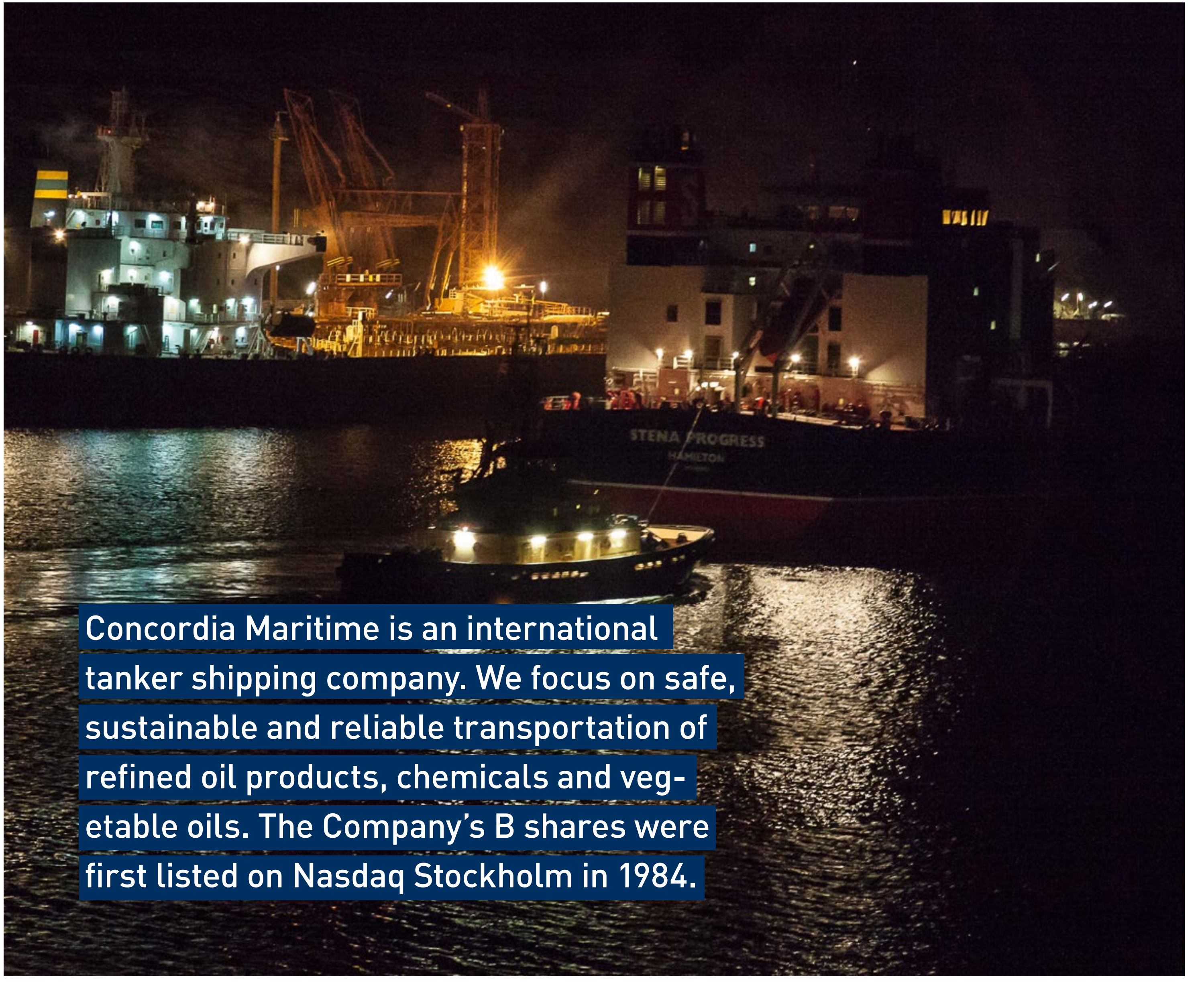
CONCORDIA MARITIME

ANNUAIRE PORT 2018



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.

2018 in brief

Strong end to a weak year

Progressively stronger market

After several years of weak markets, rates rose sharply at the end of the year. Among the main drivers were increased oil production, normalised stock levels and low growth in the global fleet.

Extended charter contracts

During the year, one of the world's largest oil and gas companies once again extended the charters for the P-MAX vessels *Stena Paris* and *Stena Provence*.

1,052.9
Revenue, SEK million (827.5)

38%
Equity ratio

–181.9
Result before tax, SEK million (–660.2)

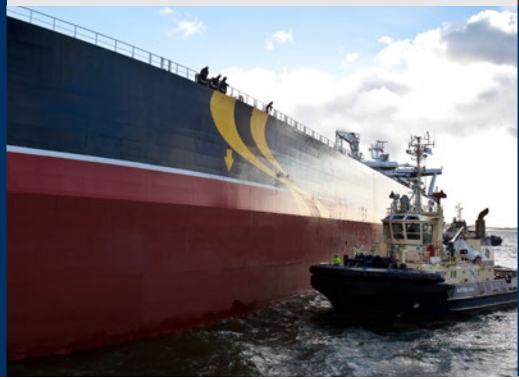
0.0
Dividend per share, SEK (0.0)

Sale of shares in chartered Suezmax vessels

During the year, Concordia Maritime participated in joint charters of four Suezmax vessels with Stena Bulk. Concordia Maritime's share amounted to 50 percent. Concordia Maritime sold the shares in the charters at the end of the year, thereby realising the increase in value that arose from an increasingly stronger market.

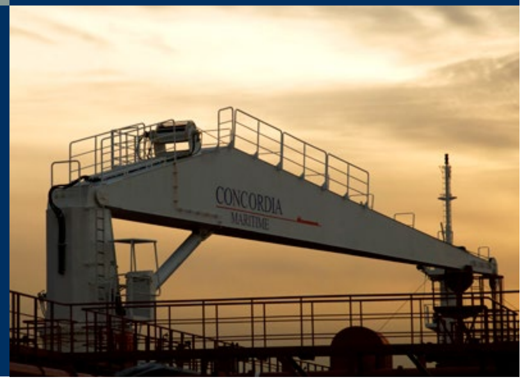
No serious accidents or incidents

In 2018, none of Concordia Maritime's vessels were involved in any type of incident that resulted in bunker oil or cargo discharging into the water. For the fifth consecutive year, no vessels were involved in any workplace incident resulting in an LTI.



MR (ECO) vessels chartered in

During the year, contracts were signed to charter in another four IMO 2/3 class MR tankers. In parallel, two already chartered MR vessels had their contracts extended.



Chairman's statement

SINCE THE EARLY 17TH CENTURY, WHEN THE DUTCH industrialised shipping and lawyer Hugo Grotius wrote his ground-breaking work "Mare Liberum", global shipping has been characterised by cyclicality and volatility. Many have sought out the type of risk and profit opportunity offered by the industry. Great wealth has been created, but many have also lost everything. This is a fascinating and global industry which in many ways reflects underlying economic and political developments, but also has its own dynamics.

The last 30–40 years have been extremely positive for shipping, as global demand for maritime transport has been well above the underlying global GDP trend. This has also been the case in the tanker market, which represents a significant proportion of all shipping. Demand has not only benefited from stable annual growth, but also from more complex transport patterns, with the US becoming the world's largest crude oil producer, an expansion of refining capacity in the Middle East and India, and China's shifting of some of its energy consumption to liquefied natural gas.

The challenge for shipping, now as before, is the supply of ships. Despite a relatively sharp reduction in shipbuilding capacity in recent years, global overcapacity remains significant – and there is little to suggest any decline in capacity. The availability of risk capital has also been strong and this is likely to continue. From shipyard order to delivery takes about 24 months, and there are therefore few market upturns that last significantly longer than that.

Concordia Maritime has been operating in this environment since 1984. In our day-to-day operational work, we try to find niches where customers pay for our high quality and safety. With our ten custom-built and designed P-MAX vessels, which have a shallow draft, unique safety and redundancy and can carry 30% more than conventional MR tankers, we are well placed to find and develop operating niches for the world's largest oil companies. When the markets are strong, we aim to secure longer contracts and when they are weak, we need financial sustainability to manage short contracts. We complement our owned fleet by chartering in additional vessels in order to gain leverage on the expertise and know-how we have. We also trade in our underlying assets, i.e., our vessels. The old motto "buy cheap, sell dear" is completely relevant, but requires purchasing acumen, market-based knowledge and strong cash resources that allow financial sustainability.

Our industry is increasingly focused on sustainability. Global transport has facilitated globalisation that has created historical prosperity and has managed to distribute this prosperity more evenly than at any other time in history. This does not mean that the distribution of the surplus cannot be improved and made fairer; 800 million people on the planet still live under the poverty line. Our responsibility is to make our transport as efficient and clean as possible. Both Concordia Maritime and Stena have several important projects in progress, which will ensure that our companies, and our entire sector are perceived as part of the solution, not the problem, with regard to the earth's continuing successful development. Stena is conducting experiments with methanol as a fuel, while we are developing battery power for shorter distances and purification equipment in the form of selective catalytic reduction and closed loop scrubbers. We do not believe that there is a right answer, but we are doing our utmost in terms of experimenting, collaborating and challenging ourselves on a broad front.

With these words, I would like to express my gratitude and appreciation to all our shareholders, who patiently support Management and the Board through the cycles.

I would also like to congratulate you on being owners of a company that stands tall in the midst of the greatest megatrend of our time – a company that is a leader in a centuries-old industry.

Gothenburg, March 2019,
Carl-Johan Hagman

The next major tanker market upturn in sight

As expected, 2018 was a weak year – both for the tanker market and for Concordia Maritime. Reduced tanker demand volumes during the first three quarters brought a weak tanker market with low rates in all segments. However, the turnaround we had predicted for so long came in the fourth quarter.

LOOKING AT THE YEAR AS A WHOLE, the first three quarters were greatly affected by OPEC's reduced production and the stock withdrawals in consuming countries that have been taking place since summer 2016. The withdrawals and production cuts lasted until June 2018. OPEC – and also other large oil producers – then gradually began to increase their production. Not unexpectedly, this resulted in a strong increase in transport demand during autumn and in Q4 freight rates rose to levels we have not seen for many years. Strictly speaking, the turnaround was noticed first in the crude oil segment, but the product tanker segment soon followed suit. In just a few weeks, rates in the MR segment soared from USD 4,000 per day to about USD 20,000 per day – an example of how fast the conditions within tanker shipping can fluctuate.

Active work on the fleet

Looking at our own operations, we continued to work on our active fleet and chartering strategy during the year. The focus has been on ensuring good cost control while continuing to adapt and position the fleet, partly on the basis of the weak market, but also before the upturn we expected towards the end of the year. Revenue for 2018 totalled SEK 1,052.9 (827.5) million. Result before tax was SEK –181.9 (–660.2) million, corresponding to a result per share of SEK –3.81 (–13.83). Delay effects due to previously signed charter contracts meant that, for our part, the strong market upturn in Q4 was not noticed until the end of the year.

We have continued to seek niche trades for our P-MAX vessels, where their unique properties are particularly beneficial. This strategy contributed to the product tanker fleet's earnings for the year being significantly higher than the market average in the MR segment.

The IMOIIMAX vessels *Stena Image* and *Stena Important* continued to operate all over the world during the year, clearly showing their ability to quickly switch between different types of cargoes and needs. In the Suezmax segment, we chose to participate in charters of four vessels during the second quarter. The investment had a positive outcome and we sold the shares in the charters at the end of the year, thereby realising the increase in value that arose from an increasingly stronger market.

> We expect a gradually stronger market in 2019.

Continuing focus on sustainability

There continued to be a strong focus on our sustainability work during the year. Shipping is associated with risks for both people and the environment, and we do our utmost to minimise or eliminate these risks. Safe vessels, competent crews and well-developed procedures are an essential basis of these efforts.

In the area of safety, we are pleased to say that 2018 was another year in which we were spared from any serious incidents and accidents. For the fifth consecutive year, there were no accidents that resulted in an individual being unable to carry out his or her duties or return to a scheduled shift on the day after the accident. Not infrequently, this is something that is taken for granted, but behind the result is the hard work of our crews and our technical and commercial partners. The absence of incidents is the result of purposeful training and education, as well as continuous monitoring and evaluation of routines and processes. We have said it before, but it bears repetition: nothing comes before the safety of our crews on board. This is our highest priority, regardless of economic or market conditions.

In the area of the environment, we continue to achieve improvements in carbon dioxide and sulphur dioxide emissions. Since we began our more structured efforts to increase fuel efficiency a few years ago, CO_2 and SO_X emissions have decreased by about 10 percent. This is good progress in what is an endless task.

Gradually stronger market in the second half of 2019

In a slightly longer perspective, demand for tanker transport is governed by underlying demand for oil and oil products, as well as shifts in the global production and refining capacity. In a shorter perspective, inventory levels and changes in OPEC's production play a crucial role. OPEC produces just over 30 percent of the world's oil – and changes in production have major consequences for both the price of oil and tanker market development.

The return to a slower market in early 2019 was largely due to the decision by OPEC and its allies to reduce production once again – this time by about 1.2 million barrels of oil per day. The effects of the reduction are partly offset by increased US oil exports, but with refinery maintenance and newbuilding deliveries, it means that we expect lower levels in the first half of 2019 than during the December peak, but still higher levels than in the same period in 2018. After OPEC's next meeting in June 2019, we expect production to increase again, allowing a gradual strengthening of the market from the second half of the year.

Few deliveries and extensive scrapping

It gets really exciting when we then look at the supply side, in other words, the number of available vessels. The weak markets in recent years have meant few new orders, with a relatively low order book as a result. At the beginning of 2019, the order book amounted to about 9 percent of the total existing fleet. The average for the last 10 years is just under 16 percent. In addition to few deliveries of new vessels, we also note a marked increase in the phasing-out of vessels. This is largely due to age and market conditions, but is also stimulated by the IMO's requirements for investments in special ballast water management systems, and the new sulphur directive that comes into force in 2020.

The impending sulphur directive will affect tanker shipping in several ways. Demand for low-sulphur fuels will increase, which in turn is expected to result in increased transport demand for refined products. The installation of scrubbers on the existing vessels will also mean that a significant number of tankers are not available for assignments from autumn 2019. This will also have a positive effect on the market, but its actual extent remains to be seen.

2019 – start of the next upturn

So, to summarise: several factors point to continuing market volatility in the first half of 2019, with the market gradually increasing once again in the second half of the year. The following year, 2020, then has all conditions in place to be a really strong year.

Through our exposure to the spot market, we are well positioned to take advantage of the positive trend in the market. Everyone who has followed us and the tanker market knows that the last few years have been challenging. We now look forward to tackling a number of exciting years ahead – starting in 2019.

Gothenburg, March 2019
Kim Ullman, President

Key ratios

	2018	2017
Total income	1,052.9	827.5
EBITDA, SEK million	56.8	51.3
EBITDA, USD million	6.5	6.0
Operating result, SEK million	–130.1	–624.6
Result after financial net, SEK million	–181.9	–186.5
Result before tax, SEK million	–181.9	–660.2
Result after tax, SEK million	–182.1	–660.2
Equity ratio, %	38	41
Return on equity, %	–15.6	–41.7
Available liquid funds, including unutilised credit facilities, SEK million	160.1	335.5
Result per share after tax, SEK	–3.81	–13.83
Equity per share, SEK	22.24	25.60
Dividend per share, SEK	0.00	0.00
Share price on closing date, SEK	12.20	12.50
Lost-time injuries	0	0

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.

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.

Financial objectives

Goal	**Profitability 10%** return on equity	**Equity ratio at least 40%** over a business cycle	**Growth 10%**[1] average annual fleet growth over a business cycle
Outcome 2018	**–16%**	**38%**	**44%**
Comments	2018 was a year in which the tanker market was very challenging, bringing poor profitability.	Both 2017 and 2018 saw considerable operating losses as a result of a challenging tanker market. In addition, the book value of vessels were written down significantly in 2017.	On 31 December 2018, the Company had 23 (16) vessels in the fleet. At the turn of the year, the fleet decreased by four vessels as chartered shares were sold to Stena Bulk.

Sustainability objectives

Concordia Maritime has also defined goals related to safety, the environment and social responsibility. These are generally aimed at minimising the risk of injury to people and damage to the environment and property, but also continuously reducing the impact of operations on the environment.

Outcomes in 2018 continued to be positive and largely in line with the high targets. No Concordia Maritime vessel was involved in any incident that resulted in bunker oil or cargo discharging into the water during the year. At the same time, emissions into air continued to decrease. For the fifth consecutive year, there were no workplace accidents on vessels that resulted in an individual employee being unable to return to a work shift the day after the accident.

For a more detailed description and monitoring of the objectives, see pages 21–36.

1) Trade in vessels, both purchases and sales, is a key element 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 strategy

Preferred partner

Concordia Maritime will be the partner of choice for the transportation of oil and oil products. We will use our unique understanding of market drivers and the individual customer's business to satisfy specific transportation and logistics needs. Collaboration with customers will be based on long-term relationships, characterised by partnership and high ambitions – whether this applies to one voyage or the development of a brand new vessel concept. Responsiveness, a strong culture of service, competitive pricing, unique technical know-how and a worldwide network are cornerstones of this work.

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. The strategy sets the framework for how the fleet will be positioned and how the vessels in the fleet will be employed. Although the main focus is on the product tanker segment, this does not exclude a presence in other segments.

When and if the market situation is considered favourable, Concordia Maritime will invest in new tonnage or divest existing tonnage. As a complement to the owned tonnage, other vessels may also be chartered in. The main strategy is that all additional tonnage will be employed in existing systems and pools.

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.

Strategy monitoring in 2018

- **Renewed contracts.** During the year, one of the world's largest oil and gas companies once again renewed the charters for the P-MAX vessels *Stena Paris* and *Stena Provence*.
- **High proportion of niche trades.** During the year, several of the vessels in the fleet sailed on special routes, including Australia, New Zealand, the Baltics, Canada, China and South America. With their extremely shallow draft design, the P-MAX tankers are well suited here, as several ports on the routes have draft restrictions.
- **MR (ECO) vessels chartered in.** During the year, contracts were signed to charter in another four IMO 2/3 class MR tankers. In parallel, two already chartered MR vessels had their contracts extended.
- **Suezmax vessel charters.** During the year, Concordia Maritime participated in joint charters of four Suezmax vessels with Stena Bulk. Concordia Maritime's share amounted to 50 percent. Concordia Maritime sold the shares in the charters at the end of the year, thereby realising the increase in value that arose from an increasingly stronger market.
- **No serious incidents or accidents.** 2018 was another year when none of Concordia Maritime's vessels were involved in any incident resulting in bunker oil or cargo discharging into the water. For the fifth consecutive year, there were no workplace accidents that resulted in serious personal injuries.
- **Reduced emissions into air.** As a result of continuing improvement measures, carbon dioxide emissions were reduced by just over 2,028 tonnes, sulphur dioxide emissions by about 19.2 tonnes and nitrogen oxide emissions by about 60 tonnes during the year. Emissions of particles decreased by 0.8 tonnes during the year.

Business and revenue model

CONCORDIA MARITIME'S BUSINESS MODEL consists of two parts – daily ship operation and the purchase and sale of vessels.

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. The rate is determined by the market situation at the start of the contract and the contract length. The principal costs for a shipping company are voyage costs (fuel and port dues), daily costs (crew, insurance and maintenance) and capital costs.

Chartering vessels

In addition to the owned vessels, supplementary vessels can be chartered in for short or long periods.

Purchases and sales 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.

Income

Income from spot charters
The freight rate is a floating rate based on supply and demand at a particular time. This means that freight rates can fluctuate considerably over a short period.

Income from time charters
Income consists of a pre-agreed freight rate that applies throughout the charter period. The size of the freight rate depends on the length of the charter and the market situation at the contract's inception.

Profit sharing
Some charters include a profit-sharing clause in addition to the daily freight rate. In simple terms, this means that we and the customer share the income that exceeds a given level.

Sale of vessels or shares in chartered vessels
A further potential source of income is the sale of vessels or shares in chartered vessels. As prices vary depending on the market and the condition of the vessels, timing is crucial for a profitable transaction.

Income from financial investments
Income is also derived from the return on investments in financial assets.

Expenses

Voyage costs
Voyage costs consist mainly of fuel consumption and port dues. For vessels in the charter market, the contracting party pays all the voyage costs.

Daily running costs
The principal costs include costs for crews, periodic (drydock) and day-to-day maintenance, repairs and insurance.

Capital costs
Depreciation and financial costs can vary greatly depending on the company's capital structure and debt-equity ratio. Timing is crucial when it comes to purchasing vessels. Ship prices have a major impact on a vessel's capital costs and therefore the shipping company's profitability over a long period.

Freight rates for time-chartered vessels
These are the costs of chartering a vessel from another shipowner or a financial provider.

Non-recurring costs
As would be expected, non-recurring costs arise from time to time, such as costs related to vessel damage. However, the cost can normally be limited through insurance.

External trends and market

Global tanker shipping is complex, volatile and is undergoing change. On the pages that follow, we try to explain oil's journey from extraction to consumption, how the tanker market works and the drivers that affect both demand for transport and supply of vessels.

Oil's journey from production to consumption

Extraction

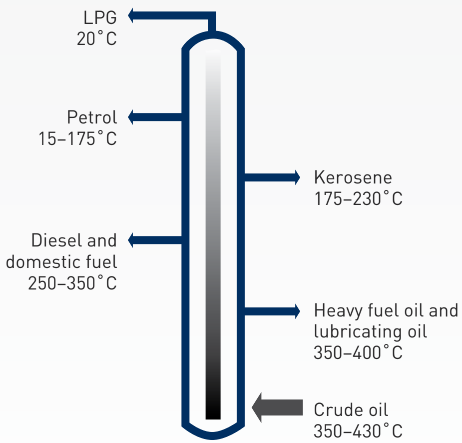
Oil occurs almost exclusively in sedimentary rocks where it has been transformed from organic materials (plants and animals) over a long period of time, and under high pressure and heat. Sedimentary rocks occur on all continents of the world, but almost half of the oil reserves that have been discovered are in the Middle East. The countries that extract the most crude oil in the world are the United States, Saudi Arabia, Russia and Iran.

Geographical distribution 2017

Source: BP

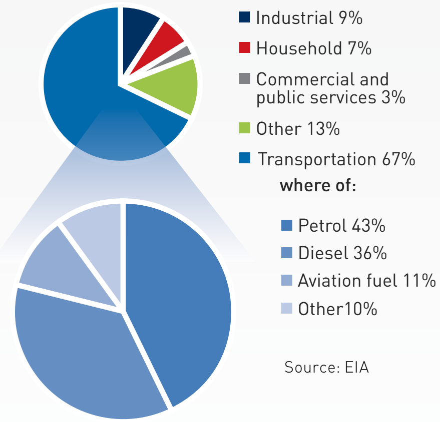
Refining

As a first step, oil refining is simplified by separating the crude oil using distillation. In this process, the crude oil is heated up and pumped into a fractionating column where it evaporates, rises and gradually condenses. The higher up the column the condensation takes place, the lower the boiling point of the liquid that is formed. Liquids – fractions – are then taken out at different levels through side pipes. In the next step, the fractions are individually refined in different processes into finished oil products such as petrol, aviation fuel and diesel.



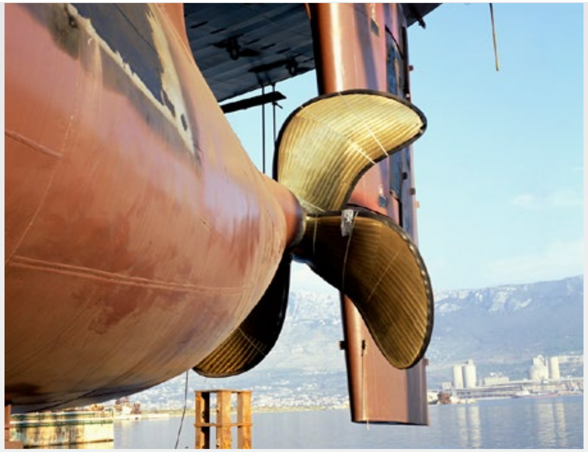
Consumption

There is a global imbalance in the oil production/consumption ratio. It is still the case that about 40 percent of the oil is consumed in North America and Europe, but the trend is negative and consumption is decreasing. In the Middle East, Africa and Asia, consumption per capita is considerably lower, but growth is strong. Annual global consumption is increasing by about 1.5 percent. About two-thirds of all oil produced is used for fuels for different types of transport. In turn, half of this is used for light vehicles. Other significant areas of use include industrial applications and household heating.



Source: EIA

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 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 is now declining or 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.

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 Scrapping

Phasing-out of older vessels – usually by scrapping or use as floating storage – is as important as the number of deliveries of new vessels. 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.

Major changes in trading patterns

The combination of increased US oil extraction and changes in global refining capacity is bringing major changes in oil flows. As the distance between source, refinery and consumer increases, increasingly large volumes have to be transported for longer distances. This affects both demand for tanker transport and availability of transport capacity.

Strong increase in US oil extraction ...

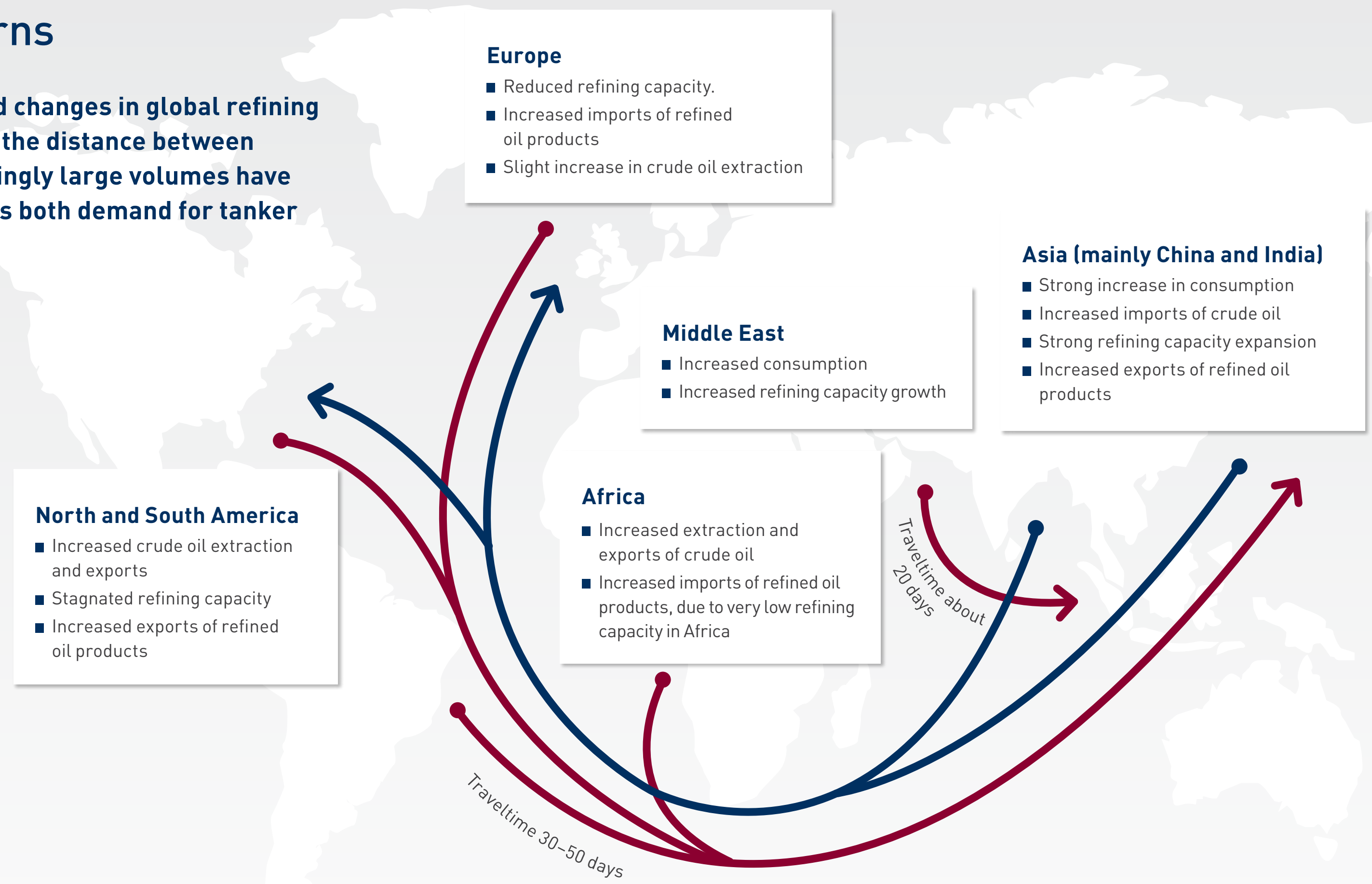
The oil market is undergoing change. One of the main driving forces is the strong increase in US crude oil extraction. Production has doubled since 2008 and the US is currently the world's largest oil producer. Although most of the oil is refined in domestic refineries for domestic consumption, an increasing proportion is also exported, with much of it going to Asia. In addition, exports of crude oil have also increased in recent years.

... and expanded refining capacity in Asia ...

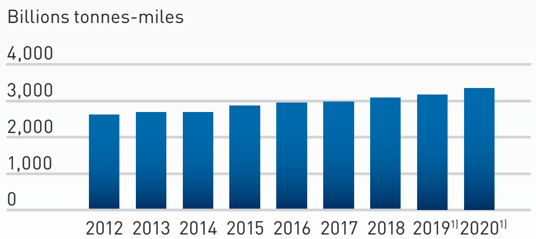
In general terms, refining capacity in recent years has declined or stagnated west of Suez, while increasing sharply east of Suez. The capacity that has been built up is largely in the Middle East and Asia. In other parts of the world, demand for oil products is either the same or growing, while refining capacity expansion is not at all commensurate with demand.

... result in longer transport distances

The consequence is that increasingly large volumes are transported for longer distances to reach end consumers in North and South America and Europe – but also in order to meet rising demand in Africa and South America.

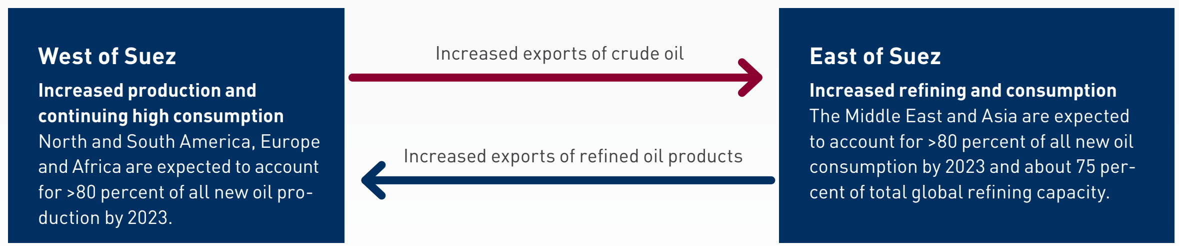


Increase in tonne-miles



1) Forecast

Source: Clarkson



Source: Fearnleys

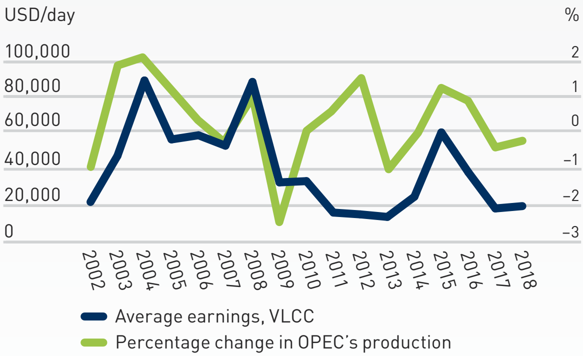
2019 – the beginning of the next upturn in tanker shipping

2018 ended strongly. 2019 started a little weaker, but several factors point to a gradually stronger market in the second half of the year. 2020 then has all conditions in place to be a really strong year. The main drivers include increased production expected within OPEC and lower growth in the global tanker fleet. The IMO's new regulations for 2020 are also expected to contribute to higher transport demand for refined products and lower supply of vessels.

1 Return to normal production for OPEC

Tanker market development is largely aligned with the production of oil by OPEC and other large oil producers. OPEC's decision to reduce oil production by about 1.2 million barrels of oil per day in early 2019 was a contributory factor to the slower tanker market at the beginning of the year. However, with stocks at normal levels and oil prices rising, it is Concordia Maritime's assessment that production will gradually increase in the second half of the year. An increased production rate in combination with good overall global demand for oil and oil products is in turn expected to provide good incentives for stronger demand for tanker transport in the second half of 2019.

Clear correlation between oil production and tanker market earnings

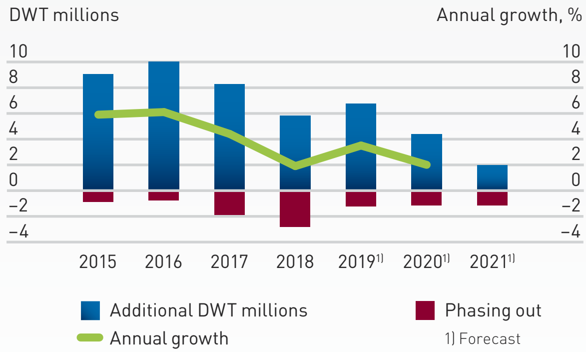


Source: Fearnleys

2 Low net growth in the tanker fleet

The weak markets in recent years have brought few new orders, resulting in shrinking order books. In 2019, net growth in the product tanker segment is expected to be about 3.5 percent after scrapping. A sharp decline in growth is expected in the following years, 2020 and 2021.

Low growth in the product tanker fleet



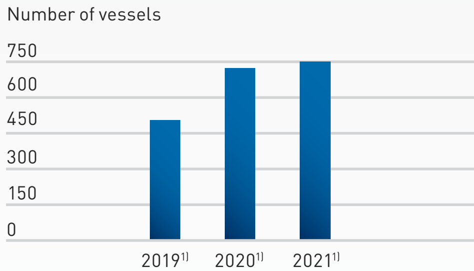
1) Forecast

Source: BIMCO

3 Major impact from the IMO's new regulations

The IMO's new regulations enter into force in 2020. The changes include a requirement for reduced sulphur oxide emissions. This requires a transition to low-sulphur fuels, use of alternative fuels (e.g. LNG or methanol) or the installation of scrubbers to clean exhaust gases. The transition to low-sulphur fuels is expected to bring increased demand for product tanker transport. Scrubbers are expected to be installed on about 750 tankers (about 14%) of the world's 5,500 tankers. Most installations will take place in 2019, which will affect the supply of available vessels.

Total number of vessels with scrubbers



1) Estimated number as of 31 December

Source: DNB

Flexible vessels

At the end of March 2019, Concordia Maritime's fleet consisted of ten P-MAX class product tankers, two IMOIIMAX class chemical and product tankers, one suezmax tanker, and shares in six chartered MR (ECO) tankers.

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

The IMOIIMAX tankers represent the next generation of chemical and product tankers and set a new standard for bunker consumption and cargo efficiency. They are among the most sophisticated in the market and at the forefront in terms of both energy efficiency and cargo flexibility. With a completely new hull design, a newly developed main engine, and a number of other technical innovations, the vessels' fuel consumption has been reduced by about 25 percent compared with the previous generation of MR tankers.

MR (ECO)

Concordia also participates in the charter of six ECO-design MR tankers, which have modern engines and low fuel consumption. These are joint charters with Stena Bulk, and Concordia Maritime's share amounts to 50 percent.

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.

P-MAX


IMOIIMAX


MR (ECO)


Suezmax

Fleet at 31/03/2019

Product tankers	DWT	Ice class	Year	Employment
P-MAX				
Stena Premium	65,200	1B	2011	Spot
Stena Polaris	65,200	1A	2010	Spot
Stena Performance	65,200	1B	2006	CVC to April 2019
Stena Provence	65,200	1B	2006	Time charter to September 2019
Stena Progress	65,200	1B	2009	Time charter to May 2019
Stena Paris	65,200	1B	2005	Time charter to August 2019
Stena Primorsk	65,200	1B	2006	Spot
Stena Penguin	65,200	1A	2010	CVC to April 2019
Stena Perros	65,200	1B	2007	Time charter to April 2019
Stena President	65,200	1B	2007	Spot
IMOIIMAX				
Stena Image[1]	50,000		2015	Spot
Stena Important[2]	50,000		2015	Spot
MR (ECO)				
Unnamed vessel #1[3]	50,000		2015	Spot
Unnamed vessel #2[4]	50,000		2013	Spot
Unnamed vessel #3[4]	50,000		2013	Spot
Unnamed vessel #4[5]	50,000		2018	Spot
Unnamed vessel #5[6]	50,000		2018	Spot
Unnamed vessel #6[6]	50,000		2018	Spot
Crude oil tankers				
Suezmax				
Stena Supreme[7]	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) 50% charter December 2017–November 2019.
4) 50% charter June/July 2017–June/July 2019.
5) 50% charter January 2018–January 2020.
6) 50% charter April/May 2018–April/May 2019.
7) Contracted on a bareboat basis until 2028, with annual purchase options from 2019.

Market development and fleet earnings 2018

The tanker market remained weak during much of 2018. The main reasons are OPEC's reduced oil production and stock withdrawals close to the consuming countries, which, overall, resulted in subdued demand for tanker transport.

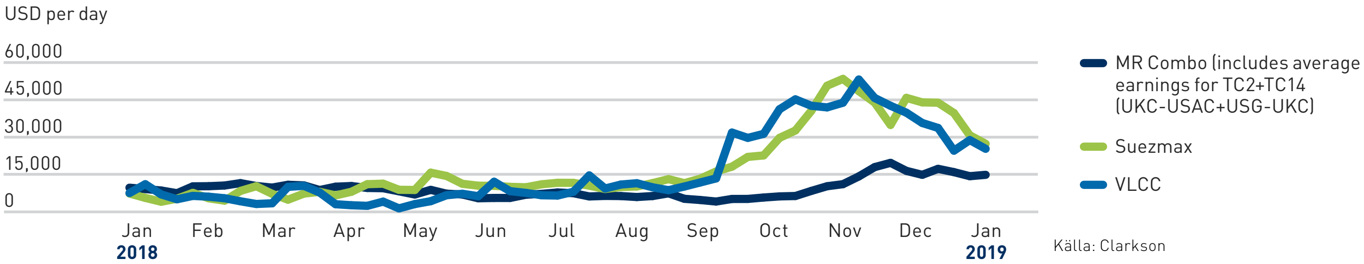
IN TERMS OF THE MARKET'S AVERAGE EARNINGS in the MR segment, the 2018 tanker year was the worst since the early 1990s. The market remained weak during much of the year, with average rates of USD 8,800 per day, which was about 15 percent lower than in the previous year. The suezmax market was also weak, with average earnings of about USD 16,500 per day, about 5 percent higher than in the previous year.

The market's weakness in recent years is largely due to OPEC's output cuts and the extensive stock withdrawals that have taken place in the consuming countries. Overall, this has resulted in reduced transport demand, leading to low freight rates.

Strong end to the year

There was a strong upturn in the markets in the fourth quarter. The upturn was mainly due to OPEC, the United States and Russia having increased oil production since July. The increase was in turn a direct result of stock levels falling to levels corresponding to the average for the last five years. This had an overall effect of a sharp increase in rates. Spot market rates in the MR segment were up to about USD 20,000 per day at the end of the year, compared with previous levels of about USD 4,000 per day during parts of autumn. In the Suezmax segment, the top listings at the end of November were about USD 50,000 per day, compared with about USD 5,000 per day at the beginning of the year.

Tanker market development 2018–2019



Källa: Clarkson

Concordia Maritime's earnings

FOR CONCORDIA MARITIME, THE YEAR was largely focused on the continuing process of positioning and deploying the fleet in line with the employment strategy and current market conditions. A central part of this work involved continuing the concentration of P-MAX vessels on trades 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 product tanker fleet (spot and TC) were USD 12,900 (13,700) per day. For vessels employed on the spot market, average earnings for the year were USD 12,100 (12,700). In the suezmax segment, average earnings for the year were USD 18,500 (18,200) 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. Two of the six vessels carrying lighter oil products were employed on voyages from Singapore to Australia and New Zealand, and three were employed on voyages between the United States and South America. Three of the four that carry heavier oil products, during the year were deployed in icy waters. In these cases, the utilisation rate was high in terms of the vessels' load capacity.

IMOIIMAX

The IMOIIMAX vessels *Stena Image* and *Stena Important* continued to be employed under the cooperation with Stena Bulk. Earnings for both vessels were well over the market's earnings during the year. The IMOIIMAX series vessels represent the next generation of chemical and product tankers and set a new standard in terms of both bunker consumption and cargo efficiency.

MR (ECO) vessels chartered in

The product tanker fleet also included six IMO2/3 class MR tankers (ECO design) that were chartered in during 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.

Suezmax vessels chartered in

During the year, Concordia Maritime participated in joint charters of four suezmax vessels with Stena Bulk. Concordia Maritime's share amounted to 50 percent. Concordia Maritime sold the shares in the charters at the end of the year, thereby realising the increase in value that arose from an increasingly stronger market.

Drydocking and repairs

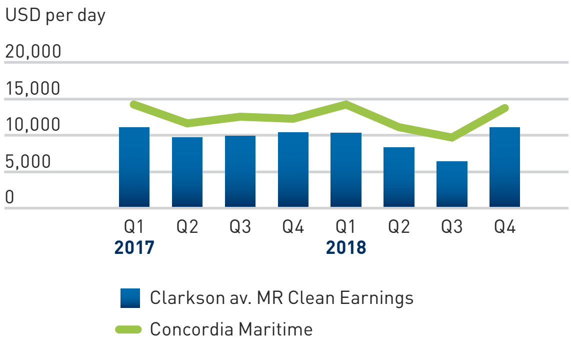
There was no scheduled or unscheduled drydocking during the year (the vessels go into drydock every five years).

Valuation of the fleet

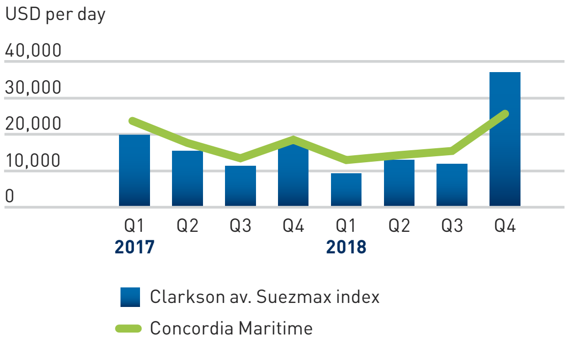
Concordia Maritime's standard process is to conduct six-monthly assessments and valuations of the fleet to determine whether there is any indication of impairment. The process is based on an overall assessment of future earnings, newbuilding price development and average values from three independent 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 2018, the fleet's carrying amount did not exceed its recoverable amount, which meant that there was no impairment loss recognised.

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



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



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

World-leading competence

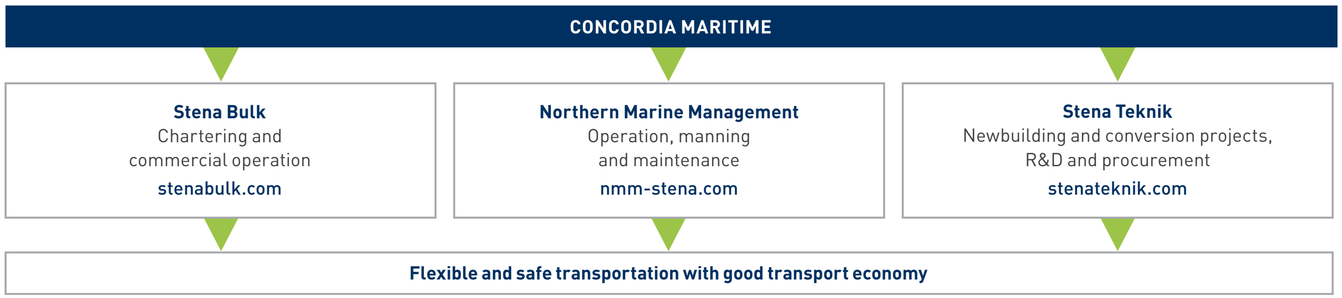
Concordia Maritime's operations are conducted in close cooperation with several of the companies in the Stena Sphere. The partnerships give access to world-leading competence in all areas of shipping – from concept development and manning to technical operation, chartering and commercial operation.

CONCORDIA MARITIME'S OWN SHORE-BASED ORGANISATION consisted of a total of 6 (6) persons in 2018. The contracted seagoing organisation is considerably larger. The number of seagoing employees at the end of the year was 494 (473).

A large part of the day-to-day operational work in the form of chartering and manning is mainly 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. For further information, see www.stena.com and www.stenametall.com



Stena Bulk

Stena Bulk provides companies in the Stena Sphere and external customers with services in marketing, chartering and commercial operation of ships. 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.

Northern Marine Management

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. In addition to international accreditations, NMM has also developed a tool for achieving continuous improvement – Behaviour Based Safety (BBS). The tool has resulted in a lower number of accidents than the industry average and is also a major contributing factor to the very low number of incidents and accidents on board Concordia Maritime's vessels. 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.

Stena Teknik

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.

Through these various responsibilities, Stena Teknik has built up an extensive knowledge bank in marine technology and naval architecture and is currently one of the leading players globally. It is a measure of its high level of competence that Stena Teknik often functions as a consultation body on different issues relating to shipbuilding technology in the EU.

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.

Major focus on sustainability

For Concordia Maritime, care for the environment, safety, transport efficiency and employer responsibility are aligned with sound and stable financial development. Customers, owners and society all benefit from safe transport, optimised flows and a strong focus on fuel efficiency.

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 9. The sustainability framework is presented on pages 24 and 34, safety aspects on pages 25–26, environmental aspects on pages 27–30 and social aspects on pages 31–32. Community engagement is described on page 33. Control and monitoring (including anti-corruption) are described on pages 36–37. Risk descriptions can be found on pages 38–42.

Five priority areas

		Outcome 2018	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.	26
Environmental responsibility	Concordia Maritime is strongly committed to reducing the operations' impacts 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 and particles continue to decline.	27
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.	■ Below the financial targets due to weak market. Negative result due to weak market but the Company still has a healthy balance sheet.	7
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 and fifth consecutive year with no lost time injuries.	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. Financial and active support for Concordia Maritime's scholarship program in Bermuda and partnership with the organisation Keep Sweden Tidy.	33

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.

TANKER SHIPPING IS PROBABLY one of the most strictly regulated and scrutinised industries. The comprehensive 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 8, 9, 12, 14 and 17 where it is considered there is greatest scope to make a positive impact.

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

The UN Global Goals

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.

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 high 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.

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 five years, there have been no accidents with lost workdays.

No serious injuries or incidents

No serious incidents or accidents occurred on board Concordia Maritime's vessels in 2018. There were 11 incidents that resulted in material damage during the year. These included a damaged wire, damage to an anchor winch motor and damage to a mooring boat propeller. Five 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 35 vetting inspections on board Concordia Maritime's vessels during 2018. A total of 90 observations arose from these inspections, which gives an average of 2.6 observations per inspection. None of the observations were of a serious nature. Two inspections had more than 5 observations. There were also 25 port state controls during the year. None of these resulted in observations of a serious nature.

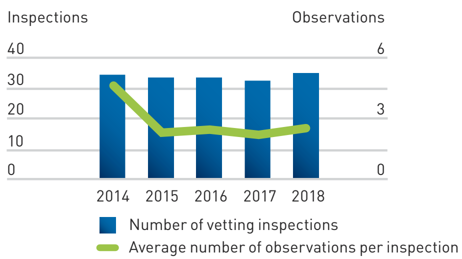
Piracy

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 2018, none of Concordia Maritime's vessels was subject to an attempted hijacking.

Key figures: Safety first

	Target 2018	Outcome 2018	Target 2019
Number of inspections with more than 5 observations (owned vessels)	0	2	0
Average number of vetting observations per inspection (entire fleet)	<4	2.6	<4
Number of port state controls resulting in detention	0	0	0
Number of piracy-related incidents	0	0	0
Material damage	0	11	0
High potential near miss	0	5	0
High risk observation	0	0	0

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 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.

Over the last five years, fuel efficiency measured as consumption per day at sea has improved by just over 10 percent. The reduced bunker consumption cut carbon dioxide emissions by over 2,028 tonnes and sulphur dioxide emissions by about 19.2 tonnes in 2018. Sulphur dioxide emissions were reduced by 60 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. Outside sulphur emission control areas, the sulphur content of fuel may not exceed 3.5% m/m. In 2020, the limit outside SECA will be reduced to 0.5% 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's assessment is that there will be good availability of approved marine fuels when the new regulatory framework is introduced. It is therefore not the intention to make any investment in scrubbers here and now.

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. This means that they have 13 percent lower nitrogen oxide emissions per tonne of fuel compared with ships that do not meet the standards. Two fleet vessels also meet the Tier 2 standards, and therefore have a further 15 percent lower nitrogen oxide emissions per tonne of fuel.

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) 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.

Key figures: Environmental responsibility

	Target 2018	Outcome 2018	Target 2019
Oil spills, litres	0	0	0
Reduced fuel consumption, mt/day (owned vessels)	0.3	0.23	0.3
CO_2 reduction, mt	2,800	2,028	2,800
SO_x reduction, mt	36	19.2	36
No_x reduction, mt	80	60	80
Reduction in emissions of particulates, mt	0.9	0.8	0.9

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, and 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. 2018 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. However, about 10 litres of fuel spilled on Stena Performance's deck during unloading when a welded joint on a pipe gave way.

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.

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 the Det Norske Veritas Green Passport.

Unique competence in all stages

Within the Stena Sphere there is unique scope and ability to develop and analyse new innovations and then to optimally combine them, based on both technical and commercial considerations. Stena Teknik specialises in design development of new vessel types from initial concept to final delivery. The focus is on optimisation and quality at every stage. On delivery, Stena's technical manager Northern Marine Management takes over the technical operation. The focus is on continued optimisation and development. This is constantly achieved, through close communication with the commercial operator Stena Bulk, which ensures favourable commercial terms. The P-MAX, IMOIIMAX and suezmax tankers are all good examples of vessels that were optimised in the design stage, but then continued to be developed as a result of technical opportunities and changed commercial needs.

The ship's life cycle

A vessel affects the environment in different ways from the time it is built until it is recycled. However, much can be done to minimise and reduce these impacts during its life cycle.

1. Design & concept

The greatest opportunity for minimising a ship's environmental impacts is when the actual ship concept is developed. Fuel consumption, transport efficiency and safety during the ship's service life are determined in this phase.

2. Construction

During the actual construction of a ship, there are inevitable emissions into water and air and various types of waste are produced. However, stricter regulations, new construction methods and higher demands from those placing orders have resulted in a reduced environmental impact in recent years.

3. Ship operation

A ship's most significant environmental impacts occur during ongoing operation. Shipowners, authorities and the industry as a whole work continuously on different solutions to reduce the quantity of emissions

4. Continuous improvements

With continuous improvements and ongoing maintenance, it is possible to maintain or even improve a ship's environmental performance during its life.

5. Recycling

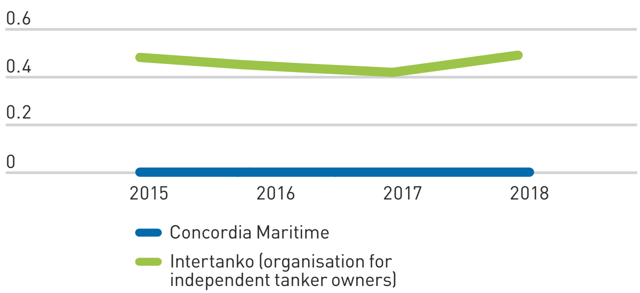
In recent years, measures have been taken to reduce the impact on both the environment and people when recycling vessels. For example, all material on board is classified and the entire scrapping process is certified – this has been our policy since the first P-MAX tanker was delivered in 2005.

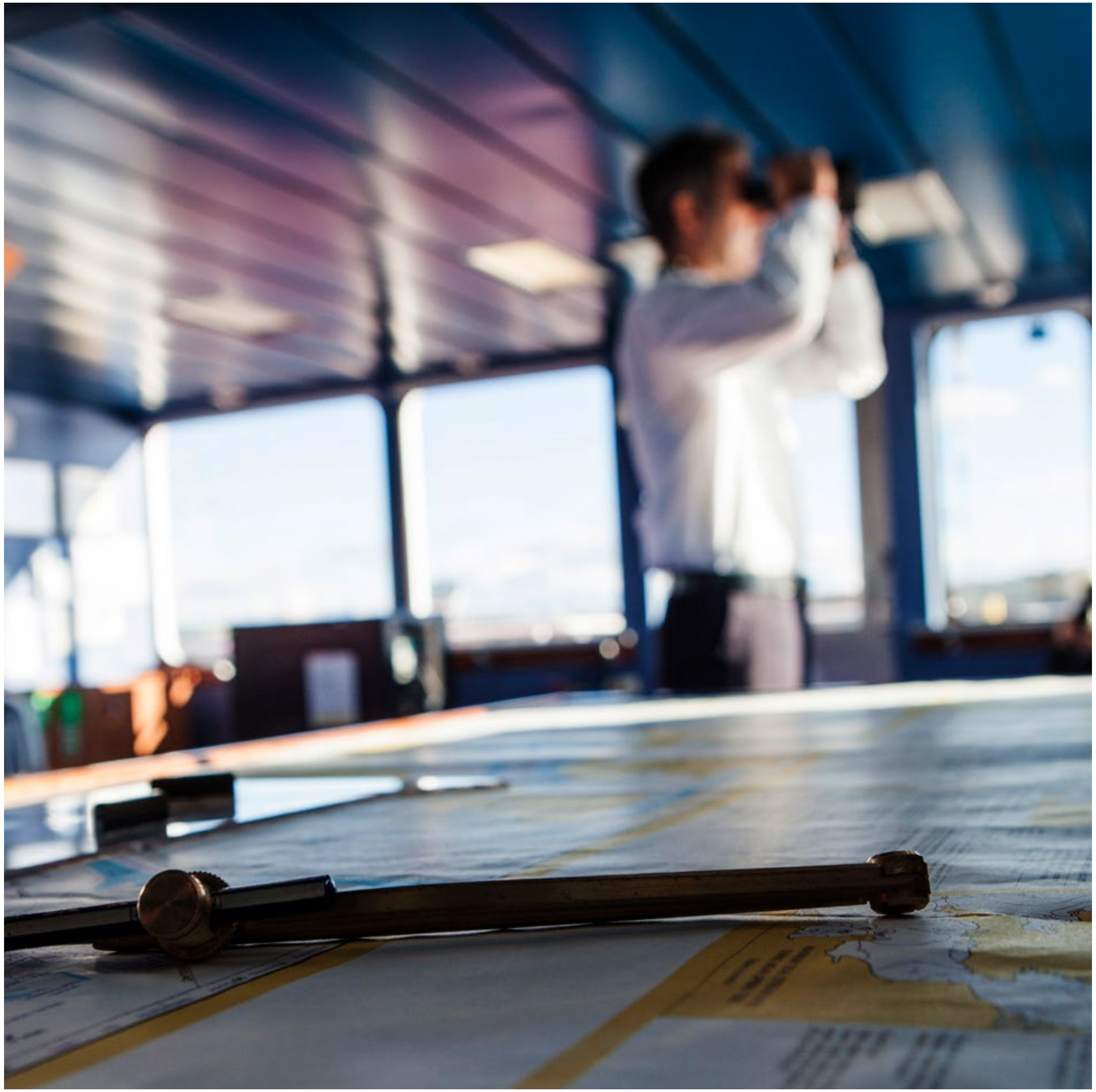
Social responsibility

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.

LTIF compared with industry





Low staff turnover

A total of 494 staff were employed on Concordia Maritime's vessels at the end of 2018, all employed through the Company's manning partner Northern Marine Management. The year's average staff turnover for seagoing employees was about 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.

No serious accidents in 2018

For the fifth consecutive year, none of Concordia Maritime's vessels were involved in any incident resulting in a lost time injury. During the year, there was one work-related injury requiring treatment by healthcare personnel (medical treatment case). However, the injuries did not cause 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 2018, tests were carried out on all of Concordia Maritime's vessels, all with negative results.

Human rights

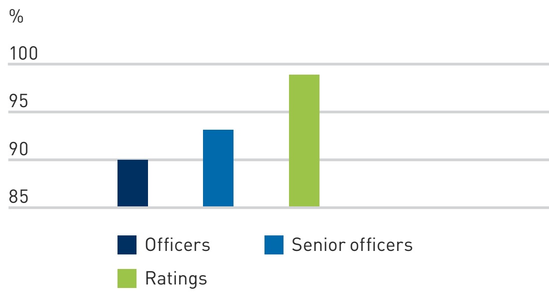
Concordia Maritime supports and respects the United Nations Declaration on Human Rights and ILO's International Programme on the Elimination of Child Labour (IPEC). The current Code of Conduct clarifies that forced labour is not accepted in any form, nor is the use of prisoners or illegal labour in the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

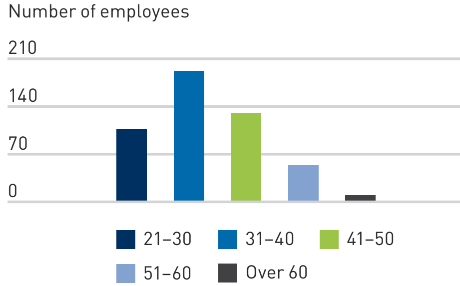
Key figures: Social responsibility

	Target 2018	Outcome 2018	Target 2019
LTI (Lost Time Injury)	0	0	0
LTIF (Lost Time Injury Frequency)	0	0	0
Medical Treatment Case	0	1	0
Restricted Work Case	0	0	0

Retention rate, seagoing



Age distribution



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.

Scholarship program in Bermuda

Concordia Maritime has awarded scholarships to maritime students in Bermuda since 2011. In addition to financial awards, there is also an opportunity for supervision and mentoring during the scholarship period. Several of the recipients would not have had the opportunity to study further had it not been for the grant. For Concordia Maritime, the scholarships bring increased visibility and an increased pool of seagoing personnel. Concordia Maritime is currently a sought-after partner in Bermuda, recognised for taking responsibility and contributing to the development of shipping.

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 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 2018, 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 2018.

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 pages 87–88.

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 page 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 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.

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.

Riskassessment

Type of risk	Impact (1–5)	Probability (1–5)	Risk strategy
1. Corporated 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	**4** (4)	**2** (2)	Ensuring a solid financial position, with competitive costs and ongoing management of market-related risks.
D Financing risk	**4** (4)	**2** (2)	Good solvency and good banking relationships.
F Investment risk	**2**	**3**	Diversification and continuous evaluation.
2. Market-related risks			
A Economic trends	**4** (4)	**5** (5)	Clear 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)	Efficient operation and good market knowledge.
D Political risks	**3** (3)	**4** (4)	At the forefront in safety and sustainability work.
E War/instability	**3** (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.
B Counterparty risks – subcontractors and partners	**3** (3)	**1** (1)	Financially and operationally strong players. Bank guarantees and penalty clauses.

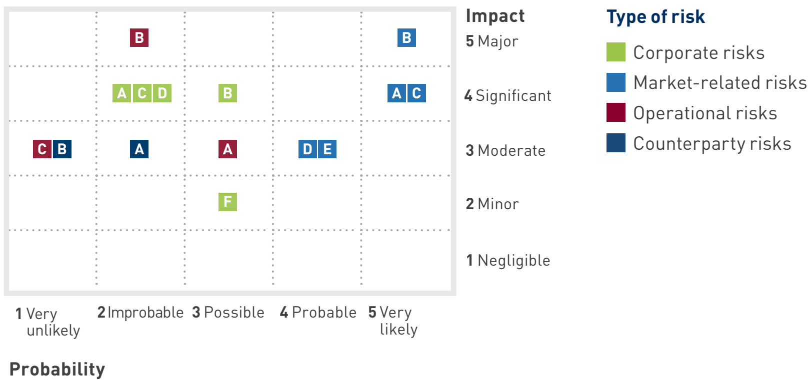
5. Financial risks

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 2018

The biggest change in the risk environment in 2018 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.



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, two overdraft facilities of USD 10 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.

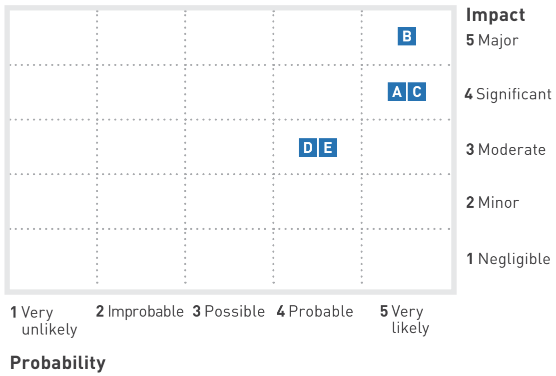
C Oil price

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 risk

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.

3. Operational risks

Operational risks are risks related to current operations.

A Damage to vessels

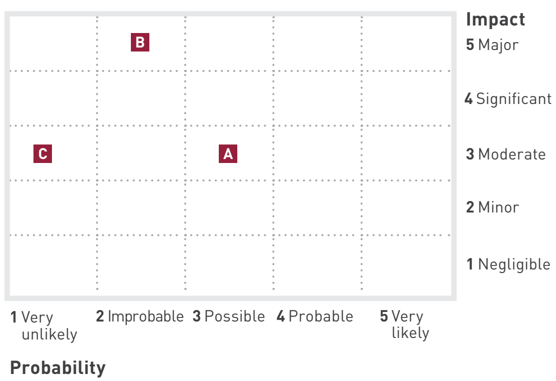
Risks related to damage to vessels are mainly associated with costs of repairing any damage caused, and loss of income due to off-hire – which can also result in more expensive insurance premiums.

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

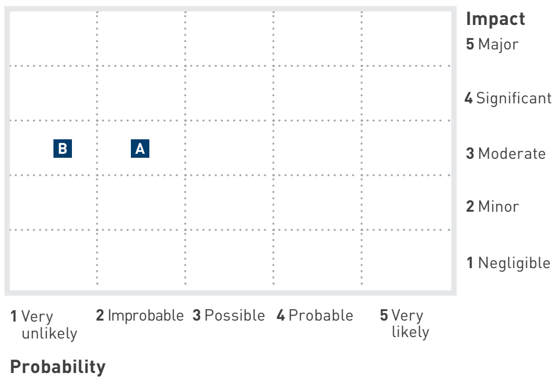
Counterparty risks relating to customers are primarily the risk of a customer being unable to discharge its obligations.

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 12.20 (12.50) at the end of 2018.

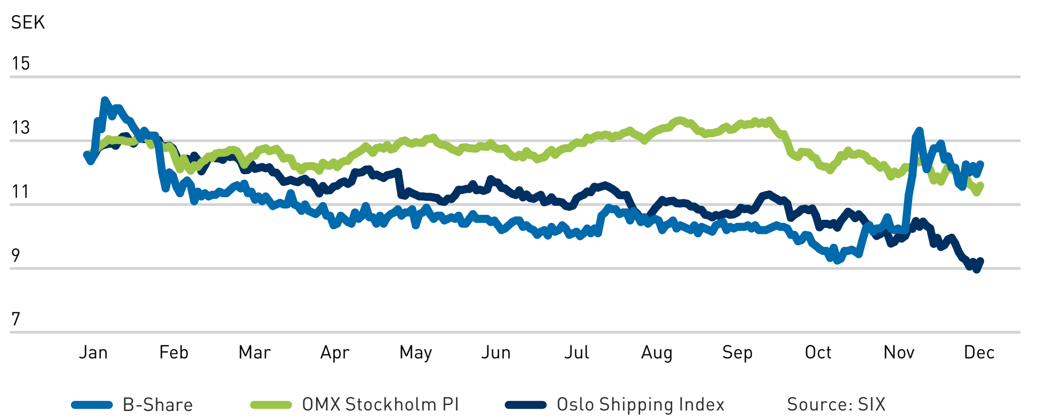
CONCORDIA MARITIME'S B SHARES have been traded on Nasdaq Stockholm under the ticker CCOR B and ISIN code SE0000102824 since 1984. Class A shares carry ten votes per share and class B shares one vote per share. All class A shares are owned by Stena Sessan, which has been the principal owner since the 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 (the Stena Sphere excluded). At the end of 2018, 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 Maritime's share price, 2018

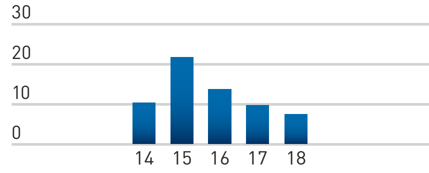


Key figures for the share

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Dividend, SEK	0.00	0.00	0.50	0.50	0.00	0.00	0.50	1.00	1.00	1.00
Dividend as % of net result	n/a	n/a	34	14	n/a	n/a	–7	56	60	n/a
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	12.20	12.50	13.90	19.50	12.90	11.70	10.15	12.95	20.50	17.00
Dividend yield, %[2]	n/a	n/a	3.0	3.1	n/a	n/a	4.9	7.7	4.9	5.9
Total return, Concordia share, %	–2	–10	–26	55	10	15	–18	–32	27	20
P/E ratio including ship sales	neg	neg	9.5	5.4	71.7	neg	neg	7.3	12.2	neg
Turnover of shares per year, millions	7.3	18.9	13.5	21.4	10.1	14.8	5.7	6.2	17.6	12.4
Turnover rate, %	15	40	28	45	21	31	12	13	37	26
Market value at year-end, SEK million	582	597	603	931	616	558	484	618	978	811
Number of shareholders	4,137	4,301	4,610	4,744	4,546	5,109	5,112	5,266	5,470	5,006
Equity per share	22.24	25.60	43.78	39.15	32.99	27.07	27.88	37.24	35.94	37.47

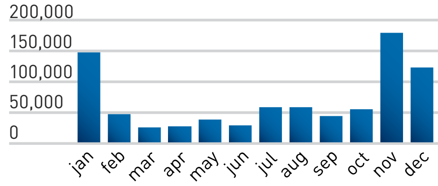
1) The Board's proposal. 2) Dividend per share divided by average share price.

Share turnover 2014–2018



Source: SIX

Share turnover 2018



Source: SIX

Dividend 2009–2018

Year	Dividend per share, SEK	Dividend yield, %
2009	1.00	5.9
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[1]	n/a

1) Proposed dividend

Ownership concentration 2019-01-31

	Capital %	Votes %
10 largest shareholders	70.8	83.4
20 largest shareholders	76.6	86.7
100 largest shareholders	87.9	93.1

Shareholder categories 2019-01-31

	Capital %	Votes %
Foreign owners	10.2	5.8
Swedish owners	89.8	94.2
of which		
Institutions	64.2	79.6
Private individuals	25.6	14.6

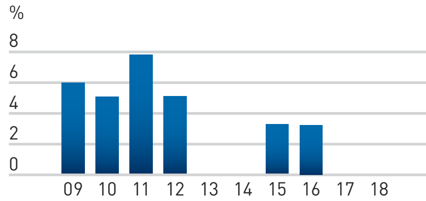
Shareholder structure 2019-01-31

Shareholding	Owners	Holding %
1–1,000	3,070	75.0
1,001–10,000	812	19.9
10,001–20,000	78	1.9
20,001–	135	3.3
Total	**4,095**	**100.0**

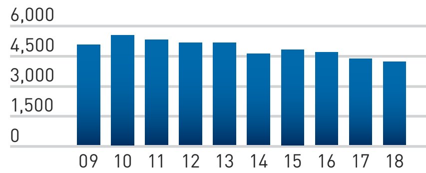
Ten largest shareholders 2019-01-31

	Capital %	Votes %
Stena Sessan	52.2	72.7
Bengt Stillström	4.2	2.4
Försäkringsaktie-bolaget Avanza Pension	2.8	1.6
Stig Andersson	2.5	1.4
AB Traction	2.3	1.3
Morgan-Åke Åkesson	1.7	1.0
Catella Bank S A	1.6	0.9
KBC Bank NV, W-8IMY	1.0	0.6
Nordnet pensions-försäkring AB	1.0	0.6
Ann Stillström	0.8	0.4

Dividend



Shareholder trend 2009–2018



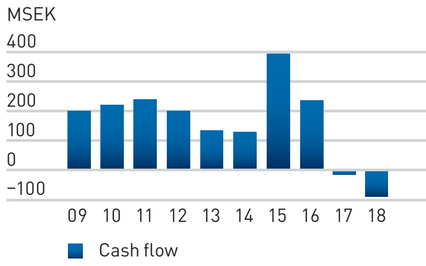
Source: Euroclear

Ten-year summary

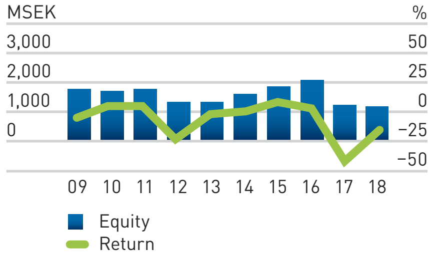
	2018[3]	2017[3]	2016[3]	2015[3]	2014	2013	2012	2011	2010	2009
Profit/loss items, SEK million										
Total income	1,052.9	827.5	1,038.2	1,086.6	531.2	467.8	543.4	559.6	513.4	599.3
Operating costs excluding impairment	–1,183.0	–978.5	–955.5	–877.0	–474.8	–467.4	–465.9	–452.0	–413.2	–531.5
Operating result	–130.1	–624.6	82.7	209.6	56.4	0.4	77.5	107.6	100.2	67.8
of which result from ship sales	—	—	54.8	—	57.4	—	—	—	—	—
EBITDA[4]	56.8	51.3	319.9	423.8	201.0	144.7	228.4	242.6	219.5	160.8
Result after financial items	–181.9	–660.2	56.9	174.3	16.5	–39.0	–369.4	76.3	76.9	–91.0
Result after tax	–182.1	–660.2	69.5	173.9	8.7	–28.8	–356.0	84.8	80.4	–81.1
Cash flow from operations[1,4]	–88.9	-14.9	227.0	392.2	121.8	124.1	190.5	231.1	210.7	189.6
Investments in non-current assets	2.9	78.0	89.5	459.3	87.9	64.7	428.3	330.1	638.6	654.2
Balance sheet items, SEK million										
Ships	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	2,265.0
(Number of ships)	11	11	11	13	11	12	12	11	10	8
Ships under construction	0.0	0.0	0.0	0.0	205.8	100.5	48.0	143.0	262.0	619.0
(Number of ships)	—	—	—	—	2	2	2	1	2	3
Cash & cash equivalents	126.4	243.6	406.3	273.6	136.6	106.0	144.4	128.2	68.3	82.5
Short-term deposits	97.4	222.8	273.2	0.0	0.0	81.7	97.1	113.6	84.0	37.1
Other assets	266.4	196.2	276.7	271.3	243.7	203.5	127.8	83.9	127.4	367.8
Interest-bearing liabilities	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	1,458.5
Other liabilities and provisions	192.6	111.0	118.7	98.6	102.2	120.2	156.6	165.2	149.3	124.6
Equity	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	1,788.3
Total assets	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	3,371.4

1) Ship sales not included.
2) For the year 2018, the dividend proposed to the 2019 AGM is stated.
3) 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.
4) See definitions on page 95.

Cash flow from operations, excl. ship sales



Return on equity

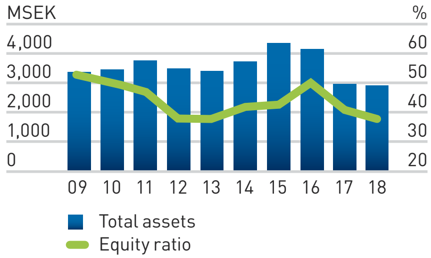


Cont. Ten-year summary

	2018[3]	2017[3]	2016[3]	2015[3]	2014	2013	2012	2011	2010	2009
Key ratios, %										
Equity ratio[4]	38	41	50	43	42	38	38	47	50	53
Return on total capital[4]	–3	–17	2	5	2	0	–9	3	2	3
Return on capital employed[4]	–4	–18	2	5	2	0	–9	3	2	3
Return on equity[4]	–16	–42	4	10	1	–2	–23	5	5	–4
Per-share data, SEK										
Result for the year	–3.81	–13.83	1.46	3.64	0.18	–0.60	–7.46	1.78	1.68	–1.70
of which result from ship sales	—	—	1.15	—	1.20	—	—	—	—	—
Cash flow from operating activities[1]	–1.86	–0.31	4.76	8.22	2.55	2.60	3.99	4.84	4.41	3.97
Equity	22.4	25.60	43.78	39.15	32.99	27.07	27.88	37.24	35.94	37.47
Equity/net asset value	1.03	1.08	1.32	1.06	1.25	2.31	2.75	2.88	1.75	2.20
Share price at year-end	12.20	12.50	13.90	19.50	12.90	11.70	10.15	12.95	20.50	17.00
Dividend[2]	0.00	0.00	0.50	0.50	0.00	0.00	0.50	1.00	1.00	1.00
Dividend as % of net result after tax	n/a	n/a	34	14	n/a	n/a	n/a	56	60	n/a
Other										
P/E ratio including ship sales[4]	neg	neg	9.5	5.4	71.7	neg	neg	7.3	12.2	neg
Number of shareholders	4,137	4,301	4,610	4,744	4,546	5,109	5,112	5,266	5,470	5,006

1) Ship sales not included.
2) For the year 2018, the dividend proposed to the 2019 AGM is stated.
3) 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.
4) See definitions on page 95.

Equity ratio



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 2018. The Parent Company is Stena Sessan AB, which owns approx. 52 percent of the capital and 73 percent of the total voting rights.

Business summary

2018 was another challenging year for Concordia Maritime and the entire industry. Demand for oil was relatively good and the net increase in the fleet was just over 1%, but stock reductions in consuming countries, following production cuts by OPEC and its partner countries, meant that there was less demand for tanker transport. Based on market conditions the operations have performed well. The voyage results for companies' vessels exceed the level reported by the market (Clarkson Worldwide MR Clean Index and Clarkson Worldwide Suezmax Index). Cost control has been good and the vessels' daily costs for repair, maintenance, manning and insurance are at the same level as in the previous year. Administrative expenses are marginally lower than in the previous year. There was no drydocking or refinancing during the year. During the year, the Company expanded its joint vessel charters with Stena Bulk (50% share) and realised a profit in Q4 by selling the suezmax shares (50% in four chartered suezmax vessels) whose value for 2019 increased significantly. The Company held the shares until 31 December 2018.

P-MAX

At the end of the financial year, three of the vessels were employed on longer contracts. Another four vessels were employed on trades that benefit from the P-MAX vessels' unique properties, such as a large cargo intake in combination with a relatively shallow draft and ice class. As the markets were weak during most of the year, the Company chose not to place more than three vessels on longer cargo contracts.

Stena Progress continued its three-year period charter to a national oil company during the year. The period charters for *Stena Paris* and *Stena Provence* were extended by one year.

MR (ECO)

The Company took on additional charter positions in partnership with Stena Bulk during the year and had a 50% share in six chartered-in MR (ECO) tankers at the end of the year.

Suezmax

The suezmax tanker *Stena Supreme* was 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. A 50% share was also taken in the charters of four suezmax vessels during the year. When the market strengthened at the end of the year, the value of these positions for 2019 increased significantly. At the end of 2018, the Company then decided to sell the value of the shares from 1 January 2019, thereby realising a profit.

IMOIIMAX

The two vessels *Stena Image* and *Stena Important* are employed in the spot market under agreements with Stena Bulk. Both vessels were sold (Q4 2016 and Q1 2017) through a sale & leaseback agreement in 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 2018 did not indicate any impairment.

Disputes

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

Freight market trends

The year was characterised by a challenging tanker market. Despite the net fleet only increasing by about 1% and demand for oil increasing by about 1.5%, the need for tanker transport was relatively low due to inventory reductions in the consuming areas. OPEC's production cuts hampered the market and when they came to an end, the need for tank transport increased, which meant that the market improved (with a certain delay) considerably. The improvement came during the fourth 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 12,900 (13,700) per day during 2018. For vessels employed in the spot market, average earnings were USD 12,100 (12,700) per day.

Crude oil tanker market (Suezmax)

On a full year basis, average earnings for the Company's suezmax fleet were USD 18,500 (18,200) per day.

Newbuilding prices

At the end of the year, the price of a standard product tanker was about USD 36.5 (33.5) million. The price of an IMO2 class MR tanker like the Company's IMOIIMAX vessels was about USD 39.5 (35) million. The price of a standard suezmax tanker at the end of the year was about USD 60.5 (54.5) million.

Financial summary

Income and earnings

Total income for 2018 was SEK 1,052.9 (827.5) million. Result before tax for the year was SEK –181.9 (–186.5 excl. impairment, –660 incl. impairment) million. Result per share after tax was –3.81 (–13.83).

Investments

Investments in property, plant and equipment during the year amounted to SEK 2.9 (78) million The Company's net investments in financial assets amounted to SEK –102.5 (–39.8) million and were mainly related to net sales of corporate bonds.

Liquidity and financial position

The Group's available liquidity, including unutilised credit facilities, amounted to SEK 160.1 (335.5) million. On the reporting date, there were also corporate bonds valued at SEK 97.4 (215.8) million, shares valued at SEK 13.9 (7) million and restricted funds of SEK 64.9 (0) million as a result of margin calls on our oil positions (no restricted funds remained when the annual report was signed on 21 March 2019.

The Company's interest-bearing liabilities were SEK 1,539.1 (1,635.6) million at the end of the year. Equity totalled SEK 1,061.5 (1,221.9) at the reporting date and the equity ratio was 38% (41%).

Remuneration policy for senior executives

Remuneration of the Chairman of the Board and Board members is as adopted by the Annual General Meeting 2018. 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 2018.

For the fifth consecutive year, no lost time incidents (incidents that prevent an employee from being able to work the following day) occurred on the Company's vessels.

The focused efforts to reduce bunker consumption on the Company's vessels are producing results. In 2018, the vessels' bunker consumption fell by 0.23 tonnes per day at sea compared with 2017. 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 2018.

Customers' inspections of the Company's vessels in 2018 resulted in an average of 2.6 observations per inspection. This outcome is better than the target of <4.

In 2018, 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. The Company also continued its scholarship program for maritime students from Bermuda.

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

For more information on sustainability work, see the section on sustainability on pages 22–37.

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

2019 started strongly but rates fell at the end of January, albeit from high levels. The decline in rates is due to the decision of OPEC and its allies to cut output by a total of about 1.2 million barrels of oil per day. The output reduction is partly offset by increased US exports, but with refinery maintenance and newbuild deliveries, it leads us to expect relatively weak markets in the first six months of 2019. We expect the markets to strengthen in the second half of 2019, as OPEC and its allies increase oil production again and there is less supply of tanker capacity, as up to 10% of the tanker fleet is required to install scrubbers by 1 January 2020.

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 84–92. 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]

There are no events to report after the reporting date.

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 –36.1 million be distributed as follows.

SEK millions	2016	2017	2018
Dividend (47,729,798 shares)	23.9	0.0	0.0
Carried forward	40.4	47.1	–36.1[2]
Total	**64.3**	**47.1**	**–36.1**

2) During Q1 2019, a dividend of USD 8 million was paid from Concordia Maritime AG to the Parent Company, which means that unrestricted equity in the Parent Company was positive on the date when this annual report was signed.

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, 21 March 2019.

Consolidated income statement and other comprehensive income

1 January–31 December, SEK millions	Note	2017	2018	2018 USD millions[1]
Time charter income, leasing of vessels		64.4	130.6	15.0
Time charter income, operational services		92.6	206.4	23.8
Spot charter income		670.5	715.9	82.4
Total revenue	3, 20	**827.5**	**1,052.9**	**121.1**
Voyage-related operating costs	2	–228.1	–293.4	–33.8
Operating costs, ships	2	–290.9	–447.9	–51.5
Personnel costs, temporary seagoing	4	–199.2	–202.7	–23.3
Other external expenses	5	–36.8	–31.7	–3.7
Personnel costs, land-based	4	–21.2	–20.4	–2.3
Depreciation/impairment	8	–675.9	–186.9	–21.5
Total operating costs	22	**–1,452.2**	**–1,183.0**	**–136.1**
Operating result	2	**–624.6**	**–130.1**	**–15.0**
Finance income		37.3	30.9	3.6
Finance costs		–72.9	–82.7	–9.5
Financial net	6	**–35.6**	**–51.8**	**–5.9**
Result before tax		**–660.2**	**–181.9**	**–20.9**
Tax	7	0.0	–0.2	–0.0
Result for the year attributable to owners of the parent		**–660.2**	**–182.1**	**–20.9**

1 January–31 December, SEK millions	Note	2017	2018	2018 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		–173.3	95.8	11.0
The year's fair value change for hedges of net investments in foreign operations reclassified to result for the period		–2.8	0.0	0.0
Changes in fair value of cash flow hedges		–5.9	–68.2	–7.8
Changes in fair value of cash flow hedges, interest-related, reclassified to result for the period		–1.7	–3.5	–0.4
Items that cannot be transferred to result for the year				
Changes in the fair value of equity instruments at fair value through OCI		0.0	–2.4	–0.3
Total other comprehensive income for the year		**–183.8**	**21.7**	**2.5**
Comprehensive income for the year attributable to owners of the parent		**–843.9**	**–160.4**	**–18.5**
Result per share, before/after dilution	14	**–13.83**	**–3.81**	**–0.44**

1) Unaudited, see note 1.

Consolidated statement of financial position

31 December, SEK millions	Note	2017	2018	2018 USD millions[1]
ASSETS				
Non-current assets				
Ships	3, 8	2,305.7	2,303.0	260.1
Financial investments	11	0.1	14.6	1.7
Total non-current assets		**2,305.8**	**2,317.6**	**261.8**
Trade receivables	9	77.1	99.4	11.2
Current tax receivable		1.2	0.0	0.0
Other current receivables	11	25.8	51.4	5.8
Prepayments and accrued income	12	92.1	101.0	11.4
Short-term deposits	10	222.8	97.4	11.0
Cash & cash equivalents	13, 24	243.6	126.4	14.3
Total current assets		**662.6**	**475.6**	**53.7**
TOTAL ASSETS		**2,968.5**	**2,793.2**	**315.5**

31 December, SEK millions	Note	2017	2018	2018 USD millions[1]
Equity	14			
Share capital		381.8	381.8	43.1
Other paid-in capital		61.9	61.9	7.0
Reserves		397.8	419.5	–9.4
Retained earnings, incl. result for the year		380.4	198.3	79.1
Total equity		**1,221.9**	**1,061.5**	**119.9**
LIABILITIES				
Non-current liabilities	18, 19			
Liabilities to credit institutions	15	1,151.4	1,038.7	117.3
Other non-current liabilities		261.2	262.8	29.7
Total non-current liabilities		**1,412.6**	**1,301.5**	**147.0**
Current liabilities	18, 19			
Liabilities to credit institutions	15	192.2	208.5	23.5
Trade payables		1.3	0.5	0.1
Current tax liability		3.3	2.7	0.3
Other liabilities	16	20.7	88.5	10.0
Accruals and deferred income	17	116.4	130.1	14.7
Total current liabilities		**334.0**	**430.2**	**48.6**
TOTAL EQUITY AND LIABILITIES		**2,968.5**	**2,793.2**	**315.5**

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

SEK millions	Share capital	Other paid-in capital	Reserves[2] 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	**381.8**	**61.9**	**481.9**	**–2.4**	**–60.0**	**198.3**	**1,061.5**
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**

SEK millions	Share capital	Other paid-in capital	Reserves[2] Translation reserve	Fair value reserve	Hedging reserve	Retained earnings[1]	Total equity
Opening equity, 1 Jan 2017	381.8	61.9	562.3	0.0	19.3	1,064.4	2,089.8
Comprehensive income for the year							
Result for the year						–660.2	–660.2
Other comprehensive income for the year			–176.2		–7.6		–183.8
Comprehensive income for the year	**381.8**	**61.9**	**386.1**	**0.0**	**11.7**	**404.2**	**1,245.8**
Transactions with owners of the parent							
Dividend						–23.9	–23.9
Closing equity, 31 Dec 2017	**381.8**	**61.9**	**386.1**	**0.0**	**11.7**	**380.3**	**1,221.9**

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

Consolidated cash flow statement

1 January–31 December, SEK millions	Note	2017	2018	2018 USD millions[1]
	24			
Operating activities				
Operating result		–624.6	–130.1	–15.0
Finance income		37.3	30.9	3.6
Finance costs		–72.9	–82.7	–9.5
Adjustment for non-cash items		645.3	93.1	10.7
Cash flow from operating activities before changes in working capital		**–14.9**	**–88.9**	**–10.2**
Cash flow from changes in working capital				
Increase (–)/Decrease (+) in operating receivables		49.8	–33.0	–3.8
Increase (+)/Decrease (–) in operating liabilities		11.3	5.6	0.6
Cash flow from operating activities		**46.2**	**–116.3**	**–13.4**
Investing activities				
Acquisition of property, plant and equipment		–78.0	–2.9	–0.3
Disposal of property, plant and equipment		307.4	1.9	0.2
Acquisition of financial assets		–281.3	–106.3	–12.2
Disposal of financial assets		321.1	208.8	24.0
Other financial items		–0.6	–0.2	0.0
Cash flow from investing activities		**268.5**	**101.3**	**11.7**
Financing activities				
New loans		0.0	0.0	0.0
Amortisation of loans		–403.9	–99.6	–11.5
Dividends paid to shareholders of the parent		–23.9	0.0	0.0
Amortisation of leases		–14.4	–19.5	–2.2
Cash flow from financing activities		**–442.2**	**–119.1**	**–13.7**
Cash flow for the year		–127.6	–134.0	–15.4
Cash and cash equivalents at beginning of year		406.3	243.6	28.0
Exchange differences		–35.1	16.8	1.9
Cash and cash equivalents at end of year		**243.6**	**126.4**	**14.5**

1) Unaudited, see note 1.

Income statement and other comprehensive income – Parent Company

1 January–31 December, SEK millions	Note	2017	2018
Net sales	3	44.8	224.6
Total income			
Operating costs, ships		–52.4	–182.5
Other external expenses	5	–12.3	–10.9
Personnel expenses	4	–15.6	–14.8
Operating result	22	**–35.5**	**16.4**
Result from financial items:			
Result from subsidiaries		49.7	0.0
Other interest and similar income		57.1	33.3
Interest and similar expense		–64.7	–132.9
Financial net	6	**42.1**	**–99.6**
Result after financial items		**6.7**	**–83.2**
Tax	7	0.0	0.0
Result for the year[1]		**6.7**	**–83.2**

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	2017	2018
ASSETS			
Non-current assets			
Property, plant and equipment	8	0.0	0.0
Financial assets			
Investments in Group companies	23	745.8	745.8
Deferred tax assets	7	0.0	0.0
Other receivables	11	0.0	0.5
Total financial assets		745.8	746.3
Total non-current assets		**745.8**	**746.3**
Current assets			
Current receivables			
Trade receivables	9	0.4	0.0
Current tax receivable		1.2	0.0
Other receivables	11	1.0	3.3
Prepayments and accrued income	12	0.4	3.3
Total current receivables		3.0	6.6
Receivables from Group companies		1,192.1	1,022.6
Cash and bank balances	24	20.1	78.3
Total current assets		**1,215.3**	**1,107.5**
TOTAL ASSETS		**1,961.1**	**1,853.8**

31 December, SEK millions	Note	2017	2018
EQUITY AND LIABILITIES			
Equity	14		
Restricted equity			
Share capital		381.8	381.8
Statutory reserve		138.3	138.3
Unrestricted equity			
Retained earnings		40.4	47.1
Result for the year		6.7	–83.2
Total equity		**567.3**	**484.1**
Non-current liabilities	18, 19		
Liabilities to credit institutions	15	1,151.4	1,038.7
Liabilities to Group companies	22	27.4	27.4
Total non-current liabilities		**1,178.8**	**1,066.2**
Current liabilities	18, 19		
Liabilities to credit institutions	15	192.2	208.5
Trade payables		1.3	0.5
Current tax liability		3.3	2.6
Other liabilities		0.6	68.8
Accruals and deferred income	17	17.6	23.1
Total current liabilities		**215.0**	**303.5**
TOTAL EQUITY AND LIABILITIES		**1,961.1**	**1,853.8**

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 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**

	Restricted equity		Unrestricted equity		
SEK millions	Share capital	Statutory reserve	Retained earnings	Result for the year	Total equity
Opening equity, 1 Jan 2017	381.8	138.3	68.1	–3.8	584.5
Result for previous year			–3.8	3.8	0.0
Result for the year				6.7	6.7
Dividend			–23.9		–23.9
Closing equity, 31 Dec 2017	**381.8**	**138.3**	**40.4**	**6.7**	**567.3**

Cash flow statement – Parent Company

1 January–31 December, SEK millions	Note	2017	2018
	24		
Operating activities			
Operating result		–35.5	16.4
Finance income		106.9	33.3
Finance costs		–64.7	–132.9
Adjustment for non-cash items		–19.1	–23.7
Cash flow from operating activities before changes in working capital		**–12.4**	**–106.9**
Cash flow from changes in working capital			
Increase (–)/Decrease (+) in operating receivables		23.3	–4.8
Increase (+)/Decrease (–) in operating liabilities		2.9	4.5
Cash flow from operating activities		**13.7**	**–107.1**
Financing activities			
New loans		0.0	0.0
Amortisation of loans		–201.6	–99.6
Dividend paid		–23.9	0.0
Other financing		4.9	0.0
Cash flow from financing activities		**–220.6**	**–99.6**
Cash flow for the year		–206.9	–206.7
Cash and cash equivalents at beginning of year		1,570.1	1,212.2
Exchange differences		–151.0	95.4
Cash and cash equivalents at end of year		**1,212.2**	**1,100.9**

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 21 March 2019. The consolidated income statement and statement of financial position and the Parent Company's income statement and balance sheet will be presented for adoption at the annual general meeting to be held on 25 April 2019.

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 2018 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=8.6921 and closing rate USD 1.00=8.8533. From a Group perspective, however, most transactions are in US dollars. All amounts, unless otherwise stated, are reported in SEK millions. 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 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.

Voluntary change in accounting policy

It has been decided to report spot charter income and costs on a gross basis under 'Spot charter income' and 'Voyage-related operating costs' in the consolidated income statement with effect from 1 January 2017. These were previously netted under 'Spot charter income'. The change is aimed at showing a clear reflection of the individual components of the spot charter result. The change resulted in an increase of SEK 234.6 million in the Group's income and operating expenses but did not have any net effect on the Group's operating result.

New accounting policies 2018

The Group applies IFRS 9 and IFRS 15 with effect from 1 January 2018. Other IFRS amendments effective for annual periods beginning on or after 1 January 2018 have not had any effect on the Group's financial statements.

The transition methods that the Group has chosen to apply for the transition to IFRS 9 and 15 mean that comparative information has not been restated to reflect the requirements of the new standards.

IFRS 9 establishes principles for recognition and measurement of financial instruments. The standard replaces IAS 39 Financial Instruments: Recognition and Measurement. The transition to IFRS 9 has not resulted in any changes to the recognised values in the financial statements. Clarification of how the Group classifies and measures financial instruments and accounts for related profits and losses according to IFRS 9 is given later in this note under the heading "Financial instruments".

IFRS 15 is a single standard for determining the amount and timing of revenue recognition. It replaces IAS 18 Revenue, IAS 11 Construction Contracts and related IFRIC interpretations. Under IFRS 15, revenue is recognised when the customer obtains control of the goods or services. Determining the timing of transfer of control requires judgment. The transition to IFRS 15 has not resulted in any changes to the revenue flows or values reported in the financial statements.

New accounting policies effective in or after 2019

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. Listed below are the amendments that may have an impact on the consolidated financial statements in the future.

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 is discontinued and 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. The analysis of the effects of IFRS 16 shows that the leased vessels currently accounted for

Note 1 cont'd.

as operating leases will be accounted for as if they were finance leases under IAS 17. The final impact of the introduction of IFRS 16 will be an increase of SEK 635 (USD 72) million under both assets and liabilities in the Group's statement of financial position. The impact was calculated on the basis of the Group's incremental borrowing rate on 1 January 2019, the composition of the Group's lease portfolio at that time and the Group's latest assessment of whether to exercise any options to extend leases.

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

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.

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.

Operating expenses – operating leases

Time-charter agreements are classified as operating leases. With time charters the owner usually retains all the risks, such as accidents and idle time. The shipowner is normally responsible for operation and the crew. The lessee normally has no obligations when the time charter period is over. Charters on a bareboat basis may be classified as finance leases or operating leases, depending on the form of the contract. Costs related to operating leases, normally a fixed daily hire of the vessel, are paid in advance and apportioned between the current reporting date and a future reporting date based on the number of days in the lease contract.

Note 1 cont'd.

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. IFRS 9 eliminates the previous IAS 39 categories of investments held to maturity, loan and receivables, and available-for-sale financial assets. IFRS 9 largely retains the existing requirements of IAS 39 for the classification and measurement of financial liabilities. The introduction of IFRS 9 has not had a material effect on the Group's accounting policies for financial liabilities and derivative instruments.

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.

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.

At each reporting date, the Company assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. IFRS 9 replaces the "incurred loss model" under IAS 39 with an "expected credit loss model". The new 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 which were classified as loans and receivables under IAS 39 are now classified as financial assets 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 currency derivatives with a positive fair value that are identified, effective hedging instruments for the Group's equity in foreign subsidiaries and shares that are not held for trading. Financial instruments in this category are measured at fair value through other comprehensive income.

Financial assets at fair value through profit or loss

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. 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.

The following tables provide a reconciliation of the recognised values and classification of financial assets and liabilities under IAS 39 with the recognised values and classification of financial assets and liabilities under IFRS 9 at 1 January 2018.

Note 1 cont'd.

Classification under IAS 39, 1 January 2018

Group, SEK millions	Other current receivables	Short-term deposits	Cash & cash equivalents	Non-current interest-bearing liabilities	Current interest-bearing liabilities	Trade payables
Financial assets held for trading		222.8				
Derivatives measured at FVTPL	0.8					
Loans and receivables			243.6			
Other liabilities				1,412.6	210.5	1.3
Total	**0.8**	**222.8**	**243.6**	**1,412.6**	**210.5**	**1.3**

Classification under IFRS 9, 1 January 2018

Group, SEK millions	Other current receivables	Short-term deposits	Cash & cash equivalents	Non-current interest-bearing liabilities	Current interest-bearing liabilities	Trade payables
Financial assets at amortised cost			243.6			
Financial assets at FVTPL	0.8	222.8				
Other financial liabilities				1,412.6	210.5	1.3
Total	**0.8**	**222.8**	**243.6**	**1,412.6**	**210.5**	**1.3**

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. 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.

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.

Leased assets

Leases are classified as finance leases or operating leases. A finance lease is a lease that transfers substantially all the financial risks and rewards incident to ownership. An operating lease is a lease other than a finance lease.

Assets held under a finance lease are reported as a non-current asset in the statement of financial position and initially measured at the lower of the lease object's fair value and the present value of the minimum lease payments at the inception of the lease. The obligation to make future lease payments is reported under non-current and current liabilities. The leased assets are depreciated over their useful life, while lease payments are apportioned between the finance charge and the reduction of the liability.

Assets held under operating leases are not reported as an asset in the statement of financial position. In the same way, operating leases do not give rise to a liability.

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

Note 1 cont'd.

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.

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.

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

All pension plans in the Group are classified as defined contribution plans. The obligation for each period is the amount the Company is required to contribute for that period. This amount is charged to profit/loss for the year.

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.

Note 1 cont'd.

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	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018
Product tankers (time charter)	4.8	4.1	3.3	4.5	3.6	5.8	4.0	7.6	15.7	22.0
Product tankers (spot)	–2.0	–1.1	–0.8	–5.2	–0.2	–4.9	0.5	–4.5	–2.5	–15.7
Suezmax	–0.7	6.6	–1.3	–0.9	–1.4	–1.2	–0.4	–1.3	–3.8	3.1
Administration and other	–0.9	–0.7	–0.8	–0.5	–0.9	–0.8	–0.8	–0.8	–3.4	–2.8
Total	**1.2**	**8.9**	**0.4**	**–2.1**	**1.1**	**–1.1**	**3.3**	**0.9**	**6.0**	**6.5**

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	2017	2018
Income		
United States	364.0	452.4
Brazil	77.7	125.2
Singapore	66.3	108.9
UK	40.5	107.4
Switzerland	52.8	63.6
Thailand	30.8	44.2
Other	195.4	151.2
Total income	**827.5**	**1,052.9**

The Parent Company's net sales in 2018, as in 2017, relate to consultancy income and income from vessels chartered in.

	Total	
Group, SEK millions	2017	2018
Non-current assets		
Bermuda	2,305.7	2,303.0
Total non-current assets (ships)	**2,305.7**	**2,303.0**

	Total	
Parent, SEK millions	2017	2018
Income		
United States	9.3	87.2
Singapore	9.3	33.4
Switzerland	4.1	23.4
Thailand	0.0	19.2
UK	3.0	14.9
Finland	0.0	12.3
Other	19.1	34.2
Total income	**44.8**	**224.6**

Largest customers by income

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).

The Group's total income in 2017 was SEK 827.5 million. Two customers accounted for more than 10% of total income during 2017, with shares of 19.5% (SEK 161.6 million) and 10.1% (SEK 83.3 million).

4 Employees and personnel expenses

Employee benefits expenses

Group, SEK millions	2017	2018
Salaries and other benefits	11.9	13.9
Pension costs, defined contribution plans	3.1	2.8
Social security contributions	2.8	4.9
	17.8	**21.6**

Gender distribution in Company Management

	2017	2018
Parent Company	Proportion female	Proportion female
Board	10%	13%
Other senior executives	0%	0%
Group		
Board	10%	13%
Other senior executives	50%	50%

Salaries, employee benefits and social security contributions

	2017		2018	
Parent, SEK millions	Salaries and other benefits	Social security contributions	Salaries and other benefits	Social security contributions
Parent Company	9.1	5.0	9.9	6.9
(of which pension costs)		2.4		2.3

SEK 2,262 (2,559) 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	2017	Of which male	2018	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 494 temporary workers on its vessels in 2018 (473 in 2017).

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

	2017		2018	
Group, SEK millions	CEO and Manage-ment	Other employees	CEO and Manage-ment	Other employees
Parent: Sweden	6.5	0.5	8.2	0.4
Subsidiaries: Switzerland	2.6	0.9	2.9	1.1
Subsidiaries: Bermuda	1.3	0.0	1.4	0.0
Group total	**10.4**	**1.4**	**12.4**	**1.5**
(of which bonus)	0.8	0.0	1.3	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	31/12/2017	31/12/2018	31/12/2017	31/12/2018
Costs for defined contribution plans	3.1	2.8	2.6	2.3

Senior executives' remuneration and benefits (Parent)

	2017					2018				
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	450				450	400				400
Stefan Brocker	430				430	225				225
Dan Olsson	225				225	0				0
Helena Levander	255				255	225				225
Mats Jansson	225				225	225				225
Michael G:son Löw	275				275	225				225
Morten Chr. Mo	225				225	0				0
Workplace representatives	75				75	75				75
CEO	3,771	485	67	1,846	6,169	4,643	818	122	1,601	7,183
Other senior executives	1,912	195	85	713	2,905	2,123	361	119	661	3,264
Total	**7,843**	**680**	**152**	**2,559**	**11,234**	**8,140**	**1,179**	**241**	**2,262**	**11,822**

The number of other senior executives in 2018 and 2017 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	2017	2018	2017	2018
KPMG				
Audit services	1.6	1.4	0.7	0.7
Tax advisory services	0.1	0.2	0.0	0.0
Other services	0.2	0.0	0.2	0.0
	1.9	**1.6**	**0.9**	**0.7**

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	2017	2018
Changes arising from remeasurement of financial assets at fair value	0.0	17.7
Exchange differences	14.4	0.0
Other interest income	22.9	13.2
Finance income	**37.3**	**30.9**
Interest expenses	–72.2	–82.7
Other finance costs	–0.7	0.0
Finance costs	**–72.9**	**–82.7**
Financial net	**–35.6**	**–51.8**

Note 6 cont'd.

	Result from other securities and receivables		Interest and similar income	
Parent, SEK millions	2017	2018	2017	2018
Interest income, Group companies	0.0	0.0	24.7	31.2
Changes arising from remeasurement of financial assets at fair value	32.4	2.1	0.0	0.0
Result from subsidiaries	49.7	0.0	0.0	0.0
Finance income	**82.1**	**2.1**	**24.7**	**31.2**

	Interest and similar expense	
Parent, SEK millions	2017	2018
Interest expense on bank loans (including effect of swaps)	–55.6	–66.2
Exchange differences	0.0	–13.2
Changes arising from remeasurement of financial assets at fair value	0.0	–52.3
Other finance costs	–9.1	–1.2
Finance costs	**–64.7**	**–132.9**
Financial net	**42.1**	**–99.6**

7 Taxes

Recognised in the income statement

Group, SEK millions	2017	2018
Current tax expense(–)/ tax income(+)	0.0	–0.2
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	**0.0**	**–0.2**

Parent, SEK millions	2017	
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	2017, %	2017	2018, %	2018
Result before tax		–660.2		–181.9
Tax according to parent's enacted tax rate	22	145.2	22	40.0
Effect of different tax rates for foreign subsidiaries	–20	–133.3	–22	–40.5
Non-deductible expenses	–0	–0.5	–0	–0.2
Non-taxable income	0	1.6	2	4.0
Increase in loss carryforwards without corresponding capitalisation of deferred tax	–2	–13.1	–2	–3.5
Tax attributable to prior years	0	0.0	0	0.0
Recognised effective tax	**0**	**0.0**	**0**	**–0.2**

Parent, SEK millions	2017, %	2017	2018, %	2018
Result before tax		6.7		–83.2
Tax according to parent's enacted tax rate	–22	–1.5	22	18.3
Non-deductible expenses	–17	–1.2	–19	–16.0
Non-taxable income	235	15.7	1	1.2
Increase in loss carryforwards not resulting in corresponding increase in deferred tax	–195	–13.1	–4	–3.5
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	2017	2018	2017	2018
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	2017	2018
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	2017	2018
Sweden	294.7	310.4
Total	**294.7**	**310.4**

All loss carryforwards continue indefinitely. Of the Group's loss carryforwards at the end of the financial year, SEK 310.4 (294.7) million has not been capitalised.

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. In the reconciliation of effective tax, it is clear 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 pages 15–16.

Group, SEK millions	Ships	Ships under construction	Equipment	Total
Cost of acquisition				
Opening balance, 1 January 2018	4,740.2	0.0	2.7	4,742.9
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	373.8	0.0	0.0	373.8
Closing balance, 31 December 2018	**5,114.0**	**0.0**	**2.7**	**5116.7**

Group, SEK millions	Ships	Ships under construction	Equipment	Total
Cost of acquisition				
Opening balance, 1 January 2017	5,240.4	0.0	2.7	5,243.1
Purchases	368.2	0.0	0.0	368.2
Reclassification to Ships	0.0	0.0	0.0	0.0
Sale/Scrapping	–327.8	0.0	0.0	–327.8
Exchange differences	–540.6	0.0	0.0	–540.6
Closing balance, 31 December 2017	**4,740.2**	**0.0**	**2.7**	**4,742.9**
Depreciation and impairment				
Opening balance, 1 January 2018	2,434.5	0.0	2.7	2,437.2
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	189.7	0.0	0.0	189.7
Closing balance, 31 December 2018	**2,811.0**	**0.0**	**2.7**	**2,813.7**

Group, SEK millions	Ships	Ships under construction	Equipment	Total
Opening balance, 1 January 2017	2,074.9	0.0	2.7	2,077.6
Depreciation for the year	162.3	0.0	0.0	162.3
Depreciation for the year, periodic maintenance	39.9	0.0	0.0	39.9
Impairment	473.7	0.0	0.0	473.7
Sale/Scrapping	–47.2	0.0	0.0	–47.2
Exchange differences	–269.1	0.0	0.0	–269.1
Closing balance, 31 December 2017	**2,434.5**	**0.0**	**2.7**	**2,437.2**
Carrying amounts				
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**
1 January 2017	3,165.5	0.0	0.0	3,165.5
31 December 2017	**2,305.7**	**0.0**	**0.0**	**2,305.7**

Borrowing costs

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	

Group 2017, 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 2018	0.7	0.7
Purchases	0.0	0.0
Closing balance, 31 December 2018	**0.7**	**0.7**
Opening balance, 1 January 2017	0.7	0.7
Purchases	0.0	0.0
Closing balance, 31 December 2017	**0.7**	**0.7**
Depreciation		
Opening balance, 1 January 2018	0.7	0.7
Closing balance, 31 December 2018	**0.7**	**0.7**
Opening balance, 1 January 2017	0.6	0.6
Closing balance, 31 December 2017	**0.7**	**0.7**
Carrying amounts		
1 January 2018	0.0	0.0
31 December 2018	**0.0**	**0.0**
1 January 2017	0.1	0.1
31 December 2017	**0.0**	**0.0**

Collateral

At 31 December 2018, vessels with a carrying amount of SEK 2,303.0 (2,305.7) 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 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

Note 8 cont'd.

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 value are the growth rate for the fleet's income and the discount rate. During Q3 2017, the Board conducted an analysis of important new changes that affect the entire industry. These changes are new regulations on ballast water, new regulations on bunker quality with effect from 2020 and the market's increased focus on vessel ages. The Board concluded from the analysis that the consequences would be negative and an updated impairment test indicated impairment. An impairment loss of SEK 473.7 (USD 55) million was therefore recognised during Q3 2017. For impairment testing of the fleet at 31 December 2018, assumptions were made regarding the vessels' earnings for the years 2019-2023, but no annual increase in earnings for 2024 and beyond, and an assumption of annual growth of 1% in the vessels' operating expenses, with a discount rate of 6.4%. Assumptions used for impairment testing of the fleet at the end of the comparative year were annual growth of 2% in vessel earnings, with 2019 as the base year, and 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 186 (USD 21) million in the fleet's total value, while a corresponding decrease of one percentage point results in a reduction of SEK 177 (USD 20) million in the fleet's total value. An increase of one percentage point in the assumed discount rate results in a reduction of SEK 186 (USD 21) million in the fleet's total value. A corresponding decrease of one percentage point results in an increase of SEK 204 (USD 23) 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 2018, there was no indication of impairment, nor was there any scope for reversing the previous impairment loss in Q3 2017.

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

	Group		Parent Company	
SEK millions	Carrying amount, not impaired 2017	Carrying amount, not impaired 2018	Carrying amount, not impaired 2017	Carrying amount, not impaired 2018
Not past due	4.4	25.3	0.4	0.0
Past due 0–30 days	47.3	57.7	0.0	0.0
Past due 31–90 days	9.7	10.0	0.0	0.0
Past due >90 days	16.1	6.4	0.0	0.0
Total	**77.5**	**99.4**	**0.4**	**0.0**

An assessment of whether the Group's trade receivables were impaired at the reporting date was made based on historical data on customer losses. As customer losses have historically only related to insignificant amounts, the conclusion was that there was no impairment at the reporting date.

Concentration of credit risk, 31 December

	2017			2018		
Group	No. of customers	% total no. of customers	% of value	No. of customers	% total no. of customers	% of value
Exposure SEK <1 million	6	30	2	10	43	2
Exposure SEK 1–10 million	12	60	61	10	43	30
Exposure SEK >10 million	2	10	37	3	13	69
Total	**20**	**100**	**100**	**23**	**100**	**100**

Concentration of credit risk, 31 December

	2017			2018		
Parent Company	No. of customers	% total no. of customers	% of value	No. of customers	% total no. of customers	% of value
Exposure SEK <1 million	1	100	100	0	0	0
Exposure SEK 1–10 million	0	0	0	0	0	0
Exposure SEK >10 million	0	0	0	0	0	0
Total	**1**	**100**	**100**	**0**	**0**	**0**

The Group's three largest customers account for 69% (50%) of trade receivables. The Parent Company's three largest customers account for 100% (100%) of trade receivables.

10 Financial investments

Group, SEK millions	31/12/2017	31/12/2018
Short-term investments that are current assets		
Financial assets held for trading		
Bank deposit	0.0	0.0
Bonds	215.8	97.4
Shares	7.0	0.0
	222.8	**97.4**

11 Non-current and other receivables

Group, SEK millions	31/12/2017	31/12/2018
Non-current receivables that are non-current assets		
Deferred tax assets	0.0	0.0
Shares	0.0	14.0
Other non-current receivables	0.1	0.6
	0.1	**14.6**
Other receivables that are current assets		
Bunker oil stocks	20.3	30.7
Other current receivables	82.6	20.7
	102.9	**51.4**

Parent, SEK millions	31/12/2017	31/12/2018
Other receivables (current)		
Other receivables	1.4	3.2
	1.4	**3.2**
Other receivables (non-current)		
Other receivables	0.0	0.5
	0.0	**0.5**

12 Prepayments and accrued income

	Group		Parent Company	
SEK millions	31/12/2017	31/12/2018	31/12/2017	31/12/2018
Other prepayments	80.4	89.2	0.1	1.0
Accrued income	11.7	11.8	0.3	2.3
	92.1	**101.0**	**0.4**	**3.3**

13 Cash & cash equivalents

Group, SEK millions	31/12/2017	31/12/2018
The following components are included in cash and cash equivalents:		
Cash and bank balances	120.8	126.4
Short-term deposits, equivalent to cash & cash equivalents	122.8	0.0
Total reported in balance sheet	**243.6**	**126.4**
Total reported in cash flow statement	**243.6**	**126.4**

On the reporting date, SEK 64.9 (0.0) million of the cash and 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	2017	2018
Result per share after tax	–13.83	–3.81

Summary of issued shares

Number	2017	2018
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 25 April 2019.

SEK millions	2017	2018
SEK 0 (0) per share	0.0	0.0
Carried forward	47.1	–36.1
Total	**47.1**	**–36.1**

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 2017	562.3	0.0	19.3
Translation differences for the year, foreign operations	–173.4		
The year's fair value change for hedges of net investments in foreign operations reclassified to result for the period	–2.8		
Changes in fair value of cash flow hedges			–5.9
Changes in fair value of cash flow hedges, interest-related, reclassified to result for the period			–1.7
Closing carrying amount, 31 Dec 2017	**386.1**	**0.0**	**11.7**

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.

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	31/12/2017	31/12/2018
Bank loans	1,161.4	1,045.9
Non-current lease liabilities	261.2	262.8
Total non-current interest-bearing liabilities	**1,422.6**	**1,308.7**

Group, SEK millions	31/12/2017	31/12/2018
Bank loans	194.7	210.6
Current lease liabilities	18.3	19.9
Total current interest-bearing liabilities	**213.0**	**230.4**

Parent, SEK millions	31/12/2017	31/12/2018
Bank loans	1,161.4	1,045.9
Liabilities to Group companies	27.4	27.4
Total non-current liabilities	**1,188.8**	**1,073.3**

Parent, SEK millions	31/12/2017	31/12/2018
Bank loans	194.7	210.6
Total current liabilities	**194.7**	**210.6**

The current and non-current liabilities above comprise the Group's total interest-bearing liabilities of SEK 1,539.1 million. These liabilities relate to the items "Bank loans – revolving credit facility" and "Lease liabilities – IMOIIMAX vessels". All interest-bearing liabilities can be found in note 19. The balance sheet item also includes capitalised prepaid expenses related to the re-financing of P-MAX vessels, which are not included in the table above. The expenses amounted to SEK 9.3 (12.5) million at the end of the year and are expensed over the duration of the bank loan.

The Group has a credit agreement totalling USD 184.9 (199.9) million. At the end of the year, USD 173.8 (199.9) 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	31/12/2017	31/12/2018
Other current liabilities		
Current lease liabilities	18.4	19.9
Other liabilities	2.3	68.6
	20.7	**88.5**

17 Accruals and deferred income

	Group		Parent Company	
SEK millions	31/12/2017	31/12/2018	31/12/2017	31/12/2018
Accrued voyage costs, ships	71.7	97.6	5.9	11.2
Accrued personnel expenses	3.3	1.9	3.2	1.9
Other accruals	29.9	17.3	3.8	4.5
Accrued interest expense	4.8	5.7	4.7	5.5
Deferred income	6.7	7.7	0.0	0.0
	116.4	**130.1**	**17.6**	**23.1**

18 Financial risks

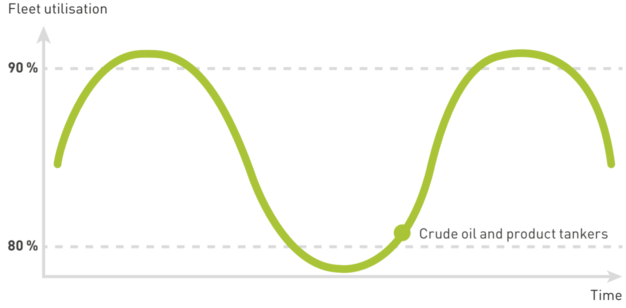
In the course of its operations, the Group is exposed to different types of financial risks. Financial risk is the risk of fluctuations in the Company's earnings and cash flows as a result of changes in exchange rates, interest rates and refinancing and credit risks. The Group's financial policy for 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.

Historical outcome of financial targets

		Outcome				
	Goal	2014	2015	2016	2017	2018
Growth	10% average fleet growth over a business cycle	–4	22	0	35	44
Profitability	10% return on equity	1	10	4	–42	–16
Equity ratio	at least 40% over a business cycle	42	43	50	41	38

Note 18 cont'd.

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. 70% of the total investment amount for ten P-MAX tankers. Financing of the IMOIIMAX vessel 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.

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.

Note 18 cont'd.

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. Income transferred to the Company's income statement is SEK 3.5 million accumulated for the year. The remaining amount in the hedging reserve at the end of the period is SEK 8.2 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 8.18 at 31/12/2017 and SEK 8.85 at 31/12/2018. The Company arranged an equity hedge during the year, which amounted to USD 23 million at 31 December 2018.

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 15.4 (22.5) million at 31 December 2018.

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 8.8533 to report the total of loan amount in USD.

Group, SEK millions	31/12/2017	31/12/2018	Margin above LIBOR, %	Fixed-interest period	Effective interest, %	Currency	Nominal amount in original currency, USD thousands
Bank loans – P-MAX	–1,356.0	–1,256.5	2.35	3 months	5.16	USD	141,923
Lease liabilities – IMOIIMAX vessels	–279.5	–282.6	3.35	3 months	6.16	USD	31,924

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.

	2017						2018					
Group, SEK millions	Total	2018 1 year	2019 2 years	2020 3 years	2021 4 years	5 or more years	Total	2019 1 year	2020 2 years	2021 3 years	2022 4 years	5 or more years
Bank loans – P-MAX	–1,356.0	–194.7	–194.7	–194.7	–771.9	0.0	–1,256.5	–210.6	–210.6	–835.3	0.0	0.0
Lease liabilities – IMOIIMAX	–279.5	–18.3	–18.5	–18.5	–19.1	–205.1	–282.6	–20.0	–20.0	–20.7	–21.5	–200.4
Trade payables	–1.3	–1.3	0.0	0.0	0.0	0.0	–0.5	–0.5	0.0	0.0	0.0	0.0
Interest on bank loans – P-MAX	–152.5	–45.8	–43.2	–35.6	–27.9	0.0	–145.4	–55.3	–50.6	–39.5	0.0	0.0
Interest on lease liabilities – IMOIIMAX	–78.6	–13.0	–12.1	–11.3	–10.3	–31.9	–93.5	–17.3	–16.0	–14.7	–13.4	–32.1

	2017						2018					
Parent, SEK millions	Total	2018 1 year	2019 2 years	2020 3 years	2021 4 years	5 or more years	Total	2019 1 year	2020 2 years	2021 3 years	2022 4 years	5 or more years
Bank loans – P-MAX	–1,356.0	–194.7	–194.7	–194.7	–771.9	0.0	–1,256.5	–210.6	–210.6	–835.3	0.0	0.0
Trade payables	–1.3	–1.3	0.0	0.0	0.0	0.0	–0.5	–0.5	0.0	0.0	0.0	0.0
Interest on bank loans – P-MAX	–152.5	–45.8	–43.2	–35.6	–27.9	0.0	–145.4	–55.3	–50.6	–39.5	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 8.8533.

Note 19 cont'd.

Equities reported under Long-term deposits and bonds 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.

Financial assets and liabilities – categories and fair values

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**

For the item Other current receivables, the column Financial assets at FVTPL refers to bunker positions and the column Financial assets at FVTOCI refers to an equity hedge in the form of forward exchange contracts. Short-term deposits consist of bonds. In the item Other current receivables, the column Financial liabilities at FVTOCI refers to a bunker hedge.

Group 2017, SEK millions	Financial assets held for trading	Derivatives at FVTPL	Derivatives designated as hedging instruments	Loans and receivables	Financial liabilities at FVTPL	Other liabilities	Total carrying amount	Total fair value
Other current receivables		0.8					0.8	0.8
Trade receivables				77.1			77.1	77.1
Short-term deposits	222.8						222.8	222.8
Cash & cash equivalents				243.6			243.6	243.6
Total	**222.8**	**0.8**		**243.6**			**544.3**	**544.3**
Non-current interest-bearing liabilities						1,412.6	1,412.6	1,412.6
Current interest-bearing liabilities						210.5	210.5	210.5
Trade payables						1.3	1.3	1.3
Total						**1,624.4**	**1,624.4**	**1,624.4**

Note 19 cont'd.

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**

For the item Other current receivables, the column Financial assets at FVTPL refers to bunker positions of SEK 2.9 million and forward exchange contracts of SEK 0.3 million. For the item Other current liabilities, the column Financial liabilities at FVTPL refers to a bunker hedge of SEK 68.2 million.

Parent 2017, SEK millions	Financial assets held for trading	Derivatives at FVTPL	Loans and receivables	Available-for-sale financial assets	Financial liabilities at FVTPL	Other liabilities	Total carrying amount	Total fair value
Other current receivables		0.8					0.8	0.8
Cash & cash equivalents			1,212.2				1,212.2	1,212.2
Total		**0.8**	**1,212.2**				**1,213.0**	**1,213.0**
Non-current interest-bearing liabilities						1,151.4	1,151.4	1,151.4
Current interest-bearing liabilities						192.2	192.2	192.2
Trade payables						1.3	1.3	1.3
Total						**1,344.9**	**1,344.9**	**1,344.9**

20 Finance and operating lease payments

Finance leases

The Group does not have any finance leases as lessor.

Leases where the Company is the lessee (chartering in)

The Group held assets under finance leases with a planned residual value of SEK 302.5 (292.3) million at the end of the year. Contingent rents amount to SEK 16.5 (10.9) million. Non-cancellable lease payments:

	Group	
SEK millions	2017	2018
Within one year	31.5	37.3
One to five years (2020–2023)	119.2	140.7
After five years	85.6	66.0
	236.3	**244.0**

In 2017, Concordia Maritime sold a vessel, which was chartered back under a nine-year contract. The charter is on a bareboat basis and consists of a fixed lease payment and a variable lease payment based on LIBOR 3.35% of the remaining accumulated fixed lease amount for the total charter period for the contract. The contract contains annual purchase options from the fourth year and a purchase obligation in the ninth year. The above calculation was made using the fixed lease payments specified in the time charter contracts and variable lease payments, which are calculated based on LIBOR using the interest rate on the reporting date. The time charter contracts are in US dollars and are translated to SEK using the closing rate. The chartered-back vessel is not being sub-contracted out on a time charter.

Operating leases

The Group's agreements regarding time charters for inward and outward freight for vessels are classified as operating leases.

Note 20 cont'd.

Leases where the Company is the lessor (chartering out)
Non-cancellable lease payments:

SEK millions	Group 2017	Group 2018
Within one year	171.9	77.3
One to five years (2020–2023)	19.6	0.0
After five years	0.0	0.0
	191.5	**77.3**

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.

Leases where the Company is the lessee (chartering in)
Non-cancellable lease payments:

SEK millions	Group 2017	Group 2018
Within one year	84.6	95.6
One to five years (2020–2023)	335.5	379.7
After five years	426.8	373.4
	846.9	**848.7**

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. The above calculation was made using the fixed lease payments specified in the time charter contracts and variable lease payments, which are calculated based on LIBOR using the average interest paid in 2018. The time charter contracts are in US dollars and are translated to SEK using the closing rate.

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 (89.8) million, including contingent rents of SEK 14.7 (12.9) million.

21 Pledged assets and contingent liabilities

SEK millions	Group 2017	Group 2018	Parent Company 2017	Parent Company 2018
Pledged assets				
For own liabilities and provisions				
Shares in subsidiaries (in consolidated equity)	2,236.3	2,027.3	715.8	715.8
Total pledged assets	**2,236.3**	**2,027.3**	**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)	2018	258.7	0.0	0.0
Other related parties (see below)	2017	257.3	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	2018	0.0	27.4	0.0
Subsidiaries	2017	0.0	27.4	0.0
Other related parties	2018	3.0	0.0	0.0
Other related parties	2017	1.2	0.0	0.0

Note 22 cont'd.

	2017	2018
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 the Stena Sphere in the following areas:

- Vessel charter. Payment is based on a commission of 1.25% on freight rates.
- 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.

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, % 2017	Ownership share, % 2018
Concordia Maritime Chartering AB	Sweden	0.0	33.8	100	100
Rederi AB Concordia	Sweden	0.0	0.4	100	100
Concordia Maritime AG	Switzerland	43.2	1,226.0	100	100
Concordia Maritime (Bermuda) Ltd	Bermuda	0.6	2.8	100	100
CM P-MAX I Ltd	Bermuda	–4.4	175.1	100	100
CM P-MAX II Ltd	Bermuda	–5.1	186.6	100	100
CM P-MAX III Ltd	Bermuda	–16.9	176.1	100	100
CM P-MAX IV Ltd	Bermuda	–10.5	159.6	100	100
CM P-MAX V Ltd	Bermuda	–9.1	173.2	100	100
CM P-MAX VI Ltd	Bermuda	–15.1	148.7	100	100
CM P-MAX VII Ltd	Bermuda	10.7	254.5	100	100
CM P-MAX VIII Ltd	Bermuda	–12.5	249.9	100	100
CM P-MAX IX Ltd	Bermuda	–15.3	249.3	100	100
CM P-MAX X Ltd	Bermuda	–20.2	254.3	100	100
CM Suez I Ltd	Bermuda	–38.4	–10.8	100	100
CM IMOMAX A Ltd	Bermuda	–14.3	13.2	100	100
CM IMOMAX B Ltd	Bermuda	–6.9	22.3	100	100

Foreign subsidiaries' income statements have been translated from USD to SEK at the average rate for the financial year, which is 8.6921. Foreign subsidiaries' equity has have been translated from USD to SEK at the closing rate , which is 8.8533.

Parent, SEK millions	2017	2018
Accumulated cost	745.8	745.8
Closing balance, 31 December	**745.8**	**745.8**

Parent Company's direct holdings of shares in subsidiaries

Subsidiary/Corp. ID/Registered office	Number of shares	Holding, %	31/12/2017 Carrying amount	31/12/2018 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 AG, Switzerland	119,500	100	715.8	715.8
Total holdings of shares in subsidiaries			**745.8**	**745.8**

24 Cash flow statement

Cash & cash equivalents

Group, SEK millions	31/12/2017	31/12/2018
The following components are included in cash and cash equivalents:		
Cash and bank balances	120.8	126.4
Short-term deposits, equivalent to cash & cash equivalents	122.8	0.0
Total reported in balance sheet	**243.6**	**126.4**
Total reported in cash flow statement	**243.6**	**126.4**

Parent, SEK millions	31/12/2017	31/12/2018
The following components are included in cash and cash equivalents:		
Receivables from Group companies	1,192.1	1,022.6
Cash and bank balances	20.1	78.3
Total reported in balance sheet	**1,212.2**	**1,100.9**
Total reported in cash flow statement	**1,212.2**	**1,100.9**

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 64.9 (0.0) 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	31/12/2017	31/12/2018	31/12/2017	31/12/2018
Dividend received	0.0	0.0	49.7	0.0
Interest received	21.2	9.7	24.7	31.2
Interest paid	–72.2	–82.7	–55.6	–66.2
	–51.0	**–73.0**	**18.8**	**–35.0**

Non-cash items

	Group		Parent Company	
SEK millions	31/12/2017	31/12/2018	31/12/2017	31/12/2018
Depreciation, amortisation and impairment	636.0	142.6	0.0	0.0
Depreciation, periodic maintenance	39.9	44.3	0.0	0.0
Result from ship sales	–14.6	0.0	0.0	0.0
Unrealised exchange differences	–6.1	–100.9	–21.6	–96.9
Changes in value of financial instruments	–11.4	–3.0	–0.9	68.3
Capital gain/loss on sale of financial assets	–2.2	–0.6	0.0	0.0
Other	3.7	10.6	3.4	4.9
	645.3	**93.1**	**–19.1**	**–23.7**

Reconciliation of liabilities attributable to financing activities – Group

		Non-cash movements			
	31/12/2017	Cash flow	New leases	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**

		Non-cash movements			
	31/12/2016	Cash flow	New leases	Exchange differences	31/12/2017
Loans, credit institutions	1,946.6	–408.8		–181.8	1,356.0
Lease liabilities	0.0	–14.4	294.6	–0.6	279.6
Total	**1,946.6**	**–423.2**	**294.6**	**–182.4**	**1,635.6**

Reconciliation of liabilities attributable to financing activities – Parent Company

		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**

		Non-cash movements		
	31/12/2016	Cash flow	Exchange differences	31/12/2017
Loans, credit institutions	1,725.6	–201.6	–168.0	1,356.0
Total	**1,725.6**	**–201.6**	**–168.0**	**1,356.0**

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 2018 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*

No events of a significant nature have occurred since the end of the financial year.

* Events up to and including the date of signature of this annual report, 21 March 2019.

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

It is Concordia Maritime's assessment that the sale & leaseback agreement signed during the year is a finance lease. The agreement contains a purchase obligation, which means that there is a requirement to repurchase the vessel within nine years. This is the most important parameter in assessing the contract, but the assessment also took into account the contract's portion of the vessel's estimated useful life, the Company's liability under the contract and the total minimum lease payments. The assessment is considered important, as it has a significant effect on vessel values and result items related to vessel sales during the financial year. In addition, the two sale & leaseback agreements classified as operating leases continue to be classified in this way on the basis of the purchase options included in the agreements, the vessels' estimated useful life, the division of responsibility between the Company and the counterparty in each agreement and the total minimum lease payments.

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, 21 March 2019

Carl-Johan Hagman Chairman	Stefan Brocker Board Member	Helena Levander Board Member	Mats Jansson Board Member
Michael G:son Löw Board Member	Alessandro Chiesi Employee Representative	Daniel Holmgren Employee Representative	Kim Ullman CEO

Our audit report was submitted on 21 March 2019

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 48–83.

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 2018 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 2018 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 my 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 61 of the financial statements for detailed information and a description of the audit matter.

Description of key audit matter

The Group's revenue for 2018 amounted to SEK 1,052.9 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 63–64 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 2,303.0 million, corresponding to 82 % 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 745.8 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 I 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 1–47 and 85–95. 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, I 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 2018 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 24 April 2018. KPMG AB or auditors engaged at KPMG AB have been the Company's auditor since 1989.

Gothenburg, 21 March 2019

KPMG AB
Jan Malm
Authorised Public Accountant

Corporate Governance Report 2018

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 17 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 rules. 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

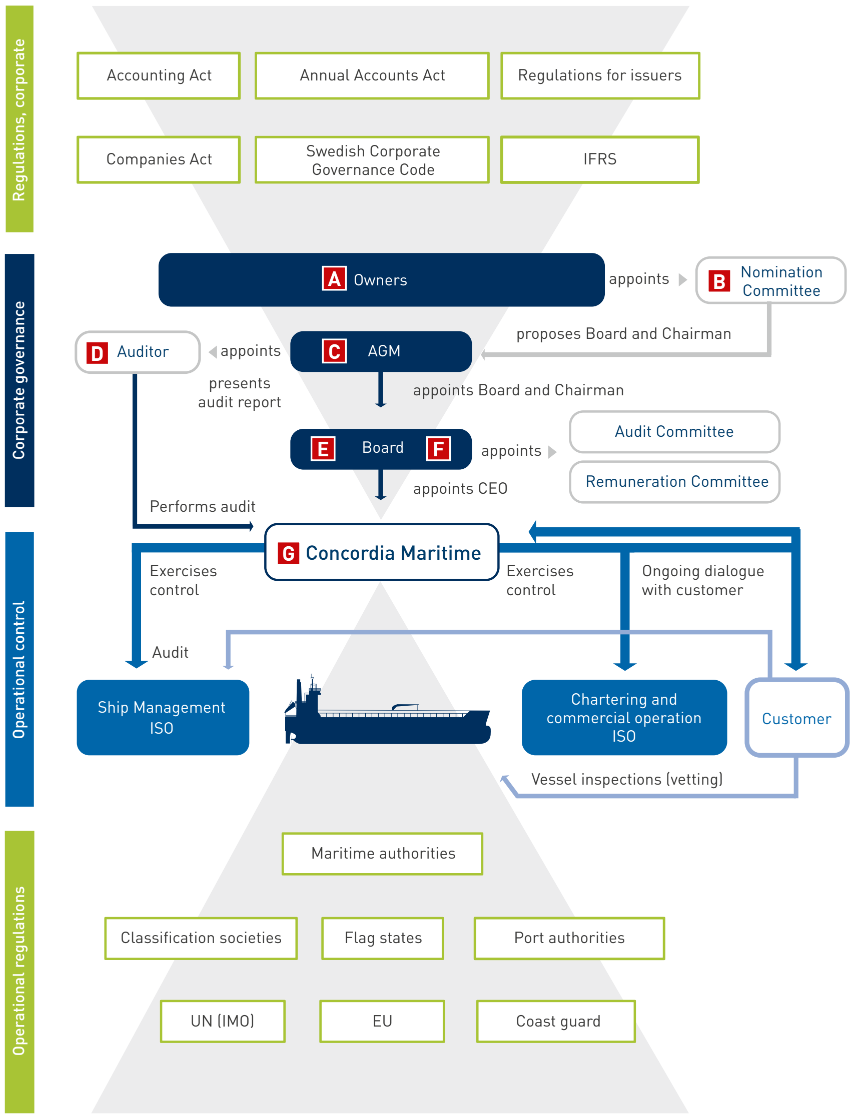
Good corporate governance is about ensuring that Concordia Maritime's operations are conducted as sustainably, responsibly and effectively as possible. The overall goal is to increase the value for shareholders and, in doing so, meet the owners' requirements regarding invested capital.
The central external 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.

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.

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.

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.

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 2018, 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 was 83.73 million.

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.

2018 Annual General Meeting

The Annual General Meeting was held on 24 April 2018. The meeting was attended by 47 shareholders, in person or through a proxy, representing 75.5 percent of the votes. All meeting-elected Board members apart from Dan Sten Olsson 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*.

2019 Annual General Meeting

The Annual General Meeting will be held at Elite Park Avenue, Gothenburg on 25 April 2019 at 1 p.m. Shareholders registered in Euroclear Sweden AB's share register as at 17 April 2019 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 should change 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 2019 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 2019 AGM

The nomination committee for the 2019 meeting consists of Carl-Johan Hagman (Chairman of the Board), Martin Svalstedt, representing Stena Sessan as the largest shareholder and Bengt Stillström, representing himself and his family as the second-largest shareholder.

At 1 September 2018, the nomination committee represented 77.2 percent of the shareholders' votes. The composition of the nomination committee was announced on Concordia Maritime's website on 22 October 2018. 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. The auditor is proposed by the nomination committee and elected by the AGM for a period of one year. At the 2018 AGM, Jan Malm of KPMG was elected as the Company's external auditor until the 2019 meeting. The auditor's fees are charged on a current account basis. In 2018, KPMG received fees totalling SEK 1.6 (1.9) 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 91.

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 2018

The Board held five ordinary meetings and one statutory meeting during the year. All meetings except one were held in the Gothenburg area. 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 2018, at which the year-end accounts for 2017 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. Henrik Hallin has been secretary at all Board meetings apart from one. 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 and access to, and the need for, special competence on the Board. 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 2017 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 2018

30 January	Year-end report
24 April	Interim report, Q1
14 August	Interim report, Q2
8 November	Interim report, Q3
13 December	Budget 2019

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 2018 annual general meeting, all meeting-elected Board members apart from Carl-Johan Hagman were assessed by the nomination committee as independent of both the major owners of the Company and its executive management. Carl-Johan Hagman is not considered independent of Concordia Maritime's major owners, as he has a managerial function in Stena Sphere.

Remuneration of the Board

The 2018 AGM adopted total Board fees of SEK 1,300,000, 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 a representative 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 group has 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 principles applied in the Group with respect to financial reporting, as well as significant changes to these principles. 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. The total number of persons employed through the Group was 496 at the end of 2018, and 488 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 2018

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 on a field trip to Stena Recycling in Halmstad.

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.

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. Director of Medivir AB, 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 10,637

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, Chairman of Recondoil AB, Vice Chairman of Swedish/Russian Chamber of Commerce, Vice Chairman of Sv. EnergiEkonomisk 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, the US and Asia. Brings expertise in energy/refining/trading/shipping and financial issues.

Shares held in Concordia Maritime 7,000

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 Representatives Member 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 Board member of SEKO Sjöfolk. 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]	Total fees, SEK[2]	Attendance
Carl-Johan Hagman	Non-independent	400,000	5
Stefan Brocker	Independent	225,000	3
Helena Levander	Independent	255,000	6
Michael G:son Löw	Independent	225,000	6
Mats Jansson	Independent	225,000	6
Alessandro Chiesi, Employee representative	Independent	25,000	6
Daniel Holmgren, Employee representative	Independent	25,000	5
Mahmoud Sifaf, Deputy, 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.

Auditor

Jan Malm

Authorised Public Accountant KPMG.

Executive Management

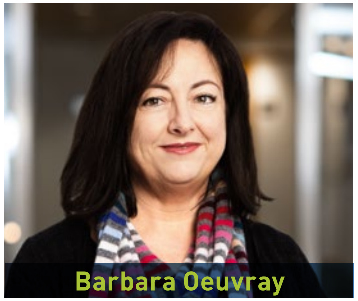
Born 1957. CEO Economist. Employed since 2014 (at Stena since 1983).

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

Shares held in Concordia Maritime 20,000

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

Shares held in Concordia Maritime 10,000



Born 1966. General Manager, Concordia Maritime AG. Swiss Certified Finance and Accounting Specialist. Employed since 2005 (at Stena since 1989).

External directorships Board Member MISL (Maritime Insurance Solutions Ltd.)

Shares held in Concordia Maritime 0

Born 1965. General Manager, Concordia Maritime (Bermuda) Ltd. B.Sc., Management Studies. Employed since 2010.

Shares held in Concordia Maritime 0

Annual General Meeting and dates for information

Annual General Meeting

The Annual General Meeting will be held at Elite Park Avenue, Gothenburg on 25 April 2019 at 1 p.m. The interim report for the first quarter of 2019 will be presented on the same date.

Participation

Shareholders wishing to attend the AGM must be registered in Euroclear AB's share register as at 17 April 2019, and must notify the Company at the following address:

Concordia Maritime AB
SE-405 19 Gothenburg, Sweden
e-mail: arsstamma@concordiamaritime.com

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, shareholders 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 17 April 2019.

Reporting dates

The interim report for the first three months will be published on 25 April 2019, the report for the first six months on 15 August 2019 and the report for the first nine months on 5 November 2019.

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.

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

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 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 2018	Full year 2017
Operating result	–130.1	–624.6
Depreciation/impairment	186.9	675.9
EBITDA	**56.8**	**51.3**

Result excluding impairment and tax

SEK millions	Full year 2018	Full year 2017
Result after tax	–182.1	–660.2
Impairment	0.0	473.7
Tax	0.2	0.0
Result excluding impairment and tax	**–181.9**	**–186.5**

Result per share excluding impairment and tax

SEK millions	Full year 2018	Full year 2017
Result excluding impairment and tax	–181.9	–186.5
Number of shares (millions)	47.729798	47.729798
Result per share excluding impairment and tax	**–3.81**	**–3.91**

Return on equity

SEK millions	Full year 2018	Full year 2017
Result after tax	–182.1	–660.2
Equity	1,165.5	1,582.2
Return on equity	**–16%**	**–42%**

Return on capital employed

SEK millions	Full year 2018	Full year 2017
Result after financial net	–181.9	–660.2
Finance costs	82.7	70.7
Result after financial net plus finance costs	**–99.2**	**–589.4**
Total assets	2,921.7	3,468.5
Non-interest-bearing liabilities	–156.2	–105.8
Capital employed	**2,765.4**	**3,362.6**
Return on capital employed	**–3.6%**	**–17.5%**

Return on total capital

SEK millions	Full year 2018	Full year 2017
Result after financial net	–181.9	–660.2
Finance costs	82.7	70.7
Result after financial net plus finance costs	**–99.2**	**–589.4**
Total assets	2,921.7	3,468.5
Return on total capital	**–3.4%**	**–17.0%**

Equity ratio

SEK millions	Full year 2018	Full year 2017
Equity	1,061.5	1,221.9
Total assets	2,793.2	2,968.5
Equity ratio	**38.0%**	**41.2%**

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