiative.

B Employees

Employee risk is the risk of Concordia Maritime being unable to attract and retain competent and committed employees. This ability to attract and retain such employees is crucial to driving development in accordance with defined goals. If Concordia Maritime does not have access to the right skills at the right time, the Group's operations and results are adversely affected.

MANAGEMENT: Concordia Maritime's own shore-based organisation is small and this means that there is normally a high dependency on a number of key individuals. However, this is counterbalanced to some extent by the close cooperation with several companies in the Stena Sphere. Nevertheless, we work actively to create a stimulating workplace that provides good development opportunities for employees.

C Liquidity

Liquidity risk is the risk of the Company not having sufficient liquidity to discharge its obligations. In addition to liquidity to cover its current obligations, the Company also endeavours to have sufficient liquidity to conduct business that requires cash input.

MANAGEMENT: Liquidity risk is managed by ensuring a solid financial position, with competitive costs and management of market-related risks. To ensure the availability of short-term liquidity, three overdraft facilities of USD 10 million, USD 8.5 million and SEK 10 million have been arranged. New financing or refinancing of vessels can be important tools in ensuring good liquidity.

D Financing risk

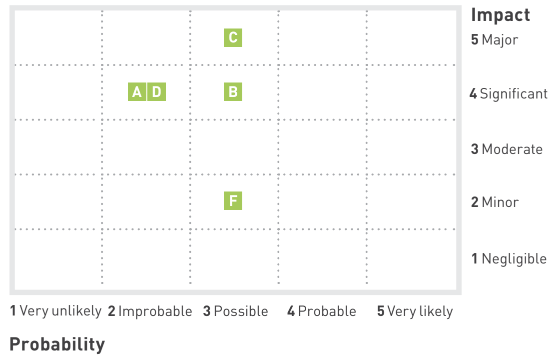
Financing risk is the risk that the Company will be unable to satisfy its need for new loan capital.

MANAGEMENT: This risk is managed by fulfilling financial obligations, maintaining the already excellent relationship with banks, working to broaden the potential financing base to include new banks and institutions, and ensuring sound operation of the Company with good transparency and communication.

F Investment risk

This is the risk that funds invested to generate returns will perform unfavourably in terms of value or return.

MANAGEMENT: The risk is managed by spreading investments across several different instruments and by ensuring active management and evaluation.



2. Market-related risks

Market-related risks are primarily risks associated with changes in the external environment and market. The Board and management have only a limited opportunity to control these risks in the short term, but must still deal with them in the planning and governance of the business.

A Economic trends

Cyclical risks are risks of the general market situation adversely affecting the business or results. Shipping is a highly cyclical business. Demand for transportation of oil and refined petroleum products is determined to a large extent by the consumption of these products. This, in turn, is largely determined by the economic situation. All these factors affect freight rates. In the short term, the effects of economic fluctuations are greatest in the spot market, although they also affect the contract market and vessel values in the long term.

MANAGEMENT: Risks related to freight rates are largely managed through decisions on fleet disposition (incl. acquisitions and disposals) and choice of contracting method. The decisions are based on continuous analyses of cyclical fluctuations in the markets and their bearing on shipping in general and tanker shipping in particular.

B Freight rates

Risks related to freight rates are risks of lower income due to falling freight rates. Freight rates in tanker shipping may fluctuate sharply from time to time. A decline in freight rates may be due to reduced demand for transport capacity or an increased supply of vessels, or a combination of both. A change in rates has a major impact on the profitability of the business. In a short-term perspective, freight rates on the spot market fluctuate significantly more than the rates on time-charter market.

MANAGEMENT: Risks related to freight rates are largely managed through decisions on fleet disposition and choice of contracting method. Spot market exposure is also managed through the pools in which the vessels operate. Decisions are based on continuous analyses of market trends in both the short and long term.

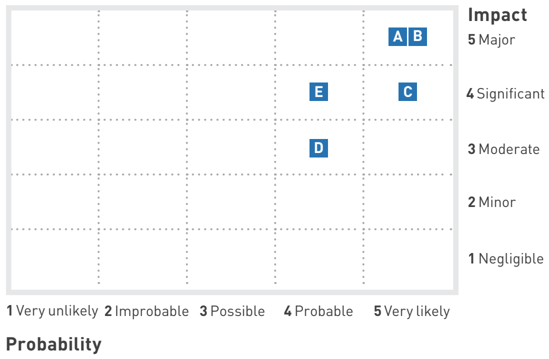
C Oil price

Developments in oil prices can affect demand for transportation of oil and petroleum products. Low oil prices can have a positive impact on the global economy, leading to increased demand for oil and tanker transportation – and vice versa in the case of higher prices. Changes in oil prices also affect stocks and trading in oil, which in turn affects demand for tanker transportation. High oil prices can affect net income through increasing costs for bunker oil.

MANAGEMENT: Risks related to oil prices are largely managed through decisions on fleet disposition and choice of contracting method. Decisions are based on continuous analyses of market trends in both the short and long term. Oil derivative trading is also used in some cases.

D Political risks

Political risks relate mainly to the risk of political decisions having adverse consequences for international trade in oil and oil products. Concordia Maritime operates in a market affected by numerous regulations which may change due to changing external factors and/or political decisions. These include decisions on regulations for international trade, safety and the environment. The trend for international trade in recent years has been towards increased global free trade and fewer trade-policy-related restrictions. The main risk of changes would appear to lie in the area of safety and



environment, where international and national laws, industry-related conventions, regulations and practice are continuously reviewed.
MANAGEMENT: To keep track of political decisions that have a bearing on Concordia Maritime's operations, continuous external monitoring is conducted, both within the organisation, and in cooperation with trade associations, partners and other stakeholders. In terms of sharper requirements in the area of environment and safety, Concordia Maritime's fleet and strong focus on safety actually represent opportunities.

E War/instability

Risks related to war and instability refer partly to the risk of restricted availability of oil and oil products, and partly to changes in transport demand. They also include risks related to pirate activity. This risk affects the industry as a whole and also Concordia Maritime.
MANAGEMENT: To address the risk of war, instability and piracy activity, continuous external monitoring is conducted, both within the organisation, and with partners and other stakeholders. The Company has satisfactory insurance and takes continuous risk minimisation measures.

3. Operational risks

Operational risks are risks related to current operations.

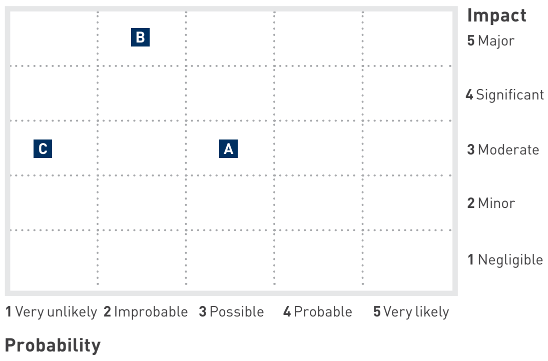
A Damage to vessels

Risks related to damage to vessels are mainly associated with costs of repairing any damage caused, and loss of income due to off-hire – which can also result in more expensive insurance premiums.
MANAGEMENT: This risk is managed partly through strict procedures, scheduled vessel maintenance and comprehensive loss prevention measures during operating activities and partly through industry-standard insurance. The vessels are insured against damage and loss at amounts representing the vessels' value. The vessels are also insured against loss of hire due to damage or shipwreck.

In addition, customary insurance for operating in specific waters is also in place.

B Accidents and incidents

Accidents and incidents refer mainly to accidents at sea or in port (shipwreck, oil spill, collision etc.). This type of event could have far-reaching negative consequences for both the environment and property, and, at worst, could result in loss of life.
MANAGEMENT: This type of risk is managed through comprehensive preventive work with continuous training and reviews of procedures and processes. Protection and indemnity applies with no limitation of amount, except for responsibility for oil spills, where the amount is limited to USD 1 billion.



C Ship operation

Risks related to ship operation refer mainly to the risk of a lack of attractiveness to competent seagoing personnel.

MANAGEMENT: To recruit the crews that the Company wants, a good reputation in the market is required. Concordia Maritime strives to be an attractive employer. Salaries and other forms of financial incentives are important parts of this work, and it is also crucial to provide a positive work environment and the opportunity for long-term employment.

4. Counterparty risks

The main credit risks are counterparty risks relating to customers, shipyards and other subcontractors and cooperation partners. Other financial risks are described in note 18.

A Counterparty risks – customer credit

Counterparty risks relating to customers are primarily the risk of a customer being unable to discharge its obligations.

MANAGEMENT: Long-term collaboration and a generally recurring customer base, continuous monitoring and a stable financial position are significant factors when entering into agreements with customers. In the event of uncertainty about a counterparty's financial position and capacity, a financial check is conducted by an external party. Where appropriate, the cargo can also be used as collateral.

B Counterparty risks – subcontractors and partners

One of the main counterparty risks related to subcontractors and partners is the risk that contracted shipyards will fail to discharge their obligations – either due to financial problems or because they are unable to deliver on time.

MANAGEMENT: Long-term collaboration, continuous assessment and a stable financial position are significant factors in the choice of suppliers and counterparties. In the event of uncertainty about a counterparty's financial position and capacity, a financial check is conducted by an external party. Where appropriate, guarantees are also requested.

The share

Concordia Maritime's B share price was SEK 14.60 (12.20) at the end of 2019.

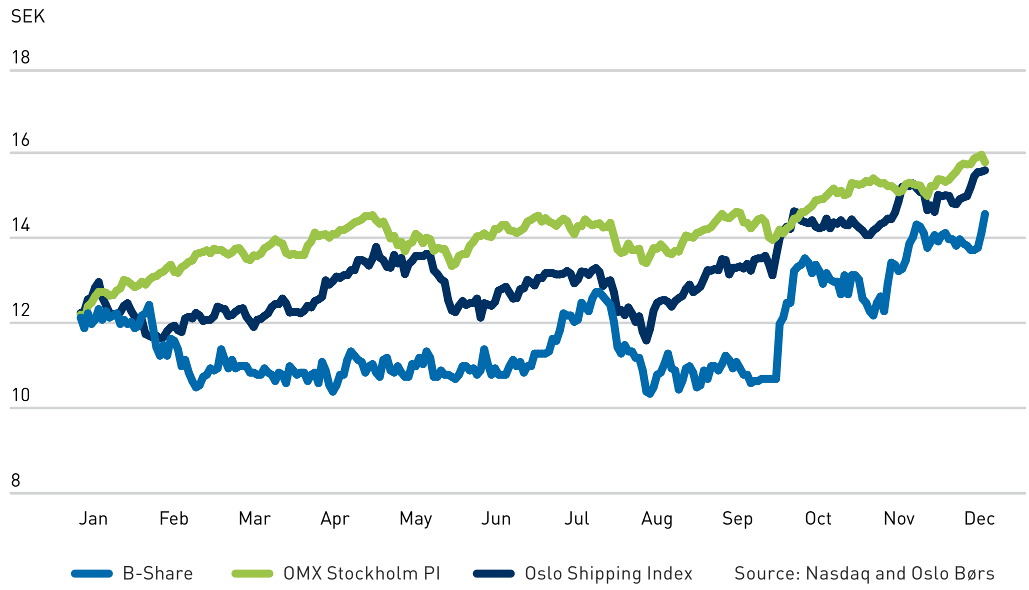
CONCORDIA MARITIME'S B SHARES have been traded on Nasdaq Stockholm under the ticker CCOR B and ISIN code SE0000102824 since 1984. Class A shares carry ten votes per share and class B shares one vote per share. All class A shares are owned by Stena Sessan, which has been the principal owner since the Company was first listed in 1984. Stena Sessan has declared that a holding in Concordia Maritime corresponding to about 50 percent of the capital is a long-term objective. At year-end, the Stena Sphere owned approx. 52 percent of the share capital and held about 73 percent of the votes.

The Board and CEO together own about 0.1 percent of the shares (Stena Sphere excluded). At the end of 2019, share capital amounted to SEK 381.8 million, divided into 47.73 million shares, of which 43.73 million were class B shares. The par value is SEK 8 per share.

Dividend Policy

Concordia Maritime's long-term objective is to maximise the value of the shareholders' capital in the Company through long-term growth in the value of the fleet and a good return on oil transportation. This should provide the necessary conditions for a long-term, positive share price trend. The Company's policy is to distribute at least 10 percent of profit after tax. The aim is to distribute more than the minimum level specified by the policy. The Board's dividend proposal to the AGM include this aim, but also takes into account the Company's financial position and cash requirements for business projects.

Concordia Maritimes aktiekurs 2019

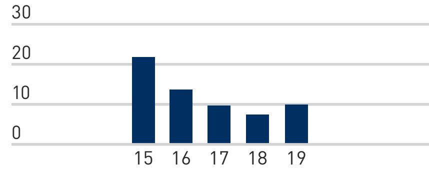


Key figures for the share

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Dividend, SEK	0.00[1]	0.00	0.00	0.50	0.50	0.00	0.00	0.50	1.00	1.00
Dividend as % of net result	n/a	n/a	n/a	34	14	n/a	n/a	–7	56	60
Shares outstanding at year-end, millions	47.73	47.73	47.73	47.73	47.73	47.73	47.73	47.73	47.73	47.73
Average number of shares outstanding, millions	47.73	47.73	47.73	47.73	47.73	47.73	47.73	47.73	47.73	47.73
Share price at year-end, SEK	14.60	12.20	12.50	13.90	19.50	12.90	11.70	10.15	12.95	20.50
Dividend yield, %[2]	n/a	n/a	n/a	3.0	3.1	n/a	n/a	4.9	7.7	4.9
Total return, Concordia share, %	20	–2	–10	–26	55	10	15	–18	–32	27
P/E ratio including ship sales	neg	neg	neg	9.5	5.4	71.7	neg	neg	7.3	12.2
Turnover of shares per year, millions	9.7	7.3	18.9	13.5	21.4	10.1	14.8	5.7	6.2	17.6
Turnover rate, %	20	15	40	28	45	21	31	12	13	37
Market value at year-end, SEK million	697	582	597	603	931	616	558	484	618	978
Number of shareholders	4,168	4,137	4,301	4,610	4,744	4,546	5,109	5,112	5,266	5,470
Equity per share	22.12	22.24	25.60	43.78	39.15	32.99	27.07	27.88	37.24	35.94

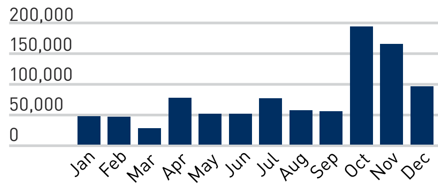
1) The Board's proposal. 2) Dividend per share divided by average share price.

Share turnover 2015–2019



Source: Nasdaq

Share turnover 2019



Source: Nasdaq

Dividend 2011–2020

Year	Dividend per share, SEK	Dividend yield, %
2010	1.00	4.9
2011	1.00	7.7
2012	0.50	4.9
2013	0.00	n/a
2014	0.00	n/a
2015	0.50	3.1
2016	0.50	3.0
2017	0.00	n/a
2018	0.00	n/a
2019	0.00[1]	n/a

1) Föreslagen utdelning

Ownership concentration, 31/01/2020

	Capital %	Votes %
10 largest shareholders	72.0	84.1
20 largest shareholders	77.0	86.9
100 largest shareholders	87.8	93.0

Shareholder categories, 31/01/2020

	Capital %	Votes %
Foreign	9.5	5.4
Swedish	90.5	94.6
of which		
Institutions	63.4	79.2
Private individuals	27.0	15.4

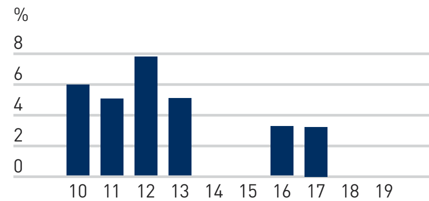
Shareholder structure, 31 January 2020

Shareholding	Owners	Holding %
1–1,000	3,179	76.2
1,001–10,000	767	18.3
10,001–20,000	93	2.2
20,001–	136	3.3
Total		**100.0**

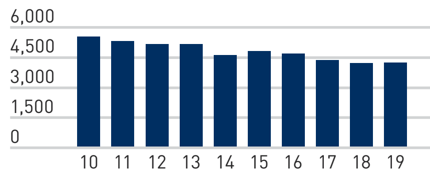
Ten largest shareholders, 31/01/2020

	Capital %	Votes %
Stena Sessan	52.2	72.7
Stillström, Bengt	4.2	2.4
Avanza Pension	3.0	1.7
Andersson, Stig	2.5	1.4
Mutual Fund Fourton Hannibal	2.5	1.4
AB Traction	2.3	1.3
Åkesson, Morgan-Åke	2.2	1.3
Six SIS AG, W8IMV	1.6	0.9
Stillström, Ann	0.8	0.4
State Street Bank and Trust	0.7	0.4

Dividend yield 2010–2019



Shareholder trend 2010–2019



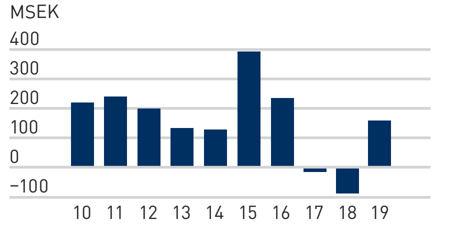
Source: Euroclear

Ten-year summary

	2019[1]	2018[1]	2017[1]	2016[1]	2015[1]	2014	2013	2012	2011	2010
Profit/loss items, SEK million										
Total income	1,140.2	1,052.9	827.5	1,038.2	1,086.6	531.2	467.8	543.4	559.6	513.4
Operating costs excluding impairment	–890.6	–1,183.0	–978.5	–955.5	–877.0	–474.8	–467.4	–465.9	–452.0	–413.2
Operating result	–0.4	–130.1	–624.6	82.7	209.6	56.4	0.4	77.5	107.6	100.2
of which result from ship sales	—	—	—	54.8	—	57.4	—	—	—	—
EBITDA[2]	249.5	56.8	51.3	319.9	423.8	201.0	144.7	228.4	242.6	219.5
Result after financial items	–102.3	–181.9	–660.2	56.9	174.3	16.5	–39.0	–369.4	76.3	76.9
Result after tax	–102.6	–182.1	–660.2	69.5	173.9	8.7	–28.8	–356.0	84.8	80.4
Cash flow from operations[2][3]	148.7	–88.9	–14.9	227.0	392.2	121.8	124.1	190.5	231.1	210.7
Investments in non-current assets	–76.4	2.9	78.0	89.5	459.3	87.9	64.7	428.3	330.1	638.6
Balance sheet items, SEK million										
Ships	3,064.2	2,303.0	2,305.7	3,165.5	3,809.0	3,129.7	2,914.8	3,063.4	3,289.5	2,919.6
(Number of ships)	13	11	11	11	13	11	12	12	11	10
Ships under construction	0.0	0.0	0.0	0.0	0.0	205.8	100.5	48.0	143.0	262.0
(Number of ships)	—	—	—	—	—	2	2	2	1	2
Cash & cash equivalents	227.7	126.4	243.6	406.3	273.6	136.6	106.0	144.4	128.2	68.3
Short-term deposits	3.4	97.4	222.8	273.2	0.0	0.0	81.7	97.1	113.6	84.0
Other assets	349.6	266.4	196.2	276.7	271.3	243.7	203.5	127.8	83.9	127.4
Interest-bearing liabilities	2,400.9	1,539.1	1,635.6	1,933.7	2,387.2	2,038.9	1,994.0	1,993.3	1,815.4	1,596.1
Other liabilities and provisions	188.4	192.6	111.0	118.7	98.6	102.2	120.2	156.6	165.2	149.3
Equity	1,055.6	1,061.5	1,221.9	2,089.8	1,868.7	1,574.7	1,292.3	1,330.8	1,777.6	1,715.4
Total assets	3,644.9	2,793.2	2,968.5	4,142.2	4,354.5	3,715.8	3,406.5	3,480.7	3,758.2	3,460.8

1) It was decided that with effect from 1 January 2016, spot charter income and expenses would be reported on a gross basis. In this table, 2015 has also been changed to the same principle for comparison purposes.
2) See alternative performance measures on page 95.
3) Ship sales not included.

Cash flow from operations, excl. ship sales

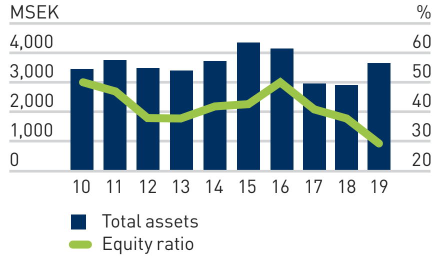


forts. 10 år i sammandrag

	2019[1]	2018[1]	2017[1]	2016[1]	2015[1]	2014	2013	2012	2011	2010
Key figures, %										
Equity ratio[2]	29	38	41	50	43	42	38	38	47	50
Return on total capital[2]	–1	–3	–17	2	5	2	0	–9	3	2
Return on capital employed[2]	–1	–4	–18	2	5	2	0	–9	3	2
Return on equity[2]	–9	–16	–42	4	10	1	–2	–23	5	5
Per-share data, SEK										
Result for the year	–2.15	–3.81	–13.83	1.46	3.64	0.18	–0.60	–7.46	1.78	1.68
of which result from ship sales	—	—	—	1.15	—	1.20	—	—	—	—
Cash flow from operating activities[3]	3.12	–1.86	–0.31	4.76	8.22	2.55	2.60	3.99	4.84	4.41
Equity	22.12	22.4	25.60	43.78	39.15	32.99	27.07	27.88	37.24	35.94
Equity/net asset value	1.01	1.03	1.08	1.32	1.06	1.25	2.31	2.75	2.88	1.75
Share price at year-end	14.60	12.20	12.50	13.90	19.50	12.90	11.70	10.15	12.95	20.50
Dividend[4]	0.00	0.00	0.00	0.50	0.50	0.00	0.00	0.50	1.00	1.00
Dividend as % of net result after tax	n/a	n/a	n/a	34	14	n/a	n/a	n/a	56	60
Övrigt										
P/E ratio including ship sales[2]	neg	neg	neg	9.5	5.4	71.7	neg	neg	7.3	12.2
Number of shareholders	4,168	4,137	4,301	4,610	4,744	4,546	5,109	5,112	5,266	5,470

1) It was decided that with effect from 1 January 2016, spot charter income and expenses would be reported on a gross basis. In this table, 2015 has also been changed to the same principle for comparison purposes.
2) See alternative performance measures on page 95.
3) Ship sales not included.
4) For the year 2019, the dividend proposed to the 2020 AGM is stated.

Equity ratio



The decline in the equity ratio is largely due to the introduction of IFRS 16 for lease reporting from 1 January 2019. If the accounting had been unchanged, the equity ratio would have been 37%.

Financial report

Board of directors' report

The Board and CEO of Concordia Maritime AB (publ), corp. ID 556068-5819, hereby submit the annual report for the financial year 1 January–31 December 2019. The Parent Company is Stena Sessan AB, which owns approximately 52 percent of the capital and 73 percent of the total voting rights.

Business summary

2019 was a challenging year for Concordia Maritime and the entire industry. Demand for oil was relatively good but OPEC's production cuts brought reduced demand for tanker transport. The market strengthened at the end of the year. Based on market conditions the operations have performed well. The voyage result for the Company's product tanker vessels exceeds the level reported by the market (Clarkson Worldwide MR Clean Index). The voyage result for the Company's Suezmax vessel is slightly below the level reported by the market (Clarkson Worldwide Suezmax Index). The reason that the Suezmax vessel's earnings are not up to the market level is that there is a time lag effect in the reported result compared with the very rapidly rising market in the fourth quarter. Cost control has been good and the vessels' daily operating costs for repair, maintenance, manning and insurance are at the same level as in the previous year. Administrative expenses are a little higher than in the previous year. During the year, two vessels were taken into drydock and refinancing of eight of the ten P-MAX vessels was arranged at the end of the year. The Company did not participate in any new charters with Stena Bulk during the year.

P-MAX

At the end of the financial year, three of the vessels were employed on time charters with a national oil company. The other seven vessels were employed in the spot market.

MR (ECO)

Five of the six charter positions taken on in partnership with Stena Bulk expired during the year, leaving the Company with a 50% share in one chartered-in MR (ECO) tanker at the end of the year.

Suezmax

The Suezmax tanker *Stena Supreme* is employed on the spot market via Stena Sonangol Suezmax Pool. The vessel was sold through a sale & leaseback agreement in Q4 2016 and chartered back on a bareboat basis.

IMOIIMAX

The two vessels *Stena Image* and *Stena Important* were employed in the spot market under agreements with Stena Bulk. Both vessels were sold (Q4 2016 and Q1 2017) through a sale & leaseback agreement and chartered back on a bareboat basis.

Fleet value

The Group's assets are assessed on a six-monthly basis to determine whether there is any indication of impairment. The fleet is defined as a cash-generating unit, and an impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of fair value (market value via external broker valuations) and value in use (future discounted cash flows). Measurement of asset values at 31 December 2019 did not indicate any impairment.

Disputes

There were no ongoing disputes at the end of the financial year.

Freight market trends

The first three quarters of the year were characterised by a challenging tanker market. OPEC's production cuts had a negative impact on demand for tanker transport. The market strengthened in the last quarter, initially for crude oil tankers and then for product tankers.

Product tanker market (MR, IMOIIMAX, P-MAX)

Average earnings for the Company's product tanker fleet, spot and TC, was USD 14,500 (12,900) per day during 2019. For vessels employed in the spot market, average earnings were USD 14,300 (12,100) per day.

Crude oil tanker market (Suezmax)

On a full year basis, average earnings for the Company's Suezmax fleet were USD 28,000 (18,500) per day.

Newbuilding prices

At the end of the year, the price of a standard product tanker was about USD 35.8 (36.5) million. The price of an IMO2 class MR tanker like the Company's IMOIIMAX vessels was about USD 39.5 (39.5) million. The price of a standard Suezmax tanker at the end of the year was about USD 61.5 (60.5) million.

Financial summary

Income and earnings

Total income for 2019 was SEK 1,140.2 (1,052.9) million. Result before tax for the year was SEK –102.3 (–181.9) million. Result per share after tax was –2.15 (–3.81).

Investments

Investments in property, plant and equipment during the year amounted to SEK 62.7 (2.9) million. The Company's net investments in financial assets amounted to SEK –110.2 (–102.5) million and were related to net sales of corporate bonds and equities.

Liquidity and financial position

The Group's available liquidity, including unutilised credit facilities, amounted to SEK 354.8 (160.1) million. On the reporting date, there were also corporate bonds of SEK 0.0 (97.4) million, shares amounting to SEK 3.4 (13.9) million and restricted funds of SEK 0.0 (64.9) million related to margin calls on our oil positions (there were no restricted funds when the annual report was signed on 20 March 2020.

The Company's interest-bearing liabilities were SEK 2,400.9 (1,539.1) million at the end of the year. Equity amounted to SEK 1,055.6 (1,061.5) at the reporting date and the equity ratio was 29% (38%).

Remuneration policy for senior executives

Remuneration of the Chairman of the Board and Board members is as adopted by the Annual General Meeting 2019. The AGM adopted guidelines for the remuneration of Group management as follows: Remuneration comprises a fixed salary, variable compensation, pension and other benefits. In order to attract and retain skilled personnel, Concordia Maritime endeavours to offer employees attractive and competitive remuneration. The absolute level depends on the scope and complexity of the position held and the individual's annual performance. Performance is specifically reflected in the variable compensation. Variable compensation is based on factors such as the Company's development and achievement of commercial, operational and financial goals. The goals for the CEO are decided on by the remuneration committee (which consists of the full Board). Agreements on other forms of remuneration may be reached when this is considered necessary in order to attract and retain key competence or to encourage individuals to move to new locations or accept new positions. This type of remuneration is for a limited period. The proposed guidelines for the 2019 AGM correspond with those adopted in 2018.

The Company's pension policy is to follow the practices of the local market in each country. In the case of the CEO, a premium corresponding to 35 percent of his pensionable salary and other compensation at any given time is paid. Other senior executives in Sweden have a premium-based retirement benefit plan in addition to the standard Swedish labour market pension schemes.

Senior executives in Sweden have a six to twelve month reciprocal period of notice depending on the position held. For the CEO, severance pay of up to 24 months' basic salary is paid in the case of involuntary termination of employment. See also note 4.

Information about risks and uncertainties

Concordia Maritime has taken out industry-standard insurance to cover risks associated with the actual operation of the vessels. The vessels are insured against damage and loss at amounts representing the vessels' market value. Protection and indemnity applies with no limitation of amount, apart from responsibility for oil spills, where the amount is limited to USD 1,000 million. Vessels are also insured against loss of hire. In addition to these policies, the Company has also taken out standard insurance for operating in specific waters.

Even with insurance cover, an accident could have a very serious impact on Concordia Maritime. The oil industry's demands for safety and environmental responsibility are comprehensive and an accident at sea or in port would not only have negative environmental consequences, but could also seriously damage the Company's name. It is difficult to protect against this type of risk and it can only be done through extensive preventive work and complete transparency should an accident occur.

Tanker shipping is a highly cyclical business. Demand for transportation of crude oil and oil products is determined to a large extent by the consumption of these products. This, in turn, is largely determined by the economic situation. The effects of economic fluctuations are, in the short term, greatest in the spot market, although a long-term recession would also affect the futures market.

Freight rates in tanker shipping fluctuate strongly from one time to another. A decline in freight rates may be due to reduced demand for transport capacity or an increased supply of vessels. A change in rates can have a major impact on the profitability of the business.

Concordia Maritime cooperates closely with the Stena Sphere, which supplies chartering, operational, manning and newbuilding services. Management believes that this cooperation is one of the Company's absolute strengths compared with competitors.

Sustainability report

Concordia Maritime places the highest priority on human safety and protection of the maritime environment, both as a principle in day-to-day operations and as part of the overall Company objectives. Safety and protection of the maritime environment must be an integral part of day-to-day business. The full commitment of all employees, on board and ashore, is critical to maintaining a high standard of safety and protecting the marine environment in the most effective way.

For Concordia Maritime, issues concerning transport efficiency, safety, respect for the environment and employer responsibility go hand in hand in many ways. Both customers and employees, as well as society in general, benefit from safe transport, optimised flows and increased fuel efficiency.

Safety and quality work is therefore a cornerstone of the Company's operations. However, the possibility of accidents occurring can never be discounted. Substantial resources are invested in continuously developing and optimising vessels, procedures and crews. The goal is to prevent the risk of accidents arising and to minimise any damage if an accident should nevertheless occur. Safety work is carried out on several different levels – during the design and construction of the actual vessel and its equipment and as part of a continuous process of identifying potential risks and dangerous operations. Strict reporting procedures give full control over all incidents – whether in port or at sea.

None of the Company's vessels were involved in any type of incident that resulted in bunker oil or cargo discharging into the water in 2019.

For the first time in six years, a lost time incident (an incident that prevents an employee from being able to work the following day) occurred on a Company vessel.

The focused efforts to reduce bunker consumption on the Company's vessels are producing results. In 2019, the vessels' bunker consumption fell by 0.24 tonnes per day at sea. This means that emissions into the air were reduced. It is pleasing that the reduction is taking place, but the level of reduction was below the Company's target for 2019.

Customers' inspections of the Company's vessels in 2018 resulted in an average of 2.1 observations per inspection. This outcome is better than the target of <4.

In 2019, the Company continued to support Mercy Ships' hospital ship, which offers free medical care to patients who would be otherwise unable to receive such care.

A collaboration with the organisation Keep Sweden Tidy began in 2018. This included publication of training material on the website and there were two beach clearing operations with a presentation on the importance of keeping the ocean clean.

For more information on sustainability work, see the section on sustainability on pages 23–35.

Financial instruments and risk management

See notes 18 and 19.

The share

There were no new issues, bonus issues or similar issues during the year. The number of shares outstanding is therefore unchanged. There are 4,000,000 A shares, each representing ten votes, and 43,729,798 B shares, each representing one vote. The Company is not aware of any agreements between shareholders relating to transfers, or any agreements that would take effect in the case of a possible takeover process.

Outlook

The consequences of the Coronavirus make it difficult to assess tanker market development. In a shorter perspective, there will be a fall in demand for oil. As the Coronavirus effects recede, demand is expected to increase again. Combined with a record low tanker order book, this means that the structural conditions for a strong market looking further ahead are still considered good.

Corporate Governance Report

The corporate governance report has been drawn up as a document that is separate from the annual report. The report can be found on pages 85-93. Information about the key elements of the Group's system of internal control and risk management in connection with the preparation of the consolidated financial statements is contained in the corporate governance report.

Events after the reporting date[1)]

A new corporate structure has been implemented after the end of the year.

Since the new Coronavirus, COVID-19, was first discovered in China, it has spread across the world. The WHO views it as a pandemic and its effects obviously affect tanker shipping. As of the date of publication of this annual report, it is not possible to assess the long-term consequences of the virus and its effects.

Oil prices have fallen sharply since the turn of the year. In a short-term perspective, the decline contributes positively to demand for crude oil – and therefore tanker transport.

Parent Company

Concordia Maritime AB's main activities are to charter in vessels and provide Group-wide services.

Proposed distribution of profit

The Board of Directors propose that the available profits of SEK –5.5 million be distributed as follows.

SEK millions	2017	2018	2019
Dividend (47,729,798 shares)	0,0	0,0	0,0
Carried forward	47.1	–36.1	–5.5
Total	**47.1**	**–36.1**	**–5.5**

More detailed disclosures about the Company's financial results and position can be found in the income statements, balance sheets and accompanying notes.

1) Events up to and including the date of signature of this annual report, 20 March 2020.

Consolidated income statement and other comprehensive income

1 January–31 December, SEK millions	Note	2018	2019	2019 USD millions[1]
Time charter income, leasing of vessels		130.6	119.6	12.6
Time charter income, operational services		206.4	215.0	22.7
Spot charter income		715.9	757.5	80.1
Other income		0.0	48.0	5.1
Total revenue	3, 20	**1,052.9**	**1,140.2**	**120.5**
Voyage-related operating costs	2	–293.4	–351.1	–37.1
Operating costs, ships	2	–447.9	–265.8	–28.1
Personnel costs, temporary seagoing	4	–202.7	–212.1	–22.4
Other external expenses	5	–31.7	–38.5	–4.1
Personnel costs, land-based	4	–20.4	–23.1	–2.4
Depreciation/impairment	8	–186.9	–249.9	–26.4
Total operating costs	22	**–1,183.0**	**–1,140.6**	**–120.5**
Operating result	2	**–130.1**	**–0.4**	**–0.0**
Finance income		30.9	24.8	2.6
Finance costs		–82.7	–126.7	–13.4
Financial net	6	**–51.8**	**–101.9**	**–10.8**
Result before tax		**–181.9**	**–102.3**	**–10.8**
Tax	7	–0.2	–0.3	–0.0
Result for the year attributable to owners of the parent		**–182.1**	**–102.6**	**–10.8**

1 January–31 December, SEK millions	Note	2018	2019	2019 USD millions[1]
Other comprehensive income				
Items that have been/can be transferred to result for the period	14			
Translation differences for the year, foreign operations		95.8	49.3	5.3
Changes in fair value of cash flow hedges		–68.2	20.0	2.1
Changes in fair value of cash flow hedges reclassified to result for the period		–3.5	4.9	0.5
Items that cannot be transferred to result for the year				
Changes in the fair value of equity instruments at fair value through OCI		–2.4	0.5	0.0
Total other comprehensive income for the year		**21.7**	**74.7**	**7.9**
Comprehensive income for the year attributable to owners of the parent		**–160.4**	**–27.9**	**–2.9**
Result per share, before/after dilution	14	**–3.81**	**–2.15**	**0.23**

1) Unaudited, see note 1.

Consolidated statement of financial position

31 December, SEK millions	Note	2018	2019	2019 USD millions[1]
ASSETS				
Non-current assets				
Ships	3, 8, 20	2,303.0	3,064.2	327.2
Financial investments	11	14.6	0.1	0.0
Total non-current assets		**2,317.6**	**3,064.4**	**327.2**
Trade receivables	9	99.4	128.0	13.7
Current tax receivable		0.0	0.8	0.1
Other current receivables	11	51.4	71.4	7.6
Prepayments and accrued income	12	101.0	149.1	15.9
Short-term investments	10	97.4	3.4	0.4
Cash & cash equivalents	13, 24	126.4	227.7	24.3
Total current assets		**475.6**	**580.5**	**62.0**
TOTAL ASSETS		**2,793.2**	**3,644.9**	**389.2**

31 December, SEK millions	Note	2018	2019	2019 USD millions[1]
Equity	14			
Share capital		381.8	381.8	40.8
Other paid-in capital		61.9	61.9	6.6
Reserves		419.5	493.9	52.7
Retained earnings, incl. result for the year		198.3	118.0	12.6
Total equity		**1,061.5**	**1,055.6**	**112.7**
LIABILITIES				
Non-current liabilities	18, 19			
Liabilities to credit institutions	15	1,038.7	1,101.6	117.6
Other non-current liabilities	20	262.8	939.6	100.3
Total non-current liabilities		**1,301.5**	**2,041.2**	**217.9**
Current liabilities	18, 19			
Liabilities to credit institutions	15	208.5	269.6	28.8
Trade payables		0.5	10.8	1.2
Current tax liability		2.7	0.0	0.0
Other liabilities	16, 20	88.5	151.4	16.2
Accruals and deferred income	17	130.1	116.3	12.4
Total current liabilities		**430.2**	**548.1**	**58.5**
TOTAL EQUITY, PROVISIONS AND LIABILITIES		**2,793.2**	**3,644.9**	**389.2**

For information on the Group's pledged assets and contingent liabilities, see note 21

1) Unaudited, see note 1.

Consolidated statement of changes in equity

			Reserves[2]				
SEK millions	Share capital	Other paid-in capital	Translation reserve	Fair value reserve	Hedging reserve	Retained earnings[1]	Total equity
Opening equity, 1 Jan 2019	381.8	61.9	481.9	–2.5	–60.0	198.3	1,061.5
Comprehensive income for the year							
Result for the year						–102.6	–102.3
Other comprehensive income for the year			49.3	0.2	24.9	0.3	74.7
Comprehensive income for the year	**0.0**	**0.0**	**49.3**	**0.2**	**24.9**	**–103.3**	**–27.9**
IFRS transition effect						22.1	22.1
Transactions with owners of the parent							
Dividend						0.0	0.0
Closing equity, 31 Dec 2019	**381.8**	**61.9**	**531.2**	**–2.2**	**–35.1**	**118.1**	**1,055.6**

			Reserves[2]				
SEK millions	Share capital	Other paid-in capital	Translation reserve	Fair value reserve	Hedging reserve	Retained earnings[1]	Total equity
Opening equity, 1 Jan 2018	381.8	61.9	386.1	0.0	11.7	380.3	1,221.9
Comprehensive income for the year							
Result for the year						–182.1	–182.1
Other comprehensive income for the year			95.8	–2.4	–71.7		21.7
Comprehensive income for the year	**0.0**	**0.0**	**95.8**	**–2.4**	**–71.7**	**–182.1**	**–160.4**
Transactions with owners of the parent							
Dividend						0.0	0.0
Closing equity, 31 Dec 2018	**381.8**	**61.9**	**481.9**	**–2.4**	**–60.0**	**198.3**	**1,061.5**

1) Retained earnings includes result for the year.
2) See also note 14.

Consolidated cash flow statement

1 January – 31 December, SEK millions	Note	2018	2019	2019 USD millions[1]
	24			
Operating activities				
Operating result		–130.1	–0.4	–0.0
Finance income		30.9	24.8	2.6
Finance costs		–82.7	–126.7	–13.4
Adjustment for non-cash items		93.1	250.1	26.5
Tax paid		0.0	0.9	0.1
Cash flow from operating activities before changes in working capital		**–88.9**	**148.7**	**15.8**
Cash flow from changes in working capital				
Increase (–)/Decrease (+) in operating receivables		–33.0	–81.4	–8.6
Increase (+)/Decrease (–) in operating liabilities		5.6	–5.5	–0.6
Cash flow from operating activities		**–116.3**	**61.8**	**6.6**
Investing activities				
Acquisition of property, plant and equipment		–2.9	–62.7	–6.6
Disposal of property, plant and equipment		1.9	0.0	0.0
Acquisition of financial assets		–106.3	–14.2	–1.5
Disposal of financial assets		208.8	124.3	13.1
Other financial items		–0.2	0.0	0.0
Cash flow from investing activities		**101.3**	**47.5**	**5.1**
Financing activities				
New loans		0.0	1,122.2	118.6
Amortisation of loans		–99.6	–1,067.6	–112.8
Dividends paid to shareholders of the parent		0.0	0.0	0.0
Amortisation of leases		–19.5	–74.7	–7.9
Cash flow from financing activities		**–119.1**	**–20.0**	**–2.1**
Cash flow for the year		–134.0	89.3	9.5
Cash and cash equivalents at beginning of year		243.6	126.4	13.4
Exchange differences		16.8	12.0	1.3
Cash and cash equivalents at end of year		**126.4**	**227.7**	**24.2**

1) Unaudited, see note 1.

Income statement and other comprehensive income – Parent Company

1 January – 31 December, SEK millions	Note	2018	2019
Net sales	3	224.6	74.0
Total income			
Operating costs, ships		–182.5	–75.4
Other external expenses	5	–10.9	–12.1
Personnel expenses	4	–14.8	–15.2
Operating result	22	**16.4**	**–28.8**
Result from financial items:			
Result from subsidiaries		0.0	84.0
Other interest and similar income		33.3	69.5
Interest and similar expense		–132.9	–94.2
Financial net	6	**–99.6**	**59.3**
Result after financial items		**–83.2**	**30.6**
Tax	7	0.0	0.0
Result for the year[1)]		**–83.2**	**30.6**

1) Result for the year is the same as comprehensive income for the year.

Statement of financial position – Parent Company

31 December, SEK millions	Note	2018	2019
ASSETS			
Non-current assets			
Property, plant and equipment	8	0.0	0.0
Financial assets			
Investments in Group companies	23	745.8	746.4
Deferred tax assets	7	0.0	0.0
Other receivables	11	0.5	0.0
Total financial assets		746.3	746.4
Total non-current assets		**746.3**	**746.5**
Current assets			
Current receivables			
Trade receivables	9	0.0	0.1
Current tax receivable		0.0	0.8
Other receivables	11	3.3	7.8
Prepayments and accrued income	12	3.3	2.7
Total current receivables		**6.6**	**11.5**
Receivables from Group companies		1,022.6	978.8
Cash and bank balances	24	78.3	271.3
Total current assets		**1,107.5**	**1,261.6**
TOTAL ASSETS		**1,853.8**	**2,008.1**

31 December, SEK millions	Note	2018	2019
EQUITY AND LIABILITIES			
Equity	14		
Restricted equity			
Share capital		381.8	381.3
Statutory reserve		138.3	138.3
Unrestricted equity			
Retained earnings		47.1	–36.0
Result for the year		–83.2	30.6
Total equity		**484.1**	**514.7**
Non-current liabilities	18, 19		
Liabilities to credit institutions	15	1,038.7	1,101.6
Liabilities to Group companies	22	27.4	27.4
Other non-current liabilities		0.0	4.7
Total non-current liabilities		**1,066.2**	**1,133.7**
Current liabilities	18, 19		
Liabilities to credit institutions	15	208.5	269.6
Liabilities to Group companies	22	0.0	4.9
Trade payables		0.5	10.8
Current tax liability		2.6	0.0
Other liabilities		68.8	64.1
Accruals and deferred income	17	23.1	10.4
Total current liabilities		**303.5**	**359.7**
TOTAL EQUITY AND LIABILITIES		**1,853.8**	**2,008.1**

Statement of changes in equity – Parent Company

	Restricted equity		Unrestricted equity		
SEK millions	Share capital	Statutory reserve	Retained earnings	Result for the year	Total equity
Opening equity, 1 Jan 2019	381.3	138.3	47.1	–83.2	484.1
Result for previous year			–83.2	83.2	0.0
Result for the year				30.6	30.6
Dividend					0.0
Closing equity, 31 Dec 2019	**381.3**	**138.3**	**–36.0**	**30.6**	**514.7**

	Restricted equity		Unrestricted equity		
SEK millions	Share capital	Statutory reserve	Retained earnings	Result for the year	Total equity
Opening equity, 1 Jan 2018	381.8	138.3	40.4	6.7	567.3
Result for previous year			6.7	–6.7	0.0
Result for the year				–83.2	–83.2
Dividend					0.0
Closing equity, 31 Dec 2018	**381.8**	**138.3**	**47.1**	**–83.2**	**484.1**

Cash flow statement – Parent Company

1 January–31 December, SEK millions	Note	2018	2019
	24		
Operating activities			
Operating result		16.4	–28.8
Finance income		33.3	153.5
Finance costs		–132.9	–94.2
Adjustment for non-cash items		–23.7	1.0
Tax paid		0.0	0.9
Cash flow from operating activities before changes in working capital		**–106.9**	**32.4**
Cash flow from changes in working capital			
Increase (–)/Decrease (+) in operating receivables		–4.8	–2.7
Increase (+)/Decrease (–) in operating liabilities		4.5	–3.4
Cash flow from operating activities		**–107.1**	**26.3**
Investing activities			
Investments in financial assets		0.0	–0.6
Cash flow from investing activities		**0.0**	**–0.6**
Financing activities			
New loans		0.0	1,122.2
Amortisation of loans		–99.6	–1,067.6
Cash flow from financing activities		**–99.6**	**54.6**
Cash flow for the year		–206.7	80.4
Cash and cash equivalents at beginning of year		1,212.2	1,100.9
Exchange differences		95.4	68.9
Cash and cash equivalents at end of year		**1,100.9**	**1,250.1**

Notes to the financial statements

1 Accounting policies

Statement of compliance

The consolidated accounts for Concordia Maritime AB (publ) and its subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). The Group applies the standards that have been adopted by the European Commission for application in the EU. In addition, the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups has been applied.

The Parent Company applies the same accounting policies as the Group, except in the cases described below in the section entitled "Accounting policies – Parent Company". Any differences are due to limitations in the ability to apply IFRS in the Parent Company as a result of the provisions of the Swedish Annual Accounts Act and the Pension Obligations Vesting Act, and in certain cases for tax reasons.

The Board has authorised the Parent Company's annual financial statements and the consolidated annual financial statements for issue on 20 March 2020. The consolidated and Parent Company income statements and statements of financial position will be presented for adoption at the annual general meeting on 29 April 2020.

Basis of preparation

The Parent Company's functional currency is Swedish kronor, which is also the presentation currency for the Parent Company and for the Group. Consequently, the financial statements are presented in Swedish kronor. However, for the reader's guidance, the 2019 financial statements have been converted from SEK into USD using the following exchange rates issued by the Swedish Central Bank: Average rate USD 1.00=9.4604 and closing rate USD 1.00=9.3650. However, from a Group perspective, most transactions are in US dollars. All amounts are reported in SEK millions unless otherwise stated. Assets and liabilities are measured at historical cost, apart from certain financial assets and liabilities which are measured at fair value. Financial assets and liabilities measured at fair value consist of shares and derivative instruments.

Preparation of financial statements in compliance with IFRS requires management to make critical judgements, accounting estimates and assumptions which affect the application of the accounting policies and the carrying amounts of assets, liabilities, income and expense. Estimates and assumptions are based on historical experience and a number of other factors which are considered reasonable under the prevailing conditions. Results of these estimates and assumptions are used to determine the carrying amounts of assets and liabilities that are not otherwise evident from other sources. The actual outcome may differ from these estimates. The accounting estimates and assumptions are reviewed regularly. Changes in accounting estimates are recognised in the period of the change if the change only affects that period. Changes are recognised in the period of the change and future periods if the change affects both.

Estimates made by management during the application of IFRS which have a significant effect on the financial statements, and assumptions which may result in material adjustments to the following year's financial statements largely relate to the valuation of vessels. See note 27.

The accounting policies described below have been applied consistently to all periods presented in the consolidated financial statements, unless otherwise stated. The Group's accounting policies have also been consistently applied by Group companies.

New accounting policies 2019

IFRS 16 is effective for the reporting of leases from 1 January 2019. The transition to IFRS 16 is applied using the modified retrospective approach. For lessees, classification of operating leases and finance leases under IAS 17 has been replaced with a model in which assets and liabilities for all leases are recognised in the balance sheet. Recognition exemptions are allowed for leases that have a low value and leases with a lease term of 12 months or less. In the income statement, depreciation is recognised separately from interest expenses associated with the lease liability.

IFRIC 23 Uncertainty over Income Tax Treatments is effective from 1 January 2019. The interpretation deals with accounting for uncertainty regarding income tax amounts.

New accounting policies effective in or after 2020

The amended reporting standards effective in the next annual financial period have not been applied early in the preparation of these financial statements. There are no plans for early application of new and amended standards which are effective in future annual periods. As of the date of signature of this annual report, it is the assessment that no known amended accounting standards effective in the next annual financial period will have a material impact on the Group's financial reports.

Basis of consolidation

Subsidiaries

Subsidiaries are entities in which Concordia Maritime AB (publ) owns more than 50% of the shares or has some other form of control. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities.

Subsidiaries are accounted for using the acquisition method. The acquisition is treated as a transaction through which the Group indirectly acquires the subsidiary's assets and assumes its liabilities and contingent liabilities. The results of operations of a subsidiary are included in the consolidated financial statements from the date of acquisition until the date on which control ceases.

The consolidated financial statements include the financial statements of the Parent Company and its directly or indirectly owned subsidiaries after:
- elimination of intragroup transactions; and
- depreciation/amortisation of acquired surplus values.

Consolidated equity includes equity in the Parent Company and the share of equity in subsidiaries arising after the acquisition. Transaction costs are recognised directly in result for the year.

Note 1 cont'd.

Transactions eliminated on consolidation

Intra-group receivables and liabilities, income and expense, and unrealised gains or losses arising from intra-group transactions are eliminated in full when preparing the consolidated financial statements. Unrealised gains on transactions with joint ventures are eliminated to the extent of the Group's interest in the company. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no indication of impairment.

Foreign currency

Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the transaction date. Foreign currency monetary assets and liabilities are translated into the functional currency using the exchange rates prevailing at the reporting date. Foreign exchange gains and losses arising on translation are recognised in profit or loss. Non-monetary assets and liabilities recognised at historical cost are translated using the exchange rate prevailing at the date of the transaction

Financial statements of foreign entities

Assets and liabilities of foreign entities, including fair value adjustments, are translated into Swedish kronor using the exchange rate prevailing at the reporting date. Income and expenses in the income statements of foreign entities are translated into Swedish kronor using average exchange rates. This average is an approximation of the cumulative effect of the rates at each transaction date. Exchange differences arising on translation of foreign operations are recognised in other comprehensive income and accumulated in the translation reserve in equity. On disposal of a foreign operation, the cumulative exchange differences relating to that operation, net of any hedging, are reclassified to profit or loss.

Operating segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, and for which discrete financial information is available.

An operating segment's performance is monitored by the Company's chief operating decision maker, which is Group Management, in order to assess its performance and allocate resources to it. Concordia Maritime's Group Management monitors the economic performance of the fleet as one unit. Consequently, operating segment reporting comprises one segment, Tankers. The Tankers segment information now coincides with the consolidated financial information.

Classification

Non-current assets and liabilities are essentially amounts that are expected to be recovered or paid more than twelve months after the reporting date. Current assets and liabilities are essentially amounts that are expected to be recovered or paid within twelve months of the reporting date.

Income

The Group's income consists primarily of spot charter and to some extent time charter income. Spot charter income is generated when the vessels are employed on the open market (the spot market) and chartered voyage by voyage. Spot charter income is received and recognised when the individual voyage is completed. Spot charter income for voyages in progress at the reporting date is distributed between the current reporting period and the next reporting period based on the number of days of the voyage. If the net result (freight income less direct voyage costs) of the voyage is negative, the entire amount is allocated to the current reporting period. Time charter income is received when the vessels are leased for a fixed period, normally one year or more. The income, which consists of a fixed daily hire of the vessel, is paid monthly in advance and recognised as income in the same way as spot charter income. Profit-sharing contracts are accounted for based on settlement with the charterer. If the settlement period and the financial reporting period differ, the profit-sharing contract is recognised using management's judgements and estimates, which are based on market conditions and the charterer's actual earnings in the financial reporting period. Usual settlement periods for profit-sharing contracts are monthly, 90 days or 180 days.

Finance income and costs

Finance income and costs comprise interest income on bank deposits, receivables and interest-bearing securities, interest expense on borrowings, dividend income, exchange differences, unrealised gains and losses on financial investments and derivatives used in financial activities.

Interest income on receivables and interest expense on liabilities are recognised using the effective interest method. The effective interest rate is the rate that discounts all future cash payments or receipts during the fixed-interest period to the initially recognised carrying amount of the financial asset or liability. Interest income and interest expense includes any discounts, premiums or other differences between the original value of the asset or liability and the amount received or paid at maturity.

Dividend income is recognised when the right to receive payment is established.

Financial instruments

Financial instruments recognised under assets in the statement of financial position include cash & cash equivalents, trade receivables, shares, bonds, loan receivables and derivatives. Liabilities include trade payables, loans and derivatives.

IFRS 9 contains three principal classification categories for financial assets: 'at amortised cost', 'at fair value through other comprehensive income' and 'at fair value through profit or loss'. Classification of financial assets under IFRS 9 is generally based on the entity's business model for managing financial assets and the financial assets' contractual cash flow characteristics.

A financial asset or liability is recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

A receivable is recognised when the company has performed and there is a contractual obligation for the counterparty to pay, even if an invoice has not yet been sent. Trade receivables are recognised in the balance sheet when an invoice has been sent. A liability is recognised when the counterparty has performed and there is a contractual obligation to pay, even if an invoice has not yet been received. Trade payables are recognised on receipt of the invoice.

A financial asset is derecognised in the statement of financial position when the rights to receive benefits have been realised, expired or the Company loses control over them. The same applies to a component of a financial asset. Financial liabilities are derecognised in the statement of financial position when the contractual obligation has been discharged or extinguished in some other way. The same applies to a component of a financial liability.

Note 1 cont'd.

Purchases and sales of financial assets are recognised on the trade date (the commitment date), apart from regular way transactions, which are recognised on the settlement date. The fair value of listed financial assets corresponds to the asset's bid price on the balance sheet date, subject to a deep and liquid market. The fair value of unlisted financial assets is determined using valuation techniques such as recent transactions, prices of similar instruments and discounted cash flows. For further information, see notes 18 and 19.

The Group may, at initial recognition, make an irrevocable choice to recognise in other comprehensive income any subsequent fair value changes for an investment in an equity instrument not held for trading. This choice is made on an investment by investment basis.

At each reporting date, the Company assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. The impairment model is applied for financial assets measured at amortised cost and contract assets, but not for investments in equity instruments.

Accounting for financial instruments under IFRS 9 is based on their classification categories, which are described below.

Financial assets at amortised cost

Receivables arise when companies provide money, goods and services directly to the beneficiary without any intention of trading the receivable. Trade and other receivables are classified as financial assets measured at amortised cost.

Cash and cash equivalents consist of cash, demand deposits with banks and similar institutions and short-term deposits with an original maturity of 3 months or less, which are subject to an insignificant risk of changes in value.

Financial assets at fair value through other comprehensive income

Financial instruments in this category consist of shares that are not held for trading. Financial instruments in this category are measured at fair value through other comprehensive income.

Financial assets at FVTPL

Financial instruments in this category are measured at fair value, and changes in fair value are recognised in the income statement. This category includes investment assets in the form of corporate bonds held for trading and bunker derivatives with a positive fair value that are not identified, effective hedging instruments. Financial instruments in this category are measured at fair value through profit or loss.

Financial liabilities at fair value through other comprehensive income

Financial instruments in this category consist of bunker derivatives with a negative fair value that are identified, effective hedging instruments for the Group's future bunker consumption costs and currency derivatives with a negative fair value that are identified, effective hedging instruments for the Group's equity in foreign subsidiaries. Financial instruments in this category are measured at fair value through other comprehensive income.

Other financial liabilities

Other financial liabilities are measured at amortised cost. Amortised cost is calculated based on the effective interest method used at initial recognition. This means that premiums and discounts and direct issue costs are amortised over the term of the liability.

Liabilities classified as other financial liabilities are initially recognised at the amount received, net of transaction costs. Non-current liabilities have an expected maturity of more than one year, while current liabilities have a maturity of less than one year.

Trade payables are classified as other financial liabilities. Trade payables have a short expected maturity and are measured at nominal amounts with no discounting. For more information, see notes 18 and 19.

Impairment of financial assets

For financial assets measured at amortised cost, a loss allowance for expected credit losses is recognised using the general approach. The loss allowance is measured at an amount corresponding to full lifetime expected credit losses.

When determining whether a financial asset's credit risk has increased significantly since initial recognition and when calculating expected credit losses, reasonable and verifiable information is used that is relevant and available without undue expense or effort. Both quantitative and qualitative information and analysis based on historical experience, credit ratings and forward-looking information are used in the assessment.

A loss allowance for financial assets measured at amortised cost is deducted from the assets' gross value in the statement of financial position. The gross value of a financial asset receivable is written off when there is no longer any reasonable expectation of all or part of the receivable being recovered.

Derivatives and hedge accounting

Derivative instruments include forward contracts and swaps that are used to manage different types of financial risks, such as currency fluctuations and exposure to interest rate risks. Derivatives are also contractual terms that are embedded in other contracts. Changes in the value of stand-alone derivatives are recognised in profit or loss based on the purpose of ownership. Hedge accounting is applied for interest-related derivatives, swaps, if the instrument is held for hedging purposes. Investments in foreign subsidiaries (net assets including goodwill) are hedged using currency derivatives as hedging instruments together with cash and cash equivalents and external loans in the same currency. If the hedge is effective, changes in the value of forward currency derivatives, less tax effects, are reported in other comprehensive income, and the cumulative exchange differences and changes in value are reported as a separate component of equity (translation reserve). This enables the translation differences arising from foreign operations to be partially offset. Translation differences arising from internal loans that constitute an investment in a foreign operation are part of the hedgeable currency risk in foreign operations. Hedge accounting is applied for bunker-related derivative instruments if the instruments are held to hedge future bunker consumption costs.

Property, plant and equipment

Owned assets

Items of property, plant and equipment are recognised at cost less accumulated depreciation and impairment losses. Cost comprises the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended. Borrowing costs are not included in the cost of a self-constructed asset. Accounting policies for impairment are described below.

The cost of a self-constructed asset includes costs of materials, employee benefits expenses and, if applicable, other construction costs directly attributable to the asset.

Parts of property, plant and equipment that have different useful lives are treated as separate components of property, plant and equipment.

Note 1 cont'd.

An item of property, plant and equipment is derecognised in in the statement of financial position in the event of disposal. The gain or loss arising from the disposal of an asset is the difference between the selling price and the asset's carrying amount less direct costs to sell. Gains and losses are reported under other operating income/expense.

Borrowing costs

Borrowing costs that are attributable to the construction of qualifying assets are capitalised as part of the cost of the qualifying asset. A qualifying asset is an asset that necessarily takes a significant length of time to prepare for its intended use. Firstly, borrowing costs incurred on loans that are specific to the qualifying asset are capitalised. Secondly, borrowing costs incurred on general loans that are not specific to any other qualifying asset are capitalised. Borrowing expenses are based on external borrowing.

Depreciation

Depreciation takes place over the estimated useful life down to the residual value of zero. The Group applies component depreciation, which means depreciation is based on the estimated useful lives of components. Estimated useful lives:

Ships	25 years
Periodic maintenance (docking) components of vessels	2.5–5 years
Equipment, tools and fixtures & fittings	2–5 years

Assessment of an asset's useful life is made on a six-monthly basis.

Impairment

The Group's reported assets are assessed semi-annually to determine if there is any indication of impairment. IAS 36 is applied for impairment of vessels. If there is any indication of impairment, the asset's recoverable amount (i.e. the higher of net realisable value and value in use) is calculated. An impairment loss is recognised when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. An impairment loss is recognised as an expense in net income for the year. When impairment has been identified for a cash-generating unit, the impairment loss is proportionately allocated to the assets in the unit.

In measuring value in use, cash flows are discounted using a discount rate that reflects the risk-free rate of interest and the risks specific to the asset. The Group treats the entire fleet as a cash-generating unit. Testing is based on an average value from three ship brokers and on discounted cash flows. Any assumptions in the case of a cash flow calculation are described in note 8 for property, plant and equipment.

Impairment of vessels is reversed if there is an indication that the impairment no longer exists and there has been a change in the assumptions on which the calculation of recoverable amount was based. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation where applicable, had no impairment loss been recognised.

Subsequent costs and periodic maintenance

The maintenance portion of the ship's cost of acquisition is separated on delivery and depreciated separately. Subsequent costs associated with periodic maintenance are included in the carrying amount only when it is probable that future economic benefits associated with the asset will flow to the Company and the cost of the item can be measured reliably. All other subsequent costs are recognised as an expense in the period in which they are incurred. The depreciation period for periodic maintenance of owned tonnage is between thirty months and five years, while the depreciation period for time chartered tonnage extends to the next docking or redelivery of the vessel.

In order for subsequent costs to qualify for inclusion in the carrying amount, they must relate to the replacement of identified components or parts thereof. If this is the case, these costs are capitalised. Costs relating to the construction of new components are also included in the carrying amount. The residual value of a replaced component or part thereof is derecognised at the time of replacement Repairs are recognised as an expense as incurred.

Leases

When a contract is entered into, an assessment is made as to whether the contract is, or contains, a lease. If the contract conveys the right to direct how an identified asset is used for a certain period in return for payment, the arrangement is a lease or contains a lease. IFRS 16 Leases is applied for the reporting of leases from 1 January 2019.

Leases where the Group is lessee

Leases where the Company is the lessee are recognised as a right-of-use asset with a corresponding lease liability on the date when the leased asset is made available to the Company.

The lease liability and right-of-use asset are initially recognised at the present value of the future payments associated with the lease. These payments include:

- Fixed payments
- Variable payments, such as those that depend on an index, measured using the index value at initial recognition of the lease.
- Amounts for purchase options that the Company is reasonably certain to exercise.
- Payments of penalties for terminating the lease early, if it is the Company's assessment that this may happen.
- Payments during any periods covered by extension options if the exercise of such options is reasonably certain.

The lease payments are discounted at the interest rate implicit in the lease. If the interest rate implicit in the lease cannot be readily determined, the incremental borrowing rate is used instead, which is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset.

The Company's leases contain potential future increases in variable lease payments based on the level of LIBOR, which are not included in the lease liability until they become effective. When the variable lease payments change as a result of a change in LIBOR, the lease liability is remeasured against the value of the right-of-use asset. The lease payments are apportioned between repayment of the lease liability and interest on the lease liability. The repayment reduces the liability and the interest is reported under financial costs in the income statement.

The right-of-use asset is recognised at cost, which consists of:

- The amount of the initial measurement of the lease liability
- Lease payments made before the commencement date
- Initial direct costs
- Costs of dismantling or restoring the asset to the condition required

Note 1 cont'd.

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term. Depreciation is normally on a straight-line basis. The right-of-use asset is included in the same item in the statement of financial position as the corresponding underlying asset would have been, had it been owned.

Right-of-use assets and lease liabilities are not reported for leases with a term of 12 months or less or leases with an underlying asset of low value (less than SEK 50 thousand). Lease payments for these leases are recognised as an expense on a straight-line basis over the lease term.

One of the Company's leases includes a purchase obligation at the end of the lease. The other two leases include annual purchase options. At the end of each reporting period, an assessment is made of whether the purchase options are likely to be exercised and the lease liability is remeasured based on the assessment.

Leases where the Group is lessor

When the Group is the lessor, each lease is assessed at the commencement date to determine whether it will be classified as a finance lease or an operating lease.

The classification is based on an overall assessment of whether the lease transfers substantially all the financial risks and rewards incidental to ownership of the underlying asset. If this is the case, the lease is a finance lease, otherwise, it is an operating lease. A number of indicators are considered in the assessment. Examples of these indicators are as follows: the lease term is for the major part of the economic life of the asset; and the lease transfers ownership of the underlying asset to the lessee at the end of the lease term. When a leased asset is subleased, the head lease and the sublease are reported as two separate leases. The lease is classified by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset. Lease payments from operating leases are recognised as revenue on a straight-line basis over the lease term as part of the item Time charter income.

Accounting policies applied up to 31 December 2018

During periods for 2019, leases in which the Group was both lessor and lessee were classified as operating or finance leases based on whether the lease transferred substantially all the risks and rewards incidental to ownership of the asset.

Where the Group was lessee, operating lease costs were recognised in result for the year on a straight-line basis over the lease term. Variable payments were recognised as an expense in the periods in which they arose.

Finance leases where the Group was lessee were reported in virtually the same way as leases now reported under the accounting policies that came into effect on 1 January 2019.

The accounting policies applied during the comparative period to leases where the Group is a lessor do not differ from IFRS 16.

Amended accounting policies

As a result of the application of IFRS 16 Leases with effect from 1 January 2019, the accounting policies for leases have been amended. The modified retrospective approach has been chosen for the transition and comparatives have therefore not been restated.

For contracts where the Group is lessee, classification of operating leases and finance leases under IAS 17 has been replaced with a model in which assets and liabilities for all leases are recognised in the balance sheet. Recognition exemptions are allowed for leases that have a low value and leases with a lease term of 12 months or less. In the income statement, depreciation is recognised separately from interest expenses associated with the lease liability.

After the transition to IFRS 16, the Company recognises lease liabilities for two leases previously classified as operating leases under IAS 17. These liabilities were calculated as the present value of the remaining lease payments, discounted at the lessee's incremental borrowing rate as at 1 January 2019. The weighted average incremental borrowing rate applied to the liabilities as at 1 January 2019 was 4.44%.

For leases previously classified as finance leases under IAS 17, the initial carrying amounts for the right-of-use assets and the lease liabilities on 1 January 2019 correspond to the values of the leased assets and the lease liabilities on 31 December 2018. IFRS 16 measurement principles are applied thereafter.

The two tables below show the effect of the amended accounting policies on the financial reports.

The table below shows the effect of the transition to IFRS 16 on the Group's statement of financial position.

SEK millions	Recognised 31/12/2018	IFRS 16 effect	Restated items 01/01/2019
Assets			
Ships	2,303.0	758.9	3,061.9
Financial investments	14.6	0.0	14.6
Total non-current assets	**2,317.6**	**758.9**	**3,076.5**
Current assets	475.6	0.0	475.6
Total current assets	**475.6**	**0.0**	**475.6**
Total assets	**2,793.2**	**758.9**	**3,552.1**
Equity and liabilities			
Equity	1,061.5	22.1	1,083.6
Other non-current liabilities	1,301.5	681.2	1,983.1
Other current liabilities	430.2	55.5	485.3
Total equity and liabilities	**2,793.2**	**758.9**	**3,552.1**

To measure the lease liability, the lease payments were discounted at the Group's incremental borrowing rate on 1 January 2019. The weighted average interest rate used is 4.44%.

SEK millions	01/01/2019
Operating lease commitments disclosed as at 31 December 2018	848.7
Discounted using incremental incremental borrowing rate as at 1 January 2019	626.2
Add – finance lease liabilities recognised as at 31 December 2018	282.6
Less – exception for:	
Short-term leases	0
Low-value leases	0
Add – reasonably certain purchase options	110.6
Add – variable lease payments that depend on an index or a rate	0
Lease liabilities, 1 January 2019	**1,019.4**

Note 1 cont'd.

Share capital

Dividends

Dividends are recognised as a liability when the dividend has been adopted by the annual general meeting.

Employee benefits

Defined contribution plans

The Company has a pension commitment that is covered by the value of a company-owned endowment insurance policy. In accordance with IAS 19, the pension commitment has been classified as a defined contribution pension plan, which means thatthe endowment insurance and pension commitment are reported on a net basis.

Provisions

A provision is recognised in the statement of financial position when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are recognised at the best estimate of the expenditure required to settle the present obligation at the reporting date. Where the effect of the time value of money is material, provisions are estimated by discounting expected future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Taxes

Income tax consists of current tax and deferred tax. Income taxes are recognised in the income statement, unless the underlying transaction is recognised in other comprehensive income or in equity, in which case the associated tax effect is recognised in other comprehensive income or in equity.

Current tax is the amount of income taxes payable or recoverable in respect of the taxable profit or loss for the current year, and is calculated using tax rates enacted or substantially enacted by the reporting date, and any adjustments relating to prior periods. Deferred tax is accounted for using the balance-sheet liability method. A deferred tax liability is recognised for temporary differences between the carrying amounts of assets and liabilities and their corresponding tax bases except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting profit nor taxable profit or loss. A deferred tax liability is recognised for temporary differences associated with investments in subsidiaries except to the extent that it is probable that the temporary difference will not reverse in the foreseeable future. The measurement of deferred tax is based on the manner in which the Company expects to recover or settle the carrying amount of its assets and liabilities. Deferred tax liabilities and assets are measured using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets on temporary differences and deferred tax assets arising from the carryforward of unused tax losses are only recognised to the extent that it is probable that they can be utilised. The carrying amounts of deferred tax assets are reduced to the extent that it is no longer probable that the deferred tax asset can be utilised.

Contingent liabilities

A contingent liability is recognised when a possible obligation arises from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events, or when there is an obligation which is not recognised as a liability or provision because it is not probable that an outflow of resources will be required to settle the obligation or the amount cannot be measured reliably.

Accounting policies – Parent Company

The Parent Company's annual financial statements have been prepared in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. RFR 2 requires the Parent Company, as a legal entity, to prepare its annual financial statements in compliance with all the IFRS and IFRIC interpretations endorsed by the EU, to the extent possible within the framework of the Swedish Annual Accounts Act and taking into account the relationship between tax expense (income) and accounting profit. The recommendation also specifies exceptions and additions to IFRS reporting. Differences between the Group's and the Parent Company's accounting policies are described below.

The accounting policies described below have been applied consistently to all periods presented in the Parent Company's financial statements.

Subsidiaries

Investments in subsidiaries are recognised in the Parent Company using the cost model.

Income

Dividends

Dividend income is recognised when the right to receive payment is established.

Property, plant and equipment

Owned assets

Like the Group, the Parent Company recognises property, plant and equipment at cost less accumulated depreciation and impairment losses, although the Parent also reports appreciation in value.

Financial instruments

The Parent Company complies with Chapter 4, Section 14, of the Annual Accounts Act (1995:1554) for financial instruments. Derivative instruments are measured at fair value, with changes recognised in profit or loss. Hedge accounting is not applied. Investment assets are measured at fair value, with changes recognised in profit or loss. Foreign currency loans are translated at the closing rate, and hedge accounting is not applied.

The Parent Company's financial guarantees consist mainly of sureties in favour of subsidiaries. Financial guarantees mean that the Company has an obligation to reimburse the holder of a debt instrument for losses it incurs because a specified debtor fails to make payment when due under the contract terms. For the reporting of financial guarantee contracts, the Parent Company applies an exemption from the provisions of IFRS 9 permitted by the Swedish Financial Reporting Board. The exemption applies to financial guarantees provided for subsidiaries. The Parent Company reports financial guarantees as a provision in the balance sheet when the Company has an obligation, and an outflow of resources is likely to be required to settle the obligation.

2 EBITDA per vessel category

EBITDA per quarter

	Q4		Q3		Q2		Q1		Full year	
USD millions	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019
Product tankers (time charter)	4.1	1.5	4.5	1.9	5.8	4.3	7.6	4.3	22.0	12.0
Product tankers (spot)	–1.1	3.1	–5.2	2.9	–4.9	1.2	–4.5	3.8	–15.7	11.1
Suezmax	6.6	3.1	–0.9	1.0	–1.2	0.9	–1.3	1.6	3.1	6.6
Administration and other	–0.7	–1.3	–0.5	–0.4	–0.8	–0.7	–0.8	–0.8	–2.8	–3.2
Total	**8.9**	**6.5**	**–2.1**	**5.4**	**–1.1**	**5.6**	**0.9**	**8.9**	**6.5**	**26.4**

As the fleet's performance is primarily monitored via EBITDA, the note provides a more accurate picture than if the corresponding specification had been made for income.

3 Geographical distribution

Geographical areas

Income is distributed based on customer location, while fixed assets (ships) are allocated based on the vessel's flag.

	Total	
Group, SEK millions	2018	2019
Income		
Brazil	125.2	367.5
United States	452.4	255.5
UK	107.4	144.9
Singapore	108.9	56.1
Switzerland	63.6	55.3
Other	195.4	260.9
Total income	**1,052.9**	**1,140.2**

Largest customers by income

The Group generated income of SEK 1,140.2 million in 2019. One single customer accounted for more than 10% of total income during the year. The three largest individual customers had income shares of 24.3% (SEK 276.7 million), 8.0% (SEK 90.8 million) and 6.1% (SEK 70.0 million).

The Group generated income of SEK 1,052.9 million in 2018. No single customer accounted for more than 10% of total income during the year. The three largest individual customers had income shares of 9.2% (SEK 96.4 million), 8.4% (SEK 88.2 million) and 8.1% (SEK 85.3 million).

	Total	
Parent, SEK millions	2018	2019
Income		
United States	87.2	20.2
Singapore	33.4	10.6
Switzerland	23.4	9.8
France	0.0	7.6
Australia	12.0	6.2
UK	14.9	5.3
Other	53.7	14.1
Total income	**224.6**	**74.0**

The Parent Company's net sales in 2019, as in 2018, relate to consultancy income and income from vessels chartered in.

	Total	
Group, SEK millions	2018	2019
Non-current assets		
Bermuda	2,303.0	3,049.1
Total non-current assets (ships)	**2,303.0**	**3,049.1**

4 Employees and personnel expenses

Employee benefits expenses

Group, SEK millions	2018	2019
Salaries and other benefits	13.9	16.0
Pension costs, defined contribution plans	2.8	3.0
Social security contributions	4.9	4.3
	21.6	**23.3**

Gender distribution in Company Management

	2018	2019
Parent Company	Proportion female	Proportion female
Board	13%	11%
Other senior executives	0%	0%
Group		
Board	13%	11%
Other senior executives	50%	50%

Salaries, employee benefits and social security contributions

	2018		2019	
Parent, SEK millions	Salaries and other benefits	Social security contributions	Salaries and other benefits	Social security contributions
Parent Company	9.9	6.9	10.5	6.4
(of which pension costs)		2.3		2.5

SEK 2,475 (2,262) thousand of the Parent Company's pension costs relate to the Board, CEO and management. Senior executives in Sweden have a six to twelve month reciprocal period of notice depending on the position held. In the case of involuntary termination of employment, the maximum severance pay is 24 months' basic salary.

Note 4 cont'd.

Average number of employees

Parent Company	2018	Of which male	2019	Of which male
Sweden	3	67%	3	67%
Parent total	**3**	**67%**	**3**	**67%**
Subsidiaries				
Switzerland	2	0%	2	0%
Bermuda	1	0%	1	0%
Subsidiaries total	**3**	**0%**	**3**	**0%**
Group total	**6**	**33%**	**6**	**33%**

The Company employed 514 temporary workers on its vessels in 2019 (494 in 2018).

Salaries and other employee benefits (Board, CEO, Senior Executives and other employees) by country

	2018		2019	
Group, SEK millions	CEO and Manage-ment	Other employees	CEO and Manage-ment	Other employees
Parent: Sweden	8.2	0.4	8.4	0.5
Subsidiaries: Switzerland	2.9	1.1	3.8	1.5
Subsidiaries: Bermuda	1.4	0.0	1.9	0.0
Group total	**12.4**	**1.5**	**14.0**	**2.0**
(of which bonus)	1.3	0.0	1.8	0.0

The category CEO and Management comprises 4 (4) individuals.

Defined contribution plans

The Group has defined contribution pension plans for its employees in Sweden. These are financed by the companies. Foreign subsidiaries have defined contribution pension plans which are financed partly by the subsidiaries and partly by employee contributions. Payment into these plans is on an ongoing basis in accordance with each plan's rules.

	Group		Parent Company	
SEK millions	31/12/2018	31/12/2019	31/12/2018	31/12/2019
Costs for defined contribution plans	2.8	3.0	2.3	2.5

Senior executives' remuneration and benefits (Parent)

	2018					2019				
Salary and other benefits during the year, SEK thousands	Basic salary/ directors' fees	Variable pay	Other benefits	Pension cost	Total	Basic salary/ directors' fees	Variable pay	Other benefits	Pension cost	Total
Chairman of the Board, Carl-Johan Hagman	400				400	400				400
Stefan Brocker	225				225	225				225
Helena Levander	225				225	225				225
Mats Jansson	225				225	225				225
Michael G:son Löw	225				225	225				225
Henrik Hallin	0				0	225				225
Workplace representatives	75				75	75				75
CEO	4,643	818	122	1,601	7,183	4,251	1,275	114	1704	7,344
Other senior executives	2,123	361	119	661	3,264	2,162	484	118	771	3,535
Total	**8,140**	**1,179**	**241**	**2,262**	**11,822**	**8,014**	**1,759**	**232**	**2475**	**12,479**

The number of other senior executives in 2019 and 2018 was one. See also the Corporate Governance section and Board of Directors' Report for information about remuneration, benefits and agreements for the Board, CEO and senior executives.

5 Auditors' fees and remuneration

	Group		Parent Company	
SEK millions	2018	2019	2018	2019
KPMG				
Audit services	1.4	1.4	0.7	0.7
Tax advisory services	0.2	0.1	0.0	0.0
Other services	0.0	0.1	0.0	0.1
	1.6	**1.6**	**0.7**	**0.8**

Audit services comprise examination of the annual financial statements, accounting records and administration of the Board and CEO, other procedures required to be carried out by the Company's auditors and advice or other assistance arising from observations made during the performance of such services.

6 Financial net

Group, SEK millions	2018	2019
Changes arising from remeasurement of financial assets at fair value	17.7	12.8
Exchange differences	0.0	0.0
Other interest income	13.2	12.0
Finance income	**30.9**	**24.8**
Interest expenses	–82.7	–120.5
Other finance costs	0.0	–6.3
Finance costs	**–82.7**	**–126.7**
Financial net	**–51.8**	**–101.9**

Note 6 cont'd.

	Result from other securities and receivables		Interest and similar income	
Parent, SEK millions	2018	2019	2018	2019
Interest income	0.0	0.0	31.2	33.4
Changes arising from remeasurement of financial assets at fair value	2.1	36.1	0.0	0.0
Dividends from subsidiaries	0.0	0.0	0.0	84.0
Finance income	**2.1**	**36.1**	**31.2**	**117.4**

	Interest and similar expense	
Parent, SEK millions	2018	2019
Interest expense on bank loans (including effect of swaps)	–66.2	–61.6
Exchange differences	–13.2	–9.0
Changes arising from remeasurement of financial assets at fair value	–52.3	–18.3
Other finance costs	–1.2	–5.3
Finance costs	**–132.9**	**–94.2**
Financial net	**–99.6**	**59.3**

7 Taxes

Recognised in the income statement

Group, SEK millions	2018	2019
Current tax expense(–)/ tax income(+)	–0.2	–0.3
Deferred tax income/expense on temporary differences	0.0	0.0
Deferred tax income/expense in tax loss carryforward capitalised during year	0.0	0.0
Total recognised tax expense for Group	**–0.2**	**–0.3**

Parent, SEK millions		
Deferred tax income in tax loss carryforward capitalised during year	0.0	0.0
Deferred tax expense on remeasurement of carrying amount of deferred tax assets	0.0	0.0
Total recognised tax expense for Parent	**0.0**	**0.0**

Note 7 cont'd.

Reconciliation of effective tax

Group, SEK millions	2018, %	2018	2019, %	2019
Result before tax		–181.9		–102.3
Tax according to parent's enacted tax rate	22	40.0	21	21.9
Effect of different tax rates for foreign subsidiaries	–22	–40.5	–11	–11.0
Non-deductible expenses	–0	–0.2	–2	–2.2
Non-taxable income	2	4.0	3	3.0
Increase in loss carryforwards without corresponding capitalisation of deferred tax	–2	–3.5	–6	–5.8
Increase in restricted net interest income	0	0.0	–6	–6.3
Recognised effective tax	**0**	**–0.2**	**0**	**–0.3**

Parent, SEK millions	2018, %	2018	2019, %	2019
Result before tax		–83.2		30.6
Tax according to parent's enacted tax rate	22	18.3	21	–6.5
Non-deductible expenses	–19	–16.0	–48	–14.6
Non-taxable income	1	1.2	115	35.1
Increase in loss carryforwards not resulting in corresponding increase in deferred tax	–4	–3.5	–25	–7.7
Increase in restricted net interest income	0	0.0	–6	–6.3
Recognised effective tax	**0**	**0.0**	**0**	**0.0**

Recognised in the balance sheet – Deferred tax assets and liabilities

Deferred tax assets and liabilities are as follows:

	Deferred tax assets		Deferred tax liabilities	
Group, SEK millions	2018	2019	2018	2019
Tax loss carryforwards	0.0	0.0	0.0	0.0
Temporary differences, property, plant and equipment (excess depreciation)	0.0	0.0	0.0	0.0
Tax assets/liabilities	**0.0**	**0.0**	**0.0**	**0.0**
Offsetting	0.0	0.0	0.0	0.0
Total tax assets/liabilities, net	**0.0**	**0.0**	**0.0**	**0.0**

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are as follows:

	Deferred tax asset/liability	
Parent, SEK millions	2018	2019
Tax loss carryforwards	0.0	0.0
Other temporary differences	0.0	0.0
Tax assets/liabilities, net	**0.0**	**0.0**

The Parent Company's change from year to year is reported as deferred tax expense in the income statement.

The Group's tax loss carryforwards are as follows:

SEK millions	2018	2019
Sweden	310.4	374.0
Total	**310.4**	**374.0**

All loss carryforwards continue indefinitely. Of the Group's loss carryforwards at the end of the financial year, SEK 374.0 (310.4) million has not been capitalised. SEK 29.4 (0.0) million of the Group's loss carryforwards at the end of the financial year consists of restricted net interest income.

The Group's owned vessels are registered and owned in Bermuda. The operations that the Group conducts on Bermuda are not subject to income tax; an annual tonnage fee is paid instead.

During the year, the Group did not report any tax expense or income for current operations. The reconciliation of effective tax shows that this is largely due to different tax rates from the Group's foreign subsidiaries.

From 1 January 2019, the tax rate in Sweden is 21.4% for companies with financial years beginning on or after 1 January 2019. The tax rate is reduced to 20.6% for financial years beginning on or after 1 January 2021.

At the end of the year, there were no deferred tax assets or liabilities. No effect has been reported in the income statement, as the balances are unchanged from the comparative year. There are accumulated loss carryforwards attributable to Concordia Maritime AB, but they have not been utilised as the Company does not generate sufficient taxable income and there is also no offsetting option in the Group at present.

8 Property, plant and equipment

The Group's non-current assets consist essentially of the owned fleet. For more information about the fleet, see page12.

Group, SEK millions	Ships	Ships under construction	Equipment	Total
Cost of acquisition				
Opening balance, 1 January 2019	5,159.8	0.0	2.7	5,162.5
Purchases	62.1	0.0	0.0	62.1
Reclassification to right-of-use assets	802.8	0.0	0.0	802.8
Change in value of leases	13.4	0.0	0.0	13.4
Sale/Scrapping	–26.9	0.0	0.0	–26.9
Exchange differences	298.2	0.0	0.0	298.2
Closing balance, 31 December 2019	**6,309.4**	**0.0**	**2.7**	**6,312.1**
Cost of acquisition				
Opening balance, 1 January 2018	4,768.9	0.0	2.7	4,771.6
Purchases	0.0	0.0	0.0	0.0
Reclassification to ships	0.0	0.0	0.0	0.0
Sale/Scrapping	0.0	0.0	0.0	0.0
Exchange differences	390.4	0.0	0.0	390.4
Closing balance, 31 December 2018	**5,159.8**	**0.0**	**2.7**	**5,162.5**

Group, SEK millions	Ships	Ships under construction	Equipment	Total
Depreciation and impairment				
Opening balance, 1 January 2019	2,856.8	0.0	2.7	2,859.5
Depreciation for the year	198.0	0.0	0.0	198.0
Depreciation for the year, periodic maintenance	51.9	0.0	0.0	51.9
Sale/Scrapping	–26.9	0.0	0.0	–26.9
Exchange differences	165.4	0.0	0.0	165.4
Closing balance, 31 December 2019	**3,245.2**	**0.0**	**2.7**	**3,247.9**

Group, SEK millions	Ships	Ships under construction	Equipment	Total
Depreciation and impairment				
Opening balance, 1 January 2018	2,463.2	0.0	2.7	2,465.9
Depreciation for the year	142.5	0.0	0.0	142.5
Depreciation for the year, periodic maintenance	44.3	0.0	0.0	44.3
Impairment	0.0	0.0	0.0	0.0
Sale/Scrapping	0.0	0.0	0.0	0.0
Exchange differences	206.8	0.0	0.0	206.8
Closing balance, 31 December 2018	**2,856.8**	**0.0**	**2.7**	**2,859.5**
Carrying amounts				
1 January 2019	2,303.0	0.0	0.0	2,303.0
31 December 2019	**3,064.2**	**0.0**	**0.0**	**3,064.2**
1 January 2018	2,305.7	0.0	0.0	2,305.7
31 December 2018	**2,303.0**	**0.0**	**0.0**	**2,303.0**

Borrowing costs

Group 2019, SEK millions	Ships under construction	Total
Borrowing costs included in the asset's cost during the reporting period	0.0	**0.0**
Average interest rate for determining the borrowing costs included in the cost of acquisition, %	0.0	

Group 2018, SEK millions	Ships under construction	Total
Borrowing costs included in the asset's cost during the reporting period	0.0	**0.0**
Average interest rate for determining the borrowing costs included in the cost of acquisition, %	0.0	

Parent, SEK millions	Equipment	Total
Cost of acquisition		
Opening balance, 1 January 2019	0.7	0.7
Purchases	0.0	0.0
Closing balance, 31 December 2019	**0.7**	**0.7**
Opening balance, 1 January 2018	0.7	0.7
Purchases	0.0	0.0
Closing balance, 31 December 2018	**0.7**	**0.7**
Depreciation		
Opening balance, 1 January 2019	0.7	0.7
Closing balance, 31 December 2019	**0.7**	**0.7**
Opening balance, 1 January 2018	0.7	0.7
Closing balance, 31 December 2018	**0.7**	**0.7**
Carrying amounts		
1 January 2019	0.0	0.0
31 December 2019	**0.0**	**0.0**
1 January 2018	0.0	0.0
31 December 2018	**0.0**	**0.0**

Collateral

At 31 December 2019, vessels with a carrying amount of SEK 1,956.3 (2,080.3) million had been pledged as collateral for the available bank facility.

Ship values and impairment testing

The Group's assets are assessed on a six-monthly basis to determine whether there is any indication of impairment. An impairment loss is recognised when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. The Company considers that the entire fleet constitutes

Note 8 cont'd.

a cash-generating unit for the following reasons: the vessels are employed in systems and pools where loads and/or income are shared, which means that the fleet is to be seen as a package of vessels, the vessels in the fleet are interchangeable as they can all carry the same type of cargo, and the fleet is monitored internally as a whole unit. The most significant assumptions used to determine the fleet's recoverable amount are the growth rate for the fleet's income and the discount rate. Impairment testing of the fleet at 31 December 2019 included assumptions regarding the vessels' earnings for the years 2020-2022 and an annual increase of 2% in earnings for 2023 and beyond, with 2022 as the base year. In addition, an assumption of annual growth of 1% in the vessels' operating expenses was used, with a discount rate of 6.4%. For impairment testing of the fleet in the comparative year, assumptions were made regarding growth in the vessels' earnings for the years 2019–2023, but not for 2024 and beyond, and an assumption of annual growth of 1% in the vessels' operating expenses was used, with a discount rate of 6.4%. An increase of one percentage point in the assumed annual growth in the fleet's earnings, with 2023 as the base year, results in an increase of SEK 417 (USD 44) million in the fleet's total value, while a corresponding decrease of one percentage point results in a reduction of SEK 385 (USD 41) million in the fleet's total value. An increase of one percentage point in the assumed discount rate results in a reduction of SEK 282 (USD 30) million in the fleet's total value. A corresponding decrease of one percentage point results in an increase of SEK 307 (USD 33) million in the fleet's total value. Neither a decrease of one percentage point in the assumed growth of the fleet's income nor an increase of one percentage point in the discount rate results in an impairment loss on the value of the fleet. On assessing the value of the assets at 31 December 2019, there was no indication of impairment, nor was there any scope for reversing the previous impairment loss.

9 Trade receivables

Trade receivables are recognised taking into account the Group's impairment losses during the year, which amounted to SEK 0.0 (0.0) million. The Parent Company's impairment losses were also SEK 0.0 (0.0) million.

Ageing analysis, past due but not impaired

SEK millions	Group: Carrying amount, not impaired 2018	Group: Carrying amount, not impaired 2019	Parent Company: Carrying amount, not impaired 2018	Parent Company: Carrying amount, not impaired 2019
Not past due	25.3	32.2	0.0	0.4
Past due 0–30 days	57.7	49.7	0.0	0.0
Past due 31–90 days	10.0	22.6	0.0	0.0
Past due >90 days	6.4	23.5	0.0	0.0
Total	**99.4**	**128.0**	**0.0**	**0.4**

An assessment of whether the Group's trade receivables were impaired at the reporting date was made based on historical data on customer losses and forward-looking information. As customer losses have historically only represented insignificant amounts, the conclusion was that no loss allowance was required at the reporting date.

Concentration of credit risk, 31 December

Group	2018: No. of customers	2018: % total no. of customers	2018: % of value	2019: No. of customers	2019: % total no. of customers	2019: % of value
Exposure SEK <1 million	10	43	2	7	33	2
Exposure SEK 1–10 million	10	43	30	12	57	40
Exposure SEK >10 million	3	13	69	2	10	58
Total	**23**	**100**	**100**	**21**	**100**	**100**

Concentration of credit risk, 31 December

Parent Company	2018: No. of customers	2018: % total no. of customers	2018: % of value	2019: No. of customers	2019: % total no. of customers	2019: % of value
Exposure SEK <1 million	0	0	0	2	100	100
Exposure SEK 1–10 million	0	0	0	0	0	0
Exposure SEK >10 million	0	0	0	0	0	0
Total	**0**	**0**	**0**	**2**	**100**	**100**

The Group's three largest customers account for 66% (69%) of trade receivables. The Parent Company's three largest customers account for 100% (0%) of trade receivables.

10 Short-term deposits

Group, SEK millions	31/12/2018	31/12/2019
Financial assets held for trading		
Bank deposit	0.0	0.0
Bonds	97.4	0.0
Shares	0.0	3.4
	97.4	**3.4**

11 Non-current and other receivables

Group, SEK millions	31/12/2018	31/12/2019
Non-current receivables that are non-current assets		
Deferred tax assets	0.0	0.0
Shares	14.0	0.0
Other non-current receivables	0.6	0.1
	14.6	**0.1**
Other receivables that are current assets		
Bunker oil stocks	30.7	43.1
Other current receivables	20.7	28.3
	51.4	**71.4**

Parent, SEK millions	31/12/2018	31/12/2019
Other receivables (current)		
Other receivables	3.2	7.8
	3.2	**7.8**
Other receivables (non-current)		
Other receivables	0.5	0.0
	0.5	**0.0**

12 Prepayments and accrued income

	Group		Parent Company	
SEK millions	31/12/2018	31/12/2019	31/12/2018	31/12/2019
Other prepayments	89.2	75.9	1.0	1.1
Accrued income	11.8	73.2	2.3	1.6
	101.0	**149.1**	**3.3**	**2.7**

13 Cash & cash equivalents

Group, SEK millions	31/12/2018	31/12/2019
The following components are included in cash & cash equivalents:		
Cash and bank balances	126.4	227.7
Total reported in balance sheet	**126.4**	**227.7**
Total reported in cash flow statement	**126.4**	**227.7**

On the reporting date, SEK 0.0 (64.9) million of the cash & cash equivalents were restricted as hedges for derivative instruments. When the annual report was signed, there were no restricted funds.

14 Equity and Result per share

The Company has not conducted any transactions that affect the number of shares issued. There are no instruments that could provide a future dilutive effect. Consequently, no dilution occurred. The calculation of result per share is based on the average number of shares outstanding.

Result per share

SEK	2018	2019
Result per share after tax	–3.81	–2.15

Summary of issued shares

Number	2018	2019
A shares	4,000,000	4,000,000
B shares	43,729,798	43,729,798
Total	**47,729,798**	**47,729,798**

The par value of the share is SEK 8.0.

Appropriation of profit

After the reporting date, the Board has proposed a dividend of SEK 0 (0) per share. The dividend is subject to approval by the AGM on 29 April 2020.

SEK millions	2018	2019
SEK 0 (0) per share	0.0	0.0
Carried forward	–36.1	–5.5
Total	**–36.1**	**–5.5**

Note 14 cont'd.

Equity – reconciliation of reserves for the Group

SEK millions	Translation reserve	Fair value reserve	Hedging reserve
Opening carrying amount, 1 Jan 2019	481.9	–2.4	–60.0
Translation differences for the year, foreign operations	49.3		
Changes in the fair value of equity instruments at fair value through OCI		0.2	
Changes in fair value of cash flow hedges			20.0
Changes in fair value of cash flow hedges reclassified to result for the period			4.9
Closing carrying amount, 31 Dec 2019	**531.2**	**–2.2**	**–35.1**

Cash flow hedges transferred to income statement

SEK	2018	2019
Voyage-related operating costs		5.1
Financial net	–3.5	–3.5
	–3.5	1.6

SEK millions	Translation reserve	Fair value reserve	Hedging reserve
Opening carrying amount, 1 Jan 2018	386.1	0.0	11.7
Translation differences for the year, foreign operations	95.8		
Changes in the fair value of equity instruments at fair value through OCI		–2.4	
Changes in fair value of cash flow hedges			–68.2
Changes in fair value of cash flow hedges, interest-related, reclassified to result for the period			–3.5
Closing carrying amount, 31 Dec 2018	**481.9**	**–2.4**	**–60.0**

Translation reserve

Includes all exchange differences arising on the translation of foreign subsidiaries. The reserve also includes the hedging of currency risk in foreign operations.

Fair value reserve

Consists of cumulative net change in financial assets at fair value through other comprehensive income until the asset is divested, when the amount is transferred to retained earnings.

Note 14 cont'd.

Hedging reserve
Includes the effective portion of the accumulated net change in the fair value of cash flow hedging instruments attributable to hedging transactions that have not yet occurred.

15 Interest-bearing liabilities

Group, SEK millions	31/12/2018	31/12/2019
Bank loans	1,045.9	1,112.8
Non-current lease liabilities	262.8	925.6
Total non-current interest-bearing liabilities	**1,308.7**	**2,038.5**

Group, SEK millions	31/12/2018	31/12/2019
Bank loans	210.6	275.2
Current lease liabilities	19.9	87.1
Total current interest-bearing liabilities	**230.4**	**362.4**

Parent, SEK millions	31/12/2018	31/12/2019
Bank loans	1,045.9	1,112.8
Total non-current liabilities	**1,073.3**	**1,112.8**

Parent, SEK millions	31/12/2018	31/12/2019
Bank loans	210.6	219.0
Other liabilities	0.0	56.2
Total current liabilities	**210.6**	**275.2**

The current and non-current liabilities above comprise the Group's total interest-bearing liabilities of SEK 2,400.9 million. These liabilities relate to the items Bank loan – revolving credit facility, Loans, related party – Stena Finans, Lease liability – Suezmax (one vessel) and Lease liability – IMOIIMAX (two vessels). All interest-bearing liabilities can be found in note 19. The balance sheet item also includes capitalised prepaid expenses related to the refinancing of P-MAX vessels, which are not included in the table above. The expenses amounted to SEK 16.9 (9.3) million at the end of the financial year and are recognised over the duration of the bank loan.

The Group has a credit agreement totalling USD 161.8 (184.9) million. At the end of the year, USD 153.5 (173.8) million of the amount had been utilised. The agreement is subject to the fulfilment of certain industry-standard covenants. More information about the Company's exposure to interest rate risk and currency risk can be found in notes 18 and 19.

16 Other liabilities

Group, SEK millions	31/12/2018	31/12/2019
Other current liabilities		
Current lease liabilities	19.9	87.1
Other liabilities	68.6	64.3
	88.5	**151.4**

17 Accruals and deferred income

	Group		Parent Company	
SEK millions	31/12/2018	31/12/2019	31/12/2018	31/12/2019
Accrued voyage costs, ships	97.6	83.7	11.2	1.3
Accrued personnel expenses	1.9	5.4	1.9	3.5
Other accruals	17.3	7.2	4.5	4.5
Accrued interest expense	5.7	4.0	5.5	1.2
Deferred income	7.7	15.9	0.0	0.0
	130.1	**114.5**	**23.1**	**10.4**

18 Financial risks

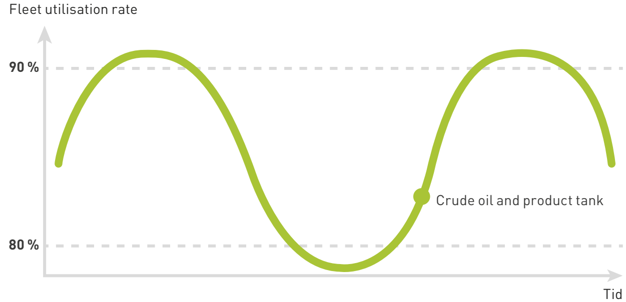
In the course of its operations, the Group is exposed to different types of financial risks. Financial risk is the risk of fluctuations in the Company's earnings and cash flows as a result of changes in exchange rates, interest rates and refinancing and credit risks. The Group's financial policy for financial risk management was formulated by the Board and provides a framework of guidelines and rules in the form of a risk mandate and limits for financial activities. Responsibility for the Group's financial transactions and risks is managed centrally by the Parent Company's finance department. The overall aim of the finance function is to provide cost-effective financing and minimise negative effects of market fluctuations on the Group's financial performance. The Group's financial targets are average annual fleet growth of 10% over a business cycle, a return on equity of 10% and an equity/assets ratio of at least 40% over a business cycle.

Note 18 cont'd.

Historical outcome of financial targets

		Outcome				
	Goal	2015	2016	2017	2018	2019
Growth	10% average fleet growth over a business cycle	22	0	35	44	–26
Profitability	10% return on equity	10	4	–42	–16	–10
Equity ratio	at least 40% over a business cycle	43	50	41	38	29

The outcome of Concordia Maritime's financial targets is strongly related to the market's general development. The Company's assessment of the product and crude oil tanker segment's placement in the shipping cycle is shown in the illustration below.



Liquidity risk
Liquidity risk (also called funding risk) is the risk that funding cannot be obtained at all, or only at a significantly higher cost. Under the financial policy, there must always be sufficient cash and guaranteed credit to cover the next six months. Through agreements the Group has secured funding corresponding to approx. 65% of the total investment amount for ten P-MAX tankers. Financing of the Suezmax vessel and the two IMOIIMAX vessels accounted for 100% of the total investment amount.

Externally imposed capital requirements comprise the financial covenants to which the Group's bank loans are subject. The Company reports the outcome of these financial covenants to the banks each quarter and the market value (based on analyses from three independent brokers) of the owned vessels twice a year (the valuation dates are 30 June and 31 December).

The Company has not broken any of the banks' financial covenants and fulfils the externally imposed capital requirements.

Note 18 cont'd.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Interest rate risk may consist of changes in fair value (price risk) or changes in cash flow (cash flow risk).

Fixed-rate periods have a significant effect on interest rate risk. Long fixed-interest periods normally mean an increased price risk, while shorter periods mean cash flow risk.

The Group's interest rate risk mainly arises through long-term borrowing. The Group's risk management is centralised, which means the central finance function is responsible for identifying and managing interest rate exposure. The finance department continuously monitors the interest rate market and provides recommendations to the Board on any necessary interest rate hedging. See also the section on currency risk in operating activities. In 2016, the Company entered into an interest rate swap totalling USD 75 million and expiring in 2021, to provide protection against interest rate fluctuations. During Q3 2017, the Company decided to terminate this swap, generating a positive liquidity effect of SEK 13.5 million. Fair value changes for the interest rate swap previously reported in OCI and accumulated in a separate component of equity (hedging reserve) are recognised in the income statement over the original maturity of the contract. The accumulated amounts transferred to the Company's income statement are SEK 3.5 million for the year. The remaining amount in the hedging reserve at the end of the period is SEK 4.7 million.

Credit risks

Credit risk associated with financial activities

Financial risk management involves exposure to credit risks. These are mainly counterparty risks associated with receivables from banks and other counterparties arising from the purchase of derivative instruments. The financial policy contains a special counterparty regulation specifying that derivatives and similar instruments are only used against a selection of banks. For credit risk associated with other financial assets, such as corporate bonds, the Group does not invest primarily in its own sector and industry, in order not to add this risk to the existing commercial risk.

Credit risk associated with trade receivables

Credit risk is the risk that customers will cause a financial loss for the Group by failing to discharge their obligations, i.e., the risk of non-payment of trade receivables. Most of the Group's clients have good or very good credit ratings. Bank guarantees or other forms of security are required for customers with a low credit rating or insufficient credit history. There was no significant concentration of credit risk exposure at the reporting date. The maximum exposure to credit risk can be seen in the carrying amount of each financial asset in the balance sheet.

Credit risk associated with investments

The Group's investments in ships mean that advances are paid regularly to the shipyard during construction. Bank guarantees are issued to secure repayment of the advances in the event that the counterparty is unable to discharge its commitments.

Currency risk

Translation and transaction exposure

The Group is exposed to various types of currency risk as described below.

Currency risk in equity (translation exposure)

Exchange differences arising on translation of subsidiaries are recognised in the translation reserve. A strong US dollar will increase Concordia Maritime's equity and net value and vice versa. Exchange rate difference arising on translation of foreign subsidiaries to Swedish kronor are recognised in other comprehensive income and accumulated in the translation reserve. The exchange rate was SEK 8.85 at 31 December 2018 and SEK 9.36 at 31 December 2019. The Company has an equity hedge which amounted to USD 31 million at 31 December 2019.

It is estimated that a change of SEK 0.10 in the dollar rate would affect Concordia Maritime's equity by approx. SEK 15.7 million or SEK 0.33 per share.

Currency risk in operating activities (transaction exposure)

The Group's entire income is in US dollars. The Group's costs are also dominated by the US dollar, apart for some administrative expenses in Swedish kronor and Swiss francs. Consequently, exchange rate variations do not affect either cash flow or earnings significantly. No hedging against exchange rate fluctuations in operating activities was conducted.

Financial exposure

The Group's borrowing is in the investment currency USD and is therefore not subject to currency exposure. However, the Parent company is affected by currency exposure as liabilities in USD are not fully matched by assets in USD.

Sensitivity analysis

The Group aims to reduce short-term fluctuations in its results by means of interest rate and currency risk management. However, in a long-term perspective, lasting changes in exchange rates and interest rates may have an effect on consolidated results.

Similarly, a general increase of 1% in the US LIBOR rate would reduce the Group's result before tax by SEK 24.0 (15.4) million at 31 December 2019.

Fair value measurement

The following description summarises the methods and assumptions used to determine the fair values of the financial instruments in note 19. Derivatives used for hedging are measured in accordance with level 2 inputs, which are observable market data not included in level 1.

Derivative instruments

Forward contracts are measured either at the current market price using quoted market prices or by discounting the forward price and deducting the current spot rate. Interest rate swaps are measured at market value based on the current yield curve.

Trade receivables and payables

For trade receivables and payables with a remaining life of less than one year, the carrying amount is considered to reflect the fair value.

Interest-bearing liabilities

The fair value of non-derivative financial liabilities is measured based on future cash flows of principal and interest discounted at the present market rate at the reporting date.

Shares and bonds

Shares and bonds reported as long-term or short-term deposits are measured at fair value according to level 1.

19 Financial instruments

Effective interest rate and maturity structure

Interest-bearing financial assets and liabilities The following table shows the effective interest rate on the reporting date and the maturity structure for the financial assets and liabilities. The nominal amount of the liabilities in the loans' original currency, USD, is multiplied by the year-end closing rate of 9.365 to report the total of loan amount in USD.

Group, SEK millions	31/12/2018	31/12/2019	Margin above LIBOR, %	Fixed-interest period	Effective interest, %	Currency	Nominal amount in original currency, USD thousands	Due
Bank loan – P-MAX	–1,256.5	–1,331.9	2.45	3 months	4.41	USD	142,220	2021, 2024
Loans, related party – Stena Finans		–56.2	2.35	3 months	4.30	USD	6,000	2020
Lease liability – Suezmax		–436.1	3.00	3 months	5.02	USD	46,544	2029
Lease liability – IMOIIMAX A		–285.4	2.35	3 months	4.30	USD	30,740	2024
Lease liability – IMOIIMAX B	–282.6	–291.5	2.35	3 months	4.30	USD	31,122	2026

The lending banks have set minimum levels for the following key figures as covenants linked to the credit facilities: EBITDA/interest expenses, working capital, available liquidity and equity ratio.

	2018						2019					
Group, SEK millions	Total	2019 1 year	2020 2 years	2021 3 years	2022 4 years	5 or more years	Total	2020 1 year	2021 2 years	2022 3 years	2023 4 years	5 or more years
Bank loan – P-MAX	–1,256.5	–210.6	–210.6	–835.3	0.0	0.0	–1,331.9	–219.0	–420.9	–187.3	–187.3	–317.4
Loans, related party – Stena Finans							–56.2	–56.2	0.0	0.0	0.0	0.0
Lease liability – Suezmax							–436.1	–38.5	–38.3	–38.3	–38.3	–282.8
Lease liability – IMOIIMAX A							–285.4	–25.0	–25.8	–27.6	–28.4	–178.4
Lease liability – IMOIIMAX B	–282.6	–20.0	–20.0	–20.7	–21.5	–200.4	–291.5	–23.6	–24.2	–24.8	–25.4	–193.4
Trade payables	–0.5	–0.5	0.0	0.0	0.0	0.0	–10.8	–10.8	0.0	0.0	0.0	0.0
Interest on Bank loan – P-MAX	–145.4	–55.3	–50.6	–39.5	0.0	0.0	–157.9	–55.3	–45.1	–27.4	–19.1	–10.9
Interest on Loans, related party – Stena Finans							–2.4	–2.4	0.0	0.0	0.0	0.0
Interest on Lease liability – Suezmax							–125.0	–21.0	–19.2	–17.3	–15.4	–52.0
Interest on Lease liability – IMOIIMAX A							–46.0	–11.8	–10.7	–9.5	–8.3	–5.7
Interest on Lease liability – IMOIIMAX B	–93.5	–17.3	–16.0	–14.7	–13.4	–32.1	–58.5	–12.1	–11.1	–10.1	–9.0	–16.2

	2018						2019					
Parent, SEK millions	Total	2019 1 year	2020 2 years	2021 3 years	2022 4 years	5 or more years	Total	2020 1 year	2021 2 years	2022 3 years	2023 4 years	5 or more years
Bank loan – P-MAX	–1,256.5	–210.6	–210.6	–835.3	0.0	0.0	–1,331.9	–219.0	–420.9	–187.3	–187.3	–317.4
Loans, related party – Stena Finans							–56.2	–56.2	0.0	0.0	0.0	0.0
Trade payables	–0.5	–0.5	0.0	0.0	0.0	0.0	–10.8	–10.8	0.0	0.0	0.0	0.0
Interest on Bank loan – P-MAX	–145.4	–55.3	–50.6	–39.5	0.0	0.0	–157.9	–55.3	–45.1	–27.4	–19.1	–10.9
Interest on Loans, related party – Stena Finans							–2.4	–2.4	0.0	0.0	0.0	0.0

Future interest payments have been calculated using the effective interest rate on the reporting date and as the interest's original currency is USD, the amounts have been converted to SEK at the closing rate on 31 December, which is 9.365.

Note 19 cont'd.

Shares reported under Short-term deposits are measured at fair value according to level 1, while other financial assets and liabilities for both the Group and Parent Company are measured at fair value according to level 2. For fair value measurement according to level 2, the valuation techniques use market data as far as possible and company-specific data as little as possible.

Financial assets and liabilities – categories and fair values

Group 2019, SEK millions	Financial assets at amortised cost	Financial assets at FVTPL	Financial assets at FVTOCI	Financial liabilities at FVTOCI	Other financial liabilities	Total carrying amount	Total fair value
Other current receivables	20.3	7.8				28.1	28.1
Trade receivables	128.0					128.0	128.0
Short-term deposits			3.4			3.4	3.4
Cash & cash equivalents	227.7					227.7	227.7
Total	**376.0**	**7.8**	**3.4**			**387.2**	**387.2**
Non-current interest-bearing liabilities					2,038.5	2,038.5	2,038.5
Current interest-bearing liabilities					362.4	362.4	362.4
Trade payables					10.8	10.8	10.8
Other current liabilities				60.0	3.5	63.4	63.4
Total				**60.0**	**2,415.2**	**2,475.2**	**2,475.2**

For the item Other current receivables, the column Financial assets at FVTPL refers to bunker positions. Short-term deposits consist of shares. For the item Other current liabilities, the column Financial liabilities at FVTOCI refers to a bunker hedge and an equity hedge in the form of forward exchange contracts and Other financial liabilities refers to bunker positions. Note 12 presents the interim receivables in the form of accrued income that constitutes financial assets and note 17 presents the accrued expenses that constitute financial liabilities.

Group 2018, SEK millions	Financial assets at amortised cost	Financial assets at FVTPL	Financial assets at FVTOCI	Financial liabilities at FVTOCI	Other financial liabilities	Total carrying amount	Total fair value
Long-term deposits			14.0			14.0	14.0
Other current receivables		2.9	0.3			3.2	3.2
Trade receivables	99.4					99.4	99.4
Short-term deposits		97.4				97.4	97.4
Cash & cash equivalents	126.4					126.4	126.4
Total	**225.8**	**100.3**	**14.3**			**340.4**	**340.4**
Non-current interest-bearing liabilities					1,308.7	1,308.7	1,308.7
Current interest-bearing liabilities					230.4	230.4	230.4
Trade payables					0.5	0.5	0.5
Other current liabilities				68.2		68.2	68.2
Total				**68.2**	**1,539.6**	**1,607.8**	**1,607.8**

Note 19 cont'd.

Parent 2019, SEK millions	Financial assets at amortised cost	Financial assets at FVTPL	Financial liabilities at FVTPL	Other financial liabilities	Total carrying amount	Total fair value
Other current receivables		7.8			7.8	7.8
Trade receivables	0.1				0.1	0.1
Cash & cash equivalents	1,250.1				1,250.1	1,250.1
Total	**1,250.2**	**7.8**			**1,258.0**	**1,258.0**
Non-current interest-bearing liabilities				1,112.8	1,112.8	1,112.8
Current interest-bearing liabilities				275.2	275.2	275.2
Liabilities to Group companies				32.3	32.3	32.3
Trade payables				10.8	10.8	10.8
Other current liabilities			63.4	0.0	63.4	63.4
Total			**63.4**	**1,431.1**	**1,494.5**	**1,494.5**

For the item Other current receivables, the column Financial assets at FVTPL refers to bunker positions of SEK 7.8 million. For the item Other current liabilities, the column Financial liabilities at FVTPL refers to bunker positions of SEK 45.5 million and forward exchange contracts of SEK 17.9 million. Note 12 presents the interim receivables in the form of accrued income that constitutes financial assets and note 17 presents the accrued expenses that constitute financial liabilities.

Parent 2018, SEK millions	Financial assets at amortised cost	Financial assets at FVTPL	Financial liabilities at FVTPL	Other financial liabilities	Total carrying amount	Total fair value
Other current receivables		3.2			3.2	3.2
Cash & cash equivalents	1,100.9				1,100.9	1,100.9
Total	**1,100.9**	**3.2**			**1,104.1**	**1,104.1**
Non-current interest-bearing liabilities				1,045.9	1,045.9	1,045.9
Current interest-bearing liabilities				210.6	210.6	210.6
Trade payables				0.5	0.5	0.5
Other current liabilities			68.2		68.2	68.2
Total			**68.2**	**1,257.0**	**1,325.2**	**1,325.2**

20 Leases

The effect of the transition to IFRS 16 on the Group's leases is described in note 1 Accounting policies. The transition method that the Group has chosen to apply for the transition to IFRS 16 means that comparatives have not been restated to reflect the requirements of the new standards.

Leases where the Company is the lessee (chartering in)

The Group's property, plant and equipment comprises both owned and leased assets. Right-of-use assets for vessels where the Group is lessee are reported in Ships under Assets.

Concordia Maritime has one vessel chartered in on a bareboat basis, with a fixed lease payment and a variable lease payment based on LIBOR +3.35% of the remaining accumulated fixed lease amount for the total contractual charter period. The contract contains annual purchase options from the fourth year and a purchase obligation in the ninth year.

Concordia Maritime has two vessels chartered in on a bareboat basis, with a fixed lease payment for both contracts and a variable lease payment based on LIBOR +2.975% of the remaining accumulated fixed lease amount for the total charter period for one of the contracts. The two agreements contain annual purchase options from years three and four onwards.

Right-of-use assets

Right-of-use assets for leased vessels are reported as items of property, plant and equipment in Ships. On the reporting date, right-of-use assets for leased vessels amounted to SEK 1,080.0 million, see note 8 Property, plant and equipment. Additional right-of-use assets in 2019 amounted to SEK 13.4 million and were the result of remeasured lease liabilities due to adjusted payments following changes in index-related interest components of the leases.

Lease liabilities

Lease liabilities for leases where the Group is the lessee are reported as other liabilities in the consolidated statement of financial position report.

SEK millions	2019
Current lease liabilities	87.1
Non-current lease liabilities	925.6
Total lease liabilities	**1,012.7**

For a maturity analysis of the lease liabilities, see note 19 Financial instruments.

Amounts recognised in the income statement

SEK millions	2019
Depreciation of right-of use-assets	–56.7
Interest expenses on lease liabilities	–56.8
Costs for short-term leases	–1.1

Amounts recognised in the cash flow statement

Total cash outflows attributable to leases for 2019 amounted to SEK –75.0 million. The cash outflows include both amounts for leases reported as lease liabilities and amounts paid for variable lease payments and short-term leases.

Finance leases under IAS 17

The Group held assets under finance leases with a planned residual value of SEK 302.5 million at the end of the year. Variable payments amount to SEK 16.5 million. Non-cancellable lease payments:

SEK millions	2018
Within one year	37.3
One to five years	140.7
After five years	66.0
	244.0

Operating leases under IAS 17

Non-cancellable lease payments:

SEK millions	2018
Within one year	95.6
One to five years	379.7
After five years	373.4
	848.7

Neither of the two chartered-back vessels is being sub-contracted out on a time charter. The year's operating lease costs totalled SEK 93.4 million, including variable payments of SEK 14.7 million.

Leases where the Company is lessor

Concordia Maritime leases out vessels on time charters. These leases are classified as operating leases as they do not transfer substantially all risks and rewards incidental to ownership of the underlying asset.

The table below shows a maturity analysis of lease payments, with the undiscounted lease payments receivable after the reporting date.

	Group	
SEK millions	2018	2019
Within one year	77.3	174.1
One to five years (2020-2023)	0.0	158.5
After five years	0.0	0.0
	77.3	**332.6**

The above calculation was made using the fixed daily rate specified in the time charter contracts, which means that any profit-sharing clauses are not taken into account. The time charter contracts are in US dollars and are translated to SEK using the closing rate.

21 Pledged assets and contingent liabilities

	Group		Parent Company	
SEK millions	2018	2019	2018	2019
Pledged assets				
For own liabilities and provisions				
Shares in subsidiaries	2,027.3	1,964.2	715.8	715.8
Total pledged assets	**2,027.3**	**1,964.2**	**715.8**	**715.8**
Contingent liabilities				
Parent Company guarantees for subsidiaries' liabilities	0.0	0.0	0.0	0.0
Total contingent liabilities	**0.0**	**0.0**	**0.0**	**0.0**

The rights associated with certain insurance and time charter contracts have been pledged in favour of the banks providing the lines of credit. It has not been possible to define the specific amounts of these rights. The Parent Company has also a provided guarantees for subsidiaries, relating to vessel financing, commitments under the three sale & leaseback agreements and a credit facility. As the current assessment is that it is unlikely that any of these guarantees will need to be used, no associated amounts have been reported.

22 Related parties

Related party relationships

The Parent Company has a related party relationship with its subsidiaries, see note 23. Key management personnel are considered to be related parties, see note 4.

Related party transactions

Related party relationship Group, SEK millions	Year	Purchase of services from related parties	Due to related parties at 31 December	Due from related parties at 31 December
Other related parties (see below)	2019	227.5	99.5	0.0
Other related parties (see below)	2018	258.7	0.0	0.0

0.4% (4%) of the Parent Company's sales relates to intragroup sales.

Related party relationship Parent, SEK millions	Year	Purchase of services from related parties	Due to related parties at 31 December	Due from related parties at 31 December
Subsidiaries	2019	0.5	32.3	978.8
Subsidiaries	2018	0.0	27.4	1,022.6
Other related parties	2019	1.8	99.5	0.0
Other related parties	2018	3.0	0.0	0.0

Note 22 cont'd.

	2018	2019
Other current liabilities		
Liabilities to other related parties	0.0	0.0

Concordia Maritime has a small internal organisation, and purchases services from related-party companies in Stena Sphere, which include Stena Bulk. The latter company conducts tanker business that competes with Concordia Maritime in some respects. Accordingly, there is an agreement, entered into many years ago, which regulates the relationship between the two companies with respect to new business. Under the terms of this agreement, Concordia Maritime has the right to participate in each new transaction on a 0%, 50% or 100% basis.

Under an agreement with Stena Bulk, Concordia Maritime is entitled to the financial result arising from vessels chartered in by Stena Bulk for a period of more than one year, should Concordia Maritime decide to participate in such charters. Financial result from vessels chartered in by Stena Bulk for less than one year is not available to Concordia Maritime.

Concordia Maritime purchases services on a regular basis from the Stena Sphere in the following areas

- Vessel charter. Payment is based on a commission of 1%, 1.25% or 2% on freight rates, depending on vessel category.
- Commission on the purchase and sale of vessels. Payment is based on a commission of 1%.
- Operation and manning of the Group's vessels, also referred to as ship management. Payment is based on a fixed price per year and vessel.
- Administration, marketing, insurance services, technical monitoring and development of Concordia Maritime's fleet. Payment is based on a fixed price per month and vessel. With regard to technical consulting services for newbuild projects, an hourly rate is applied on a cost-plus basis, which is then charged to the project.
- Office rent and office services. A fixed annual price is charged.
- Credit agreements and trading in financial instruments through AB Stena Finans.

During the year, an IMOIIMAX bonus of USD 5 (SEK 47.3) million was also received from Stena AB Group.

All related party transactions are conducted on commercial terms and at market-related prices.

23 Group companies

Significant subsidiary holdings

SEK MILLIONS	Registered office, country	Result	Equity	Ownership share, % 2018	Ownership share, % 2019
Concordia Maritime Chartering AB	Sweden	0.0	30.0	100	100
Rederi AB Concordia	Sweden	0.0	0.4	100	100
Concordia Maritime A/S	Denmark	0.0	0.6	0	100
Concordia Maritime AG	Switzerland	4.5	1323.2	100	100
Concordia Maritime (Bermuda) Ltd	Bermuda	–0.2	0.1	100	100
CM P-MAX I Ltd	Bermuda	0.5	4.3	100	100
CM P-MAX II Ltd	Bermuda	–1.0	1.8	100	100
CM P-MAX III Ltd	Bermuda	–42.7	–10.7	100	100
CM P-MAX IV Ltd	Bermuda	1.1	5.9	100	100
CM P-MAX V Ltd	Bermuda	–1.9	9.1	100	100
CM P-MAX VI Ltd	Bermuda	2.9	–4.7	100	100
CM P-MAX VII Ltd	Bermuda	–12.2	–2.9	100	100
CM P-MAX VIII Ltd	Bermuda	7.4	1.7	100	100
CM P-MAX IX Ltd	Bermuda	1.8	0.1	100	100
CM P-MAX X Ltd	Bermuda	–15.1	3.5	100	100
CM Suez I Ltd	Bermuda	–6.5	–18.8	100	100
CM IMOMAX A Ltd	Bermuda	19.6	20.7	100	100
CM IMOMAX B Ltd	Bermuda	14.9	26.4	100	100

Foreign subsidiaries' income statements have been translated from USD to SEK at the average rate for the financial year, which is 9.4604.
Foreign subsidiaries' equity has have been translated from USD to SEK at the closing rate , which is 9.365.
After the end of the financial year, capital contributions have been made within the Group to ensure that all subsidiaries have positive equity.

Parent, SEK millions	2018	2019
Accumulated cost	745.8	746.4
Closing balance, 31 December	**745.8**	**746.4**

The Danish subsidiary Concordia Maritime A/S was established during the year, in which the Parent's investment was recognised at cost, corresponding to SEK 0.6 million.

Parent Company's direct holdings of shares in subsidiaries

Subsidiary/Corp. ID/Registered office	Number of shares	Holding, %	31/12/2018 Carrying amount	31/12/2019 Carrying amount
Concordia Maritime Chartering AB, 556260-8462, Gothenburg	250,000	100	29.6	29.6
Rederi AB Concordia, 556224-6636, Gothenburg	3,000	100	0.4	0.4
Concordia Maritime A/S, Denmark	400,000	100	0	0.6
Concordia Maritime AG, Switzerland	119,500	100	715.8	715.8
Total holdings of shares in subsidiaries			**745.8**	**746.4**

24 Cash flow statement

Cash & cash equivalents

Group, SEK millions	31/12/2018	31/12/2019
The following components are included in cash & cash equivalents:		
Cash and bank balances	126.4	227.7
Short-term deposits, equivalent to cash & cash equivalents	0.0	0.0
Total reported in balance sheet	**126.4**	**227.7**
Total reported in cash flow statement	**126.4**	**227.7**

Parent, SEK millions	31/12/2018	31/12/2019
The following components are included in cash & cash equivalents:		
Receivables from Group companies	1,022.6	978.8
Cash and bank balances	78.3	271.3
Total reported in balance sheet	**1,100.9**	**1,250.1**
Total reported in cash flow statement	**1,100.9**	**1,250.1**

The Group's short-term deposits have been classified as cash and cash equivalents on the basis that they have an insignificant risk of changes in value, they can be readily converted into cash and they have a maturity of three months or less from the acquisition date.

On the reporting date, SEK 0.0 (64.9) million of the cash and cash equivalents in the Group and the Parent Company were restricted as hedges for derivative instruments. When the annual report was signed, there were no restricted funds.

The Parent Company's item Receivables from Group companies refers to the cash pool account.

Interest paid and dividend received

	Group		Parent Company	
SEK millions	31/12/2018	31/12/2019	31/12/2018	31/12/2019
Dividend received	0.0	0.0	0.0	84.0
Interest received	9.7	5.7	31.2	33.4
Interest paid	–82.7	–111.1	–66.2	–62.9
	–73.0	**–105.4**	**–35.0**	**54.5**

Non-cash items

	Group		Parent Company	
SEK millions	31/12/2018	31/12/2019	31/12/2018	31/12/2019
Depreciation, amortisation and impairment	142.6	198.0	0.0	0.0
Depreciation, periodic maintenance	44.3	51.9	0.0	0.0
Result from ship sales	0.0	0.0	0.0	0.0
Unrealised exchange differences	–100.9	0.4	–96.9	9.3
Changes in value of financial instruments	–3.0	–6.9	68.3	–11.6
Capital gain/loss on sale of financial assets	–0.6	3.4	0.0	0.0
Other	10.6	3.3	4.9	3.3
	93.1	**250.1**	**–23.7**	**1.0**

Transactions that do not involve payments

	Group		Parent Company	
SEK millions	2018	2019	2018	2019
Acquisition of assets through leases	0	816.2	0	0
	0	**816.2**	**0**	**0**

Reconciliation of liabilities attributable to financing activities – Group

		Non-cash movements			
	31/12/ 2018	Cash flow	New leases and remeasurement of lease liability	Exchange differences	31/12/ 2019
Loans, credit institutions	1,256.5	–2.8		78.3	1,331.9
Loans, related party	0.0	57.5		–1.3	56.2
Lease liabilities	282.6	–74.7	726.0	79.0	1,012.9
Total	**1,539.1**	**–20.0**	**726.0**	**156.0**	**2,400.9**

		Non-cash movements			
	31/12/ 2017	Cash flow	New leases and remeasurement of lease liability	Exchange differences	31/12/ 2018
Loans, credit institutions	1,356.0	–211.2		111.7	1,256.5
Lease liabilities	279.6	–19.5		22.5	282.6
Total	**1,635.6**	**–230.7**	**0.0**	**134.2**	**1,539.1**

Reconciliation of liabilities attributable to financing activities – Parent Company

		Non-cash movements		
	31/12/ 2018	Cash flow	Exchange differences	31/12/ 2019
Loans, credit institutions	1,256.5	–2.8	78.3	1,331.9
Loans, related party	0.0	57.5	–1.3	56.2
Total	**1,256.5**	**54.6**	**76.9**	**1,388.0**

		Non-cash movements		
	31/12/ 2017	Cash flow	Exchange differences	31/12/ 2018
Loans, credit institutions	1,356.0	–211.2	111.7	1,256.5
Total	**1,356.0**	**–211.2**	**111.7**	**1,256.5**

25 The Parent Company

Concordia Maritime AB (publ) is a limited company incorporated in Sweden, with its registered office in Gothenburg. The Company's shares are listed on Nasdaq OMX Stockholm. The postal address of the head office is SE-405 19, Gothenburg.

The 2019 consolidated financial statements comprise the Parent Company and its subsidiaries, which together form the Group.

Stena Sessan AB (Corp. ID 556112-6920, registered office Gothenburg) owns approx. 52% of the equity and approx. 73% of the total voting power in Concordia Maritime AB.

26 Events after the reporting date*

A new corporate structure has been implemented after the end of the year.

Since the new Coronavirus, COVID-19, was first discovered in China, it has spread across the world. The WHO views it as a pandemic and its effects obviously affect tanker shipping. As of the date of publication of this annual report, it is not possible to assess the long-term consequences of the virus and its effects.

Oil prices have fallen sharply since the turn of the year. In a short-term perspective, the decline contributes positively to demand for crude oil – and therefore tanker transport.

* Events up to and including the date of signature of this annual report, 20 March 2020.

27 Significant accounting estimates

Accounting estimates and assessments are evaluated regularly. They are largely based on historical experience and other factors, including expectations about future events which are considered reasonable in the present circumstances. The Board and management make estimates and assumptions about the future when preparing the financial statements. These result in accounting estimates, which, by definition, rarely correspond with the actual outcome. Estimates and assumptions which involve considerable risk of material adjustments to the carrying amounts of assets and liabilities during the next financial period are described below.

Ships

It is Concordia Maritime's estimation that the vessels have a useful life of 25 years, with a residual value of zero.

Impairment testing of vessels is conducted twice a year, and more frequently if there is an indication that vessel values are impaired. See also notes 1 and 8.

Deferred taxes

When preparing financial statements, Concordia Maritime calculates the income tax for each area of taxation in which the Group operates, as well as deferred taxes arising from temporary differences. Deferred tax assets primarily attributable to tax loss carryforwards and temporary differences are recognised if the tax assets are likely to be recovered from future taxable income. Changes in assumptions about projected future taxable income and changes in tax rates may result in significant differences in the measurement of deferred taxes. See also note 7.

Leases

Concordia Maritime has two leases that contain annual purchase options. For these leases, assessments are made as to whether the purchase options will be exercised or not. Concordia Maritime also has a lease that contains a purchase obligation, which is a requirement to repurchase the vessel within nine years. Prior to this there are purchase options in the lease. As with the other two leases, assessments are made as to whether each purchase option will be exercised or not. The purchase option assessments are considered important as they have a significant effect on the value of lease liabilities and the size and useful life of right-of-use assets and therefore on the size of the Group's interest expenses and depreciation.

Declaration by the Board

The Board and CEO herewith confirm that the Parent Company's annual financial statements have been prepared in accordance with generally accepted accounting principles in Sweden and that the consolidated financial statements have been prepared in accordance with international financial reporting standards as defined in Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards. The Parent Company and consolidated annual financial statements provide a true and fair view of the financial performance and position of the Parent Company and the Group. The Board of Directors' report for the Parent Company and Group provides a true and fair overview of the development of the operations, financial position and performance of the Parent Company and Group, and describes material risks and uncertainties faced by the Parent Company and Group companies.

Gothenburg, 20 March 2020

Carl-Johan Hagman
Chairman

Stefan Brocker
Board Member

Helena Levander
Board Member

Mats Jansson
Board Member

Michael G:son Löw
Board Member

Henrik Hallin
Board Member

Alessandro Chiesi
Employee Representative

Daniel Holmgren
Employee Representative

Kim Ullman
CEO

Our audit report was submitted on 20 March 2020

KPMG AB
Jan Malm
Authorised Public Accountant

Audit Report

To the Annual General Meeting of Concordia Maritime AB (publ), Corp. ID 556068-5819

Report on the Parent Company and consolidated annual financial statements

Opinions

We have audited the annual accounts and consolidated accounts for Concordia Maritime AB (publ) for the year 2019. The Company's annual accounts and the consolidated accounts are included in this document on pages 47–83.

In our 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 at 31 December 2019 and its financial performance and cash flows for the year then ended. The consolidated accounts 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 31 December 2019 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the Corporate Governance Report and the Sustainability Report. The Board of Directors' report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the Parent Company and the statement of comprehensive income and balance sheet for the Group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the Parent Company's Board, pursuant to Article 11 of Regulation (EU) No. 537/2014 on the Statutory Audit of Public-Interest Entities.

Basis for opinions

We conducted the audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the Parent Company and the Group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This means that, to the best of our knowledge, no prohibited services listed in article 5.1 of Regulation (EU) No. 537/2014 on the Statutory Audit of Public-Interest Entities have been provided to the audited entity, or where appropriate, to its parent undertaking and to its controlled undertakings within the European Union.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgement, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of the annual accounts and consolidated accounts as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters.

Revenue recognition

See note 3 and the accounting policies on page 60 of the financial statements for detailed information and a description of the audit matter.

Description of key audit matter

The Group's revenue for 2019 amounted to SEK 1,140.2 million. Revenue is generally related to contracts with end customers through the Group's partners for chartering and shipping of oil products.

Revenue for these services is recognised according to contractual assessments as the service is performed. Revenue is normally accrued over the length of the voyage.

Revenue allocation and accrual therefore involves a measure of judgement.

Response in the audit

We have examined current contractual terms in order to assess the Company's recognition of revenue from services.

In addition, we have tested controls relating to the allocation and accrual of revenue. We have also considered the timing of recognition of revenue from services based on when they were performed, or are expected to be performed, and the performance obligations in the transaction. We have achieved this by means of sample tests and by testing the accuracy of the Company's calculations based on historical results.

Valuation of vessels for the Group and shares in subsidiaries for the Parent Company

See note 8 and the accounting policies on pages 61-62 of the financial statements for detailed information and a description of the audit matter.

Description of key audit matter

The carrying amount of the Group's vessels is SEK 3,064.2 million, corresponding to 84 % of total assets, which is therefore a significant proportion of the Group's total assets.

The carrying amount of the Parent Company's shares in subsidiaries is SEK 746.4 million, the value of which is significantly affected by the Group's assessment of vessel values.

The twice-yearly impairment tests are complex in nature and involve significant elements of judgement by management. An impairment test is required for each cash generating unit, which in the Group's case is its entire fleet.

In addition to obtaining external vessel valuations, management makes projections about internal and external conditions and plans for the operations. Examples of these projections include future cash flows, which in turn require assumptions about future market conditions. Another important assumption concerns the discount rate to be used to reflect the fact that projected cash inflows are subject to risk and are therefore worth less than the Group's directly available liquidity.

Response in the audit

We have inspected the Company's impairment tests to assess whether they have been conducted in accordance with the prescribed method. To begin with, we have obtained the documentation for the independent valuations that were made. We have also considered the reasonableness of the projected cash flows and the discount rate used by examining and evaluating management's written documentation and plans. We have also interviewed members of management as well as evaluating the previous year's forecasts against actual outcomes.

An important part of our work has also been to assess how changes in assumptions may affect the valuation, which we have done by examining and executing management's sensitivity analysis. To evaluate the carrying amount of shares in subsidiaries in the Parent Company's statement of financial position, in addition to the above measures, we have also compared the value of the shares with the net assets of the subsidiaries.

We have also checked the completeness of the information in the annual report and assessed whether it is consistent with the assumptions management has applied in the impairment testing and whether the information is sufficiently comprehensive for management's assumptions to be understood.

Information other than the annual accounts and consolidated accounts

This document also contains information other than the annual accounts and consolidated accounts, which is presented on pages 1–45 and 84–97. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure, we also take into account our 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, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of the Board of Directors and Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and for ensuring that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, the Board of Directors and the Managing Director 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 the going concern and use of the going concern basis of accounting. The going concern basis of accounting is, however, not applied if the Board of Directors and the Managing Director intend to liquidate the Company, to cease operations, or have no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts 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 accounts.
As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of the Company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- draw a conclusion on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform them of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks of material misstatement, and these are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Concordia Maritime AB (publ) for the financial year 2019 and the proposed appropriations of the Company's profit or loss.

We recommend to the annual general meeting of shareholders that the profit be appropriated in accordance with the proposal in the Board of Directors' report and that the members of the Board and the CEO be discharged from liability for the financial year.

Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities in this are further described in the Auditor's Responsibilities section. We are independent of the Parent Company and the Group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibility of the Board of Directors and Managing Director

The Board is responsible for the proposal concerning appropriations of the Company's profit or loss. Proposing a dividend includes an assessment of whether the dividend is justifiable considering the requirements that the nature, scope and risks of the Company's and the Group's operations 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 organisation and the administration of its affairs. This includes, among other things, continuous assessment of the Company's and the Group's financial situation and ensuring that the Company's organisation is designed so that accounting, management of assets and the Company's financial affairs are otherwise controlled in a reassuring manner.

The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions, and, among other matters, shall take measures that are necessary to fulfil the Company's accounting in accordance with law and to conduct the management of assets in a reassuring manner.

Auditor's responsibility

Our 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 Managing Director 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 acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our 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 a 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.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgement and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the Company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgement, with the starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the Company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion concerning the Board's proposed appropriations of the company's profit or loss, we examined whether the proposal is in accordance with the Companies Act.

Auditor's review of the Corporate Governance Report

The Board is responsible for the Corporate Governance Report and for ensuring that it is prepared in accordance with the Annual Accounts Act.

Our review was conducted in accordance with FAR's statement RevU 16 auditor's examination of the corporate governance report. This means that our review of the Corporate Governance Report has another focus and is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing practices in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

A corporate governance report has been prepared. Disclosures required under Chapter 6, Section 6 (2-6) of the Annual Accounts Act and Chapter 7, Section 31 (2) of the same Act are consistent with other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Auditors' opinion regarding the statutory Sustainability Report

The Board is responsible for the Sustainability Report and for ensuring that it is prepared in accordance with the Annual Accounts Act.

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor´s opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

A statutory sustainability report has been prepared.

KPMG AB, Box 11908, 404 39, Gothenburg, was appointed as the auditor for Concordia Maritime AB (pub) by the Annual General Meeting on 25 April 2019. KPMG AB or auditors engaged at KPMG AB have been the Company's auditor since 1989.

Gothenburg, 20 March 2020

KPMG AB
Jan Malm
Authorised Public Accountant

Corporate Governance Report 2019

Governance of Concordia Maritime

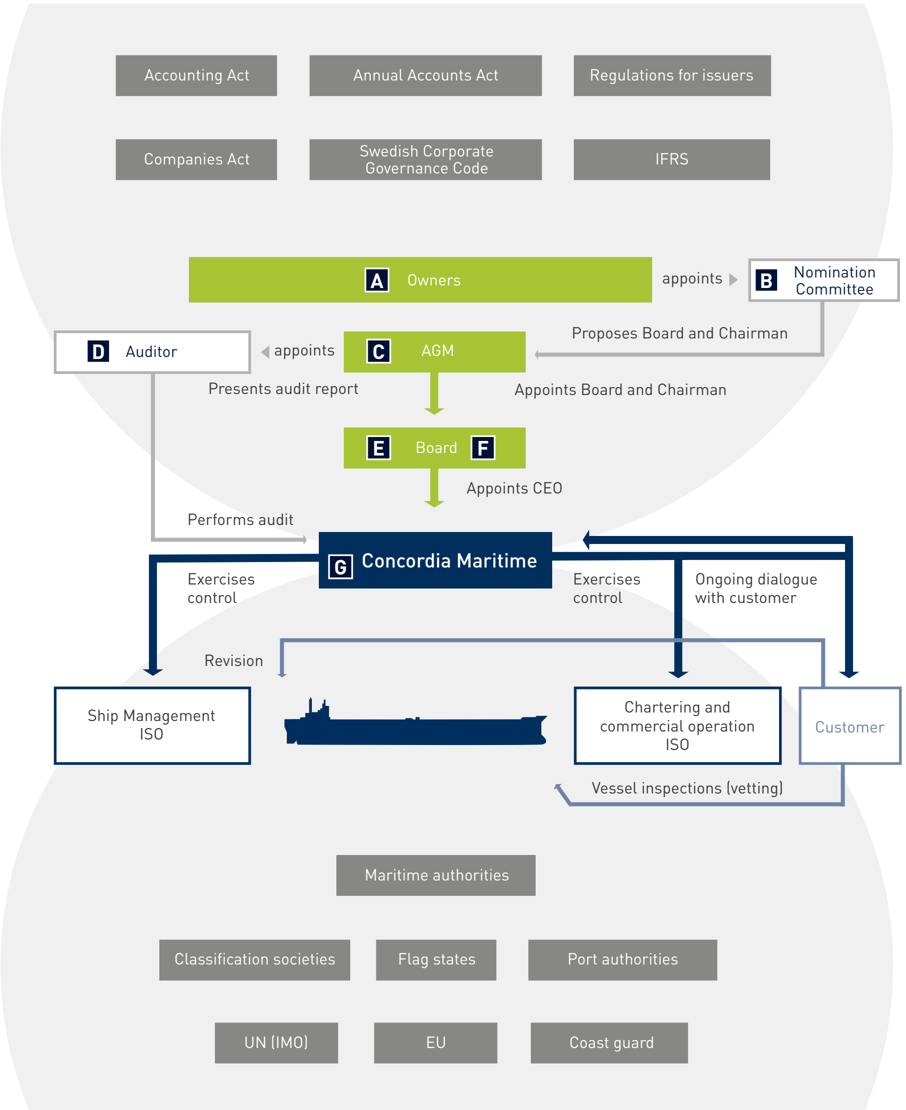
This Corporate Governance Report has been prepared as part of Concordia Maritime's application of the Swedish Corporate Governance Code. In addition to the description of corporate governance, there is also a summary description of how the operational control of day-to-day activities is carried out. The report has been reviewed by the Company's auditors.

THE PARENT COMPANY of the Concordia Maritime Group is the Swedish public limited company Concordia Maritime AB (publ), corp. ID 556068-5819. In addition to the Parent Company, the Group consists of 18 wholly-owned subsidiaries. The registered office is in Gothenburg. The postal address of the Group's head office is Concordia Maritime AB, SE-405 19, Gothenburg, Sweden. Governance of Concordia Maritime is based on the Swedish Companies Act, Nasdaq Stockholm's regulations, the Swedish Corporate Governance Code ("the Code") and other applicable Swedish and foreign laws and regulations. Concordia Maritime applies the Code and the Annual Accounts Act, and this Corporate Governance Report has been prepared as part of the application of the Code. The Swedish Corporate Governance Code is available at *www.bolagsstyrning.se*. Certain information required under Chapter 6, Section 6 (3) of the Swedish Annual Accounts Act can be found in the Board of Directors' Report. Information at *www.concordiamaritime.com* includes:

- More detailed information on internal control documents, e.g. the articles of association.
- Information from Concordia Maritime's annual general meetings, notices, minutes and financial reports.

Governance for value creation

Good corporate governance is about ensuring that Concordia Maritime's operations are conducted as sustainably, responsibly and effectively as possible. The overall goal is to increase the value for shareholders and, in doing so, meet the owners' requirements regarding invested capital. The central external and internal control instruments for Concordia Maritime are the Swedish Companies Act, Nasdaq Stockholm's Rules for Issuers, the Swedish Corporate Governance Code (the Code), the Articles of Association adopted by the AGM, the Board's rules of procedure, the CEO's instructions, including instructions for financial reporting, and policies adopted by the Board. Concordia Maritime's Board of Directors is responsible for the Company's organisation and the administration of its affairs. The CEO is responsible for ensuring the day-to-day management of the Company is in accordance with the Board's guidelines and instructions. In addition, the CEO compiles the agenda for Board meetings in consultation with the Chairman and is also responsible for issuing information and decision-support material to the Board.



Regulations, corporate

Corporate governance and control of Concordia Maritime's operations can be described from several perspectives. As a public and listed Swedish company, Concordia Maritime is governed by a number of laws and regulations. Among the most important of these are the Swedish Companies Act, the Swedish Annual Accounts Act, International Financial Reporting Standards, Nasdaq Stockholm's listing agreement, rules for issuers and the Swedish Corporate Governance Code.

Corporate governance

From an ownership perspective, business operations are governed by a Board of Directors elected by the shareholders. The Board formulates the frameworks for the operations, appoints the CEO and exercises control over the Company's management. The Board has the services of a shareholder-elected auditor, whose job is to provide audit reports on the annual accounts and consolidated accounts for Concordia Maritime AB (publ) and administration of the Company by the Board and CEO.

Operational control

The day-to-day operations are ultimately controlled by the customers' demands for efficiency and reliability. We have chosen a strategy that involves collaboration with a number of subcontractors in areas which include commercial operation and ship management. These collaborations are covered by agreements and policies, as well as mutual trust and full transparency. There is an extensive exchange of information between the parties and here, too, the control and reporting systems are well developed.

Operational regulations

In addition to these legal control mechanisms, the business activities are subject to and governed by a number of industry-specific regulations. The most important of these are the UN, EU and US regulations related to shipping and trade in oil and petroleum products, and oil companies' own ship inspections (vetting). There are also regulations related to individual flag states, classification societies and national maritime authorities. All these bodies exercise continuous control of the business down to ship level.

A Owners

The share capital consists of class A shares and class B shares. All shares carry equal entitlement to a share of the Company's assets, earnings and dividends. The par value is SEK 8 per share. Class A shares carry ten votes per share and class B shares one vote per share. At the end of the year, all class A shares were controlled by the Stena Sphere. At 31 December 2019, share capital amounted to SEK 381.8 million, divided into 47.73 million shares, of which 43.73 million were B shares. The total number of votes is 83.73 million. The only shareholder holding more than one-tenth of the votes is Stena Sessan.

C Shareholders' Meeting

The general meeting of shareholders is Concordia Maritime's highest decision-making body. Participation in decision-making requires the shareholder's presence at the meeting, either in person or through a proxy. In addition, shareholders must be registered in their own name in the share register by a specified date prior to the meeting and must provide notice of participation in the manner prescribed.

Resolutions at the meeting are normally adopted on the basis of a simple majority. However, for certain matters, the Swedish Companies Act stipulates that resolutions must be approved by a larger proportion of the votes cast and shares represented at the meeting. The Annual General Meeting is held in the Gothenburg region in the second quarter of each year. The meeting decides on matters concerning adoption of the annual report, dividends, remuneration of the Board and auditors, election of Board members and, when necessary, auditors, guidelines on remuneration of Group management as well as other important business. Individual shareholders wishing to have business considered at the AGM can normally request this, in good time before the meeting, via *arsstamma@concordiamaritime.com*.

An extraordinary general meeting may be held if the Board considers this necessary or if the Company's auditors or shareholders owning at least 10 percent of the shares so request.

2019 Annual General Meeting

The Annual General Meeting was held on 25 April 2019. The meeting was attended by 52 shareholders with voting rights, in person or through a proxy, representing 73.2 percent of the votes. All meeting-elected Board members were present. Also present were the Company's auditor and members of the nomination committee.

Minutes from the AGM and associated documentation can be found on Concordia Maritime's website, *www.concordiamaritime.com*.

2020 Annual General Meeting

The Annual General Meeting will be held at Elite Park Avenue, Gothenburg on 29 April 2020 at 1 p.m. Shareholders registered in Euroclear Sweden AB's share register as at 23 April 2020 and who have notified the Company of their intention to attend the Annual General Meeting are entitled to attend the Meeting, either personally or by proxy.

B Nomination Committee

The nomination process for the election of Board members includes the appointment of a nomination committee consisting of three members. The members shall comprise the Chairman and one representative from each of the two largest shareholders (in terms of voting power), should they wish to serve on the committee. The composition of the nomination committee is based on shareholder statistics on 1 September in the year prior to the meeting. The names of representatives on the nomination committee and the shareholders they represent shall be announced on the website immediately after their appointment, but no later than six months before the annual general meeting. If the structure of major shareholders changes during the nomination process, the composition of the nomination committee may be changed to reflect this. Shareholders wishing to submit proposals to the nomination committee are able to do so via arsstamma@concordiamaritime.com. The guidelines issued to the largest owners regarding their choice of representative state that the individual in question must have knowledge and experience relevant to Concordia Maritime. The rules on the independence of Board members contained in the Swedish Corporate Governance Code are observed. The nomination committee's tasks include submitting proposals prior to the 2020 AGM for the following areas:

- Chairman of the meeting
- Board members
- Chairman of the Board
- Remuneration of each Board member
- Nomination committee for the following year

The nomination committee's proposals and a report on its own work shall be published no later than the date of the notice convening the meeting. Shareholders are given the opportunity to submit nomination proposals to the nomination committee.

The nomination committee's work prior to the 2020 AGM

The nomination committee for the 2020 meeting consists of Carl-Johan Hagman (Chairman of the Board), Karl Swartling, representing Stena Sessan as the largest shareholder and Bengt Stillström, representing himself and his family as the second-largest shareholder.

At 1 September 2019, the nomination committee represented 77.0 percent of the shareholders' votes. The composition of the nomination committee was announced on Concordia Maritime's website on 23 October 2019. Prior to the 2019 AGM, the nomination committee has held two minuted meetings and also communicated with each other by telephone and e-mail. The nomination committee's proposals are available atwww.concordiamaritime.com.

To carry out its work, the nomination committee has examined the internal evaluation of the Board's work, the Chairman of the Board's report on the Board's work and the Company's strategy, and has interviewed individual Board members. It is the nomination committee's assessment that the recommended members together have the required breadth and competence. In preparing its proposal, the nomination committee has applied Section 4.1 of the Code as its diversity policy, which means that the Board is to have a composition appropriate to the Company's operations, phase of development and other relevant circumstances and that Board members elected by the shareholders' meeting are collectively to exhibit diversity and breadth of qualifications, experience and background. The nomination committee also works with the aim of achieving a balanced gender distribution on the Board.

In view of the above, the nomination committee has a good basis for assessing whether the Board's composition is satisfactory, whether the need for competence, breadth and experience on the Board has been met, and for submitting proposals for the election of the auditor.

D Auditor

The auditor provides an audit report on the annual accounts and consolidated accounts for Concordia Maritime AB (publ), the administration of the Board and the CEO and the annual accounts for other subsidiaries. The audit is conducted in accordance with the Swedish Companies Act and International Standards on Auditing (ISAs) issued by the International Federation of Accountants (IFAC). The auditing of annual financial statements for legal entities outside Sweden is conducted in accordance with laws and other regulations in each country and in accordance with IFAC's generally accepted auditing standards on providing audit reports for legal entities. An auditor is proposed by the nomination committee and elected by the AGM for a period of one year. At the 2019 AGM, Jan Malm of KPMG was elected as the Company's external auditor until the 2020 meeting. The auditor's fees are charged on a current account basis. In 2019, KPMG received fees totalling SEK 1.6 (1.6) million.

E The Board

The Board is Concordia Maritime's second-highest decision-making body after the general meeting of shareholders. The Board is responsible for the Company's organisation and the administration of its affairs, for example, by defining goals and strategies, maintaining procedures and systems for monitoring the defined goals, continuously assessing Concordia Maritime's financial situation and evaluating operational management. It is also the Board's responsibility to ensure that the correct information is provided to the Company's stakeholders, that the Company complies with laws and regulations, and that the Company develops and implements internal policies and ethical guidelines. The Board also appoints the CEO and determines the CEO's salary and other remuneration based on the guidelines adopted by the AGM.

Composition of the Board

Board members are elected annually by the AGM for the period until the next AGM. According to the Articles of Association, the Board shall consist of at least three and not more than seven members elected by the Annual General Meeting, without deputies. The Board members are presented in more detail on page 92.

Chairman of the Board

The Chairman of the Board is responsible for ensuring that the Board's work is conducted effectively and that the Board fulfils its duties. The Chairman shall in particular organise and lead the Board's work to create the best possible conditions for the Board's work.

It is the Chairman's task to ensure that a new Board member undergoes the necessary introductory training and any other training that the Chairman and the Board of Directors jointly find appropriate, to ensure that the Board continually updates and deepens its knowledge of the Company, to ensure that the Board receives satisfactory information and decision-support material for its work, to draft an agenda for the Board's meetings after consultation with the CEO, to check that the Board's decisions are implemented and to ensure that the Board's work is evaluated annually.

The Chairman is responsible for contacts with the owners in ownership matters and for conveying comments from the owners to the Board. The Chairman does not participate in the operational work within the Company and is not part of Group management.

Rules of procedure and Board meetings

Every year, the Board adopts rules of procedure for its work. These rules of procedure are revised as needed. The rules of procedure contain a description of the Chairman's special role and tasks, and the areas of responsibility for the Board. According to the rules of procedure, the Chairman shall ensure that the Board's work is carried out efficiently and that the Board performs its tasks. The Chairman shall also organise and allocate the Board's work, ensure that the Board's decisions are implemented effectively and that the Board makes an annual evaluation of its own work. The rules of procedure also contain detailed instructions to the CEO and other corporate functions about which matters require the Board's approval. In particular, the instructions specify the maximum amounts that different decision-making bodies within the Group are authorised to approve with regard to credit, investments and other expenditure. The rules of procedure stipulate that the statutory Board meeting shall be held immediately after the AGM. Business dealt with at this meeting includes decisions on who will have signatory power for Concordia Maritime. In addition to the statutory meeting, the Board normally holds five regular meetings during the year. Four of these meetings are held in conjunction with the publication of the Group's annual and interim reports. The meetings are usually held in Gothenburg. Additional meetings, including conference calls, are held as required.

The Board's work in 2019

The Board held five ordinary meetings, two extra meetings and one statutory meeting during the year. All ordinary meetings and the statutory meeting were held in the Gothenburg area. One extra meeting was held by telephone and another extra meeting was held by correspondence. At ordinary Board meetings, the CFO gives an account of the Group's results and financial position, including the prospects for the following quarters. The CEO deals with market situations, vessel employment, business plans, investments, the establishment of new operations, and acquisitions and disposals. The Company's auditor attended the meeting in January 2019, at which the year-end accounts for 2018 were approved. All the meetings during the year followed an approved agenda. The agenda and documentation for each agenda item were sent to Board members one week before the meetings. Ola Helgesson has been secretary at all of the Board meetings. Significant business during the year included strategy, market assessments, financing and vessel charters.

Evaluation of the Board's work

The Board conducts an annual evaluation of its own work. The evaluation covers working methods, the working climate, the direction of the Board's work, the need for, special competence on the Board and access to such competence. The evaluation is used as an aid in developing the work of the Board and also acts as support for the nomination committee's work.

The Board's evaluation showed that the Board's work was very effective and that comments from the 2019 evaluation were taken into account, but that there was scope for some further improvements. The evaluation also showed that the Board is a well-composed group with great commitment and that its members bring broad competence and have extensive experience from different areas that are relevant to Concordia Maritime's operations.

The Board, cont'd

Board meetings 2019

30 January	Year-end report
25 April	Interim report, Q1
25 April	Statutory Board meeting
24 June	Extra Board meeting
15 August	Half-year report, Q2
30 August	Extra Board meeting
5 November	Interim report, Q3
11 December	Budget

Independence

In terms of independence, the Board of Directors is considered to be in compliance with Stock Exchange regulations and the requirements of the Code. Prior to the 2019 annual general meeting, all meeting-elected Board members apart from Carl-Johan Hagman and Henrik Hallin were assessed by the nomination committee as independent of both the major owners of the Company and its executive management. Carl-Johan Hagman and Henrik Hallin are not considered independent of Concordia Maritime's major owners, as they have a managerial function in Stena Sphere.

Remuneration of the Board

The 2019 AGM adopted total Board fees of SEK 1,525,000, distributed as follows: SEK 400,000 to the Chairman and SEK 225,000 to each of the non-executive directors. No special fees are paid for Board committee work.

The Board's committees

Concordia Maritime's Board has established an audit committee and a remuneration committee, which consist of the full Board.

Audit Committee

The audit committee works to strengthen control and monitoring related to financial reporting. The committee was briefed on matters including the auditor's examination of the Company's financial reports, the Company's internal controls and risk management at four of the year's regular Board meetings. Reporting takes place through the Company's audit group, consisting of two representatives from the Board, a representative from the Company's auditor and the CFO.

Remuneration Committee

The remuneration committee makes proposals to the AGM on remuneration guidelines for Group management. The guidelines deal with:

- Targets and basis for calculating Group management's variable pay
- The relationship between fixed and variable pay
- Changes in fixed or variable pay
- Criteria for evaluation of variable pay, long-term incentives, pensions and other benefits

The AGM decides on the guidelines, after which the Board decides on actual remuneration levels for the CEO.

F Internal control

The Board's responsibility for internal control is governed by the Swedish Companies Act, the Annual Accounts Act – which requires information on the most important elements of Concordia Maritime's internal control and risk management system in connection with financial reporting to be included in the corporate governance report every year – and the Code. The Board shall also ensure that Concordia Maritime has good internal control and formalised procedures that ensure compliance with established principles for financial reporting and internal control, and that there are appropriate systems for monitoring and control of the Company's operations and the risks associated with Concordia Maritime and its operations. The overall purpose of internal control is to reasonably ensure that the Company's operational strategies and objectives are monitored and that the owners' investment is protected. The internal control shall also ensure that the external financial reporting is, with reasonable certainty, reliable and prepared in accordance with generally accepted accounting principles, compliance with applicable laws and regulations, and with requirements for listed companies. Concordia Maritime's policies and instructions are evaluated annually. This internal control report has been prepared in accordance with the Swedish Corporate Governance Code and mainly covers the following components.

Control environment

The core of the internal control over financial reporting is based on the Group's directives, guidelines and instructions, and on the structure of responsibility and authority that has been adapted to the Group's organisation in order to create and maintain a satisfactory control environment. The principles for internal controls and the directives and guidelines for financial reporting are contained in the Group's financial policy. A fundamental component of our control environment is the corporate culture that is established in the Group and in which managers and employees operate. We work actively on communication and education with regard to the values described in an internal joint document which binds together the business area and is an important part of the common culture.

Risk assessment

Risks associated with financial reporting are evaluated and monitored by the Board as a whole. Prior to examining interim and annual reports, the audit committee have access to relevant documentation well in advance of publication and the Board meeting preceding publication. The reports are then discussed in detail at the Board meeting. The CFO acts as rapporteur of the Group's results and financial position at the Board meeting and is, of course, available for any questions. The Board also reviews the most important accounting policies applied in the Group with respect to financial reporting, as well as significant changes to these policies. The external auditors report to the Board as necessary and at least once a year.

Need for internal audit

Concordia Maritime is a company with a limited number of customers and a limited number of employees. The Company does not have a special internal audit function as there are relatively few transactions on an annual basis. The small number of transactions also makes financial reporting in the Company relatively easy to verify. In its annual evaluation of the need for an internal audit function, the Board has therefore decided that the present routines and processes are sufficient. The CEO is ultimately responsible for ensuring the satisfactory functioning of internal controls. However, day-to-day work is delegated to the business administration and finance function. The rules of procedure established by the Board each year include detailed instructions on which financial reports and other financial information is to be submitted to the Board. In addition to interim and annual reports, other financial information relating to the Company and business is also examined and evaluated on an ongoing basis.

Monitoring

Compliance with and effectiveness of internal controls are monitored continuously. The CEO ensures that the Board receives regular reports on the development of the Company's operations, including the development of Concordia Maritime's financial performance and position, and information about important events.

G Group

Management and corporate structure

The Group comprises the Parent Company Concordia Maritime AB (publ) and a number of Group companies, which ultimately report to the CEO. The Parent Company's own organisation consists solely of company management and administration. Other functions are purchased. At the end of 2019, the total number of persons employed through the Group was 520, and 514 of the employees were seagoing. Only the six shore-based employees are formally employed by Concordia Maritime.

CEO and Group management

In addition to the CEO, Group management consists of the CFO. The CEO is appointed by, and receives instructions from, the Board. The CEO is responsible for the day-to-day management of the Company in accordance with the Board's guidelines and instructions. The CEO also produces information and decision-support material prior to Board meetings and attends the meetings in a reporting capacity. The CEO is also responsible for communication and quality assurance of contact with the Company's cooperation partners.

Remuneration of Group management

Concordia Maritime endeavours to offer total remuneration that is both fair and competitive. Guidelines on remuneration of Group management are adopted by the annual general meeting. The guidelines are related to:

- Targets and basis for calculating variable pay
- The relationship between fixed and variable pay
- Changes in fixed or variable pay
- Criteria for evaluation of variable pay, long-term incentives, pensions and other benefits

The Board decides on actual remuneration levels for the CEO. Remuneration of other senior executives is prepared and decided on by the CEO. For further information on remuneration, long-term incentive programs and pension plans, see note 4 in the financial report.

Operational control in 2019

A large part of the day-to-day operational work in the form of chartering and manning is purchased from related-party suppliers, primarily Stena Bulk and Northern Marine Management (NMM). Stena Bulk is responsible for chartering and operation of our ships, while NMM is responsible for manning, ship management and day-to-day maintenance. From a control perspective, Concordia Maritime's main task is to monitor and evaluate whether the contracts entered into are performed as agreed. There is close, virtually daily, contact with Stena Bulk and NMM, and a formal report is made every quarter.

Chartering and operations

The collaboration with Stena Bulk with regard to chartering and operations is based on an agreement between the companies which is followed up and evaluated annually. Read more about the agreement in Note 22. Stena Bulk is responsible for the day-to-day operation of the vessels, maintaining contact with customers, and acting as an intermediary in connection with different types of controls and inspections. Reporting is formalised and the most important elements are regular reports on earnings, the outcome of profit-sharing clauses and cost control.

Manning, management and regular maintenance

The collaboration with NMM encompasses services related to manning, management and regular maintenance. NMM is also responsible for contacts with the classification societies in the context of their inspections. The evaluation includes monitoring of the budget and the fulfilment of defined goals.

Control and inspection of vessels

Shipping in general and tanker shipping in particular are associated with an extensive system of regulations. In addition to the owner's own inspections, several inspections are carried out annually by various stakeholders: customers, classification societies, port authorities and flag states. These inspections are largely similar to each other; and include putting the vessels through operational, technical, mechanical and safety checks. Some of the inspections are planned, while others are carried out without prior notice. Results are reported to the authorities concerned, the owner and, in some cases, also to the customer.

Flag State Control

All ships must be registered in a specific nation. The owner of the ship undertakes thereby to comply with the laws and regulations laid down by the nation in question. Flag State Control ensures a ship complies with applicable laws and regulations.

Port State Control

Port State Control is the inspection of foreign ships calling at a nation's ports. The purpose is to check that the ships comply with requirements, that the crew has the right competence, and that international regulations (SOLAS, MARPOL and STCW) are adhered to.

Classification Society inspections

The Classification Society's inspections are conducted annually or following repairs/modifications. Additionally, a more comprehensive inspection is carried out every fifth year at the shipyard. Special emphasis is given to examining e.g. materials in the hull and machinery, maintenance procedures and quality level of the work done at the shipyard.

Vetting – the customer's own inspection

Vetting is carried out by the customer or inspectors designated by the customer. The owner invites the customer to carry out an inspection, which is normally done in connection with discharging. The inspections are very comprehensive. They are based on a standardised form and the results are shared between the oil companies via databases. The system allows oil companies to continuously check whether the vessels satisfy their internal criteria, without having to inspect the vessels themselves.

The owner's own inspections

NMM conducts regular scheduled, comprehensive inspections to check the conditions on board and the state of the vessel. These are documented in quarterly reports and a monthly report of vetting inspections on board Concordia Maritime's vessels is also compiled. Concordia Maritime/Stena Bulk hold meetings with NMM every quarter, at which all the vessels in the fleet are reviewed. The meetings deal with everything from freight rates, operation and drydock to work in the area of health, safety and environment.

Cooperation with the Stena Sphere

The close cooperation between Concordia Maritime and the related companies within the Stena Sphere provides access to world-leading competence in all areas of shipping – from concept development and manning to technical operation, chartering and commercial operation. It also creates the conditions for a cost-effective internal organisation.

It is management's belief that this cooperation is one of Concordia Maritime's main strengths, even though the relationship is associated with some risk, as services are purchased from a small number of suppliers.

Ever since Concordia Maritime was established, there has been an agreement that regulates the relationship between the companies in terms of new business. Under the terms of this agreement, Concordia Maritime has the right to participate on a 0%, 50% or 100% basis in each new business opportunity that Stena Bulk develops.

The agreement also entitles Concordia Maritime to the financial result from vessels chartered in by Stena Bulk for a period of more than one year, should Concordia Maritime decide to participate in such charters. Other business generated by Stena Bulk is not available to Concordia Maritime.

Concordia Maritime purchases services from Stena Sphere companies in the following areas:

- Vessel charter: Stena Bulk
- Commercial operation (and administration): Stena Bulk
- Operation and manning of the Group's vessels: Northern Marine Management
- Technical support: Stena Teknik
- Purchases of bunker oil: Stena Bulk
- Insurance: Stena Rederi AB
- Office rent and office services: Stena Rederi AB

All related party transactions are conducted on commercial terms and at market-related prices. The agreements between the parties are reviewed annually. Alongside the agreements, there is a policy document which regulates areas such as practical management of business opportunities, information management and logging procedures.

Regulations

External regulations

As a public Swedish company with securities listed on Nasdaq Stockholm, Concordia Maritime must comply with laws and regulations, including the Swedish Companies Act, Nasdaq Stockholm's Rules for Issuers and the Code.

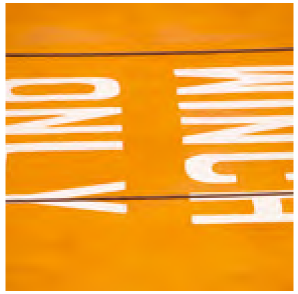
Derogations from the Code, stock exchange rules or good practices in the share market

The Company has not derogated from the Code or stock exchange rules. Nor has the Company been the subject of a decision by Nasdaq Stockholm's Disciplinary Committee or a decision by the Swedish Securities Council on violations of good practices in the stock market. The Company derogates from the Code, as the Board has decided that there is no need for separate audit and remuneration committees. Instead, the full Board acts as an audit and remuneration committee.

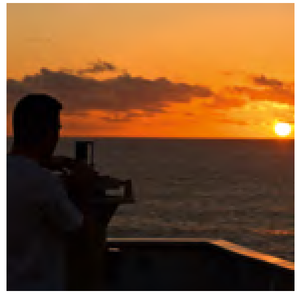
Internal regulations

Concordia Maritime has a number of internal regulations, which with the external regulations provide the framework for the Company's operations. The main regulations include the articles of association, rules of procedure for the Board, the CEO's instructions, including instructions for financial reporting, instructions on conflicts of interest and order of delegation.

The Company's internal rules on ethics and sustainability are summarised in the sustainability policy. In addition, there are a number of fundamental policies, such as the financial policy and the insider policy.








The Board

Carl-Johan Hagman

Born 1966. Board member since 2012. Chairman LL.B. CEO Stena Rederi AB. Responsible for Stena AB Group's shipping business.

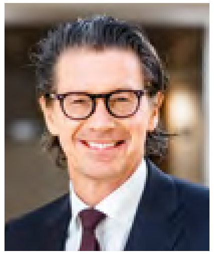
Background Former CEO of Wallenius Lines, Stockholm, Eukor Car Carriers, Seoul, Rederi AB Transatlantic, Skärhamn and Höegh Autoliners AS, Oslo.

Other assignments Director of Gard P&I Ltd, Nefab AB.

Special expertise Experience in shipping and as a maritime lawyer and naval officer. Twenty years' experience of Asia.

Shares held in Concordia Maritime 0

Stefan Brocker



Born 1966. Board member since 2007. LLB.

Background Partner and former Managing Partner, Mannheimer Swartling Advokatbyrå AB.

Other assignments Chairman of Mannheimer Swartlings Shipping Group, Board member of the European Maritime Lawyers Organisation, University of Gothenburg School of Business, Economics and Law, Göteborgs Högre Samskola, Director of Alectum AB.

Special expertise Shipping law. Has worked as a lawyer in shipping and offshore for almost 25 years.

Shares held in Concordia Maritime 0

Helena Levander

Born 1957. Board member since 2014. MBA

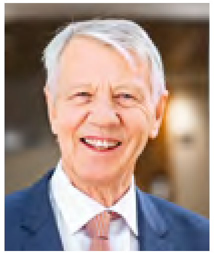
Background Founder and Chairman of Nordic Investor Services AB, a consultancy company in corporate governance.

Other assignments Chairman of Ativo Finans, Medivir. Director of Recipharm AB, Stendörren Fastigheter, Rejlers and Lannebo Fonder.

Special expertise Has extensive experience in the financial industry through leadership positions that include SEB, Nordea Asset Management, Odin Fonder and NeoNet. Has served on a number of boards of publicly listed, state-owned and private companies since 2003.

Shares held in Concordia Maritime 20,637

Mats Jansson



Born 1945. Board member since 2005. B.A.

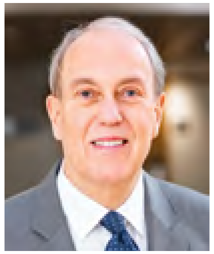
Background Former President and CEO, Argonaut and NYKCool AB.

Other assignments Director of Hexicon AB.

Special expertise Background in tanker industry and entire working life in shipping. Extensive expertise and experience in the financial aspects of shipping.

Shares held in Concordia Maritime 33,758

Michael G:son Löw



Born 1951. Board member since 2012. MBA

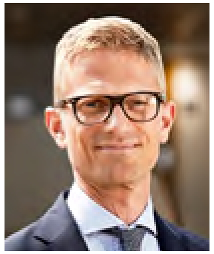
Background Former President and CEO of Preem AB. A number of senior positions at the oil/energy company Conoco Inc. in the Nordic region and internationally.

Other assignments Director of Preem AB, Boliden AB, Stena Bulk AB, Naturstenskompaniet Intl. AB, Vice Chairman Swedish/Russian Chamber of Commerce, Vice Chairman of Sv. Energi Ekonomisk Förening, member of Royal Swedish Academy of Engineering Sciences and Chalmers Advisory Committee.

Special expertise Many years of experience in the oil industry, based in Europe, US and Asia. Brings expertise in energy/refining/trading/shipping and financial issues.

Shares held in Concordia Maritime 7,000

Henrik Hallin



Born 1972. Board member since 2019. M.Sc. (Econ)

Background Experience from corporate finance and as CFO.

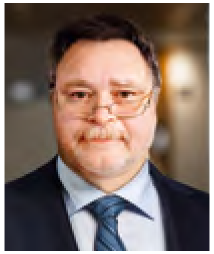
Other assignments Director of Ballingslöv International AB, Envac AB, S-Invest Trading AB (Blomsterlandet), Captum Group AB and Stena Sessan Fastighets AB. CFO of Stena Adactum.

Special expertise Financing, Acquisitions and Transactions, Finance and capital Market, Asset management, Shipping and Offshore market.

Shares held in Concordia Maritime 10,000

Employee representatives

Alessandro Chiesi

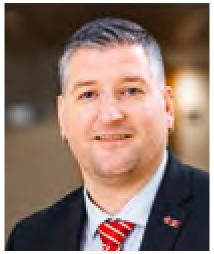


Born 1966. Employee representative. Marine engineer Employed by Stena Group since 1996. Board member since 2016.

Other assignments SBF (Swedish Maritime Officers' Association), SBF Stena Line Club Chairman, SBF Board member. Employee representative, Stena AB and Stena Line Scandinavia AB.

Shares held in Concordia Maritime 0

Daniel Holmgren



Born 1979. Employee representative. Employed by Stena Group since 2002. Board member since 2013.

Other assignments Deputy SEKO Sjöfolk, 1st Vice Club Chairman SEKO Sjöfolk, Stena Line. Deputy, Stena Line Scandinavia AB.

Shares held in Concordia Maritime 0

Mahmoud Sifaf

Born 1962. Employee representative. Deputy since 2014. Employed by Stena Group since 1986.

Other assignments SEKO Sjöfolk Board member, SEKO Sjöfolk Stena Line Club Chairman, SEKO Sjöfolk: LO – West District representative, Board member Sjöfartsverket Rosenhill. Employee representative Stena AB and Stena Line Scandinavia AB.

Shares held in Concordia Maritime 0

Board attendance and remuneration

	Independence[1]	Remuneration committee	Total fees, SEK[2]	Attendance
Carl-Johan Hagman[3]	Non-independent	*	400,000	6
Stefan Brocker[3]	Independent	*	225,000	6
Mats Jansson	Independent		225,000	6
Helena Levander	Independent		225,000	6
Michael G:son Löw	Independent		225,000	6
Henrik Hallin	Non-independent		225,000	6
Mahmoud Sifaf, Employee representative Deputy	Independent		25,000	2
Daniel Holmgren, Employee representative	Independent		25,000	4
Alessandro Chiesi, Employee representative	Independent		25,000	4

1) Independent is defined as independent of the Company, its management and major shareholders.
2) Remuneration of the Board is decided by the AGM and is paid to Board members of Concordia Maritime.
3) Member of remuneration committee.

Auditor

Jan Malm

Authorised Public Accountant KPMG.

Executive Management

Kim Ullman

Born 1957. CEO.
Economist.
Employed since 2014 (at Stena since 1983).

External directorships Board member of Stena Sonangol Suezmax Pool. Member of Swedish Shipowners' Association, Bulk and Tanker section, member of Intertanko Council.

Shares held in Concordia Maritime 20,000

Ola Helgesson

Born 1968. CFO.
MBA.
Employed since 2014 (at Stena since 2011).

Shares held in Concordia Maritime 10,000

Annual General Meeting and dates for information

Annual General Meeting

The Annual General Meeting will be held at Elite Park Avenue, Gothenburg on 29 April 2020 at 1 p.m. The interim report for the first quarter of 2020 will be presented on the same date.

Right to attend the meeting

- Shareholders registered in Euroclear Sweden AB's share register as at Thursday 23 April 2020 and
- who have notified the Company of their intention to attend and indicated the number of advisors (max. two) are entitled to attend the meeting.

Registration

Proxies should register by telephone, +46 771-24 64 00, or by mail to: Computershare AB "Concordia Maritime Aktiebolags årsstämma", Box 5267, SE-102 46 Stockholm, or register online.

Dividend

The Board proposes a dividend of SEK 0.0 per share.

Nominee-registered shares

To be eligible to participate in the Annual General Meeting, share-holders who have registered their shares in the name of a nominee through a bank's trust department or an individual broker must temporarily register the shares in their own name with Euroclear AB. Shareholders who wish to re-register shares must inform the nominee well in advance of 23 April 2020.

Reporting dates

Interim reports will be published as follows: first three months on 29 April 2020, first six months on 13 August 2020 and first nine months on 3 November 2020.

Definitions

Arbitrage The practice of taking advantage of a price difference between two or more markets.

Depreciation Accounting deductions made in a company's financial statements in order to compensate for wear and ageing of its vessels and equipment.

CVC Consecutive Voyage Charter.

Dividend yield Dividend per share divided by the average share price for the year.

High potential near miss Incident that could have resulted in a serious accident.

Lost Time Injury (LTI) An accident that results in an individual being unable to carry out his or her duties or return to work on a scheduled shift on the day after the injury, unless this is due to delays in getting medical treatment ashore. Also includes fatalities.

Lost Time Injury Frequency (LTIF) Safety performance measure which is the number of LTIs per million exposure hours in man-hours (LTIF = LTIs x 1,000,000/exposure hours).

Material damage An event that results in damage to the vessel, and/or vessel equipment costing more than USD 2,000 to repair (excludes system/equipment failure).

Medical treatment case (MTC) Work-related injury requiring treatment by a doctor, dentist, surgeon or qualified health professional. MTC does not include LTI, RWC, hospitalisation for observation or a consultative examination by a doctor.

Restricted Work Case (RWC) An injury that results in an individual being unable to carry out normal duties during a scheduled work shift or being temporarily or permanently assigned other duties on the day after the injury.

Spot market (open market) Chartering of vessels on a voyage-by-voyage basis, with freight rates fluctuating virtually daily. The shipowner pays for the bunker oil and port charges

SDGs The UN's Sustainable Development Goals.

Time charter The shipowner charters out its ship complete and crewed for a long period at fixed rates. The charterer pays for the bunker oil and port charges.

Alternative performance measures[1)]

EBITDA Performance measure indicating operating result before interest, taxes, impairment, depreciation and amortisation. The Company believes that the key figure provides a deeper understanding of the Company's profitability.

Cash flow from operating activities Result after financial net plus depreciation minus tax paid (cash flow before change in working capital and investments and before effect of ship sales). The Company believes that the key figure provides a deeper understanding of the Company's profitability.

Result excluding impairment and tax Performance measure which indicates result before tax and impairment The Company believes that the key figure provides a deeper understanding of the Company's profitability and better comparability over reporting periods.

Result per share excluding impairment and tax Performance measure which indicates result per share before tax and impairment The Company believes that the key figure provides a deeper understanding of the Company's profitability and better comparability over reporting periods.

Return on equity Return on equity Result after tax as an average of the last twelve months expressed as a percentage of average equity on a 12-month rolling basis. The Company believes that the key figure provides a deeper understanding of the Company's profitability.

Return on capital employed Result after financial net plus finance costs as an average of the last twelve months expressed as a percentage of average capital employed on a 12-month rolling basis. Capital employed refers to total assets minus non-interest-bearing liabilities, including deferred tax liability. The Company believes that the key figure provides a deeper understanding of the Company's profitability.

Return on total capital Result after financial net plus finance costs as an average of the last twelve months expressed as a percentage of average total assets on a 12-month rolling basis. The Company believes that the key figure provides a deeper understanding of the Company's profitability.

Equity ratio Equity as a percentage of total assets. The Company believes that the key figure makes it easier for investors to form a picture of the Company's capital structure.

1) Alternative performance measures as defined by the European Securities and Markets Authority (ESMA)

Reconciliation of alternative performance measures

EBITDA

SEK millions	Full year 2019	Full year 2018
Operating result	–0.4	–130.1
Depreciation/impairment	249.9	186.9
EBITDA	**249.5**	**56.8**

Result excluding impairment and tax

SEK millions	Full year 2019	Full year 2018
Result after tax	–102.6	–182.1
Impairment	0.0	0.0
Tax	–0.3	0.2
Result excluding impairment and tax	**–102.3**	**–181.9**

Result per share excluding impairment and tax

SEK millions	Full year 2019	Full year 2018
Result excluding impairment and tax	–102.3	–181.9
Number of shares (millions)	47,729,798	47,729,798
Result per share excluding impairment and tax	**–2.15**	**–3.81**

Return on equity

SEK millions	Full year 2019	Full year 2018
Result after tax	–102.6	–182.1
Equity	1,106.9	1,165.5
Return on equity	**–9%**	**–16%**

Return on capital employed

SEK millions	Full year 2019	Full year 2018
Result after financial net	–102.3	–181.9
Finance costs	124.9	82.7
Result after financial net plus finance costs	**22.6**	**–99.2**
Total assets	3,635.1	2,921.7
Non-interest-bearing liabilities	–181.2	–156.2
Capital employed	**3,453.9**	**2,765.4**
Return on capital employed	**0.6%**	**–3.6%**

Return on total capital

SEK millions	Full year 2019	Full year 2018
Result after financial net	–102.3	–181.9
Finance costs	124.9	82.7
Result after financial net plus finance costs	**22.6**	**–99.2**
Total assets	3,635.1	2,921.7
Return on total capital	**0.6%**	**–3.4%**

Equity ratio

SEK millions	Full year 2019	Full year 2018
Equity	1,055.6	1,061.5
Total assets	3,644.9	2,793.2
Equity ratio	**29%**	**38.0%**

Solberg | Photos: Lars Ardarve, Jonathan Atkin, Christian Badenfelt, Evgeniy Bykhun, Tommy Chia, Michael Cooper, Neil Dmonte, Victoria Edström, Toni Eterovic, Magnus Gotander, Mild Design, Niclas Johansson, Chandra Sekhar Kanakam, Thomas Kohnle, Oddway, Jesper Orrbeck, Silverbullet, Maksims Solokovs, Dhruvh Yedekar, Stockphoto et al.

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