

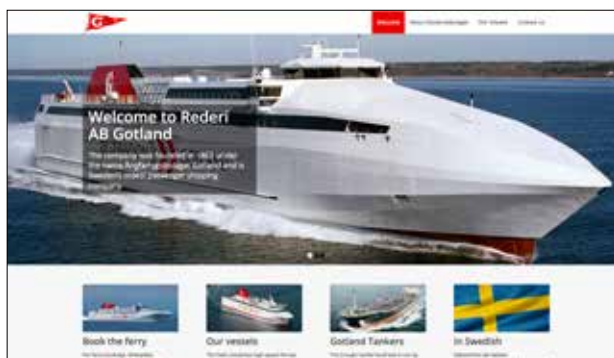
Annual Report 2019




REDERI/AB GOTLAND
1865 – 2019

Vessel positions 30 March 2020 (also page 43).





www.gotlandsbolaget.se/en – www.gotlandtankers.se/en



www.destinationgotland.se



www.gotlandsresor.se



www.srvab.com


REDERI AB GOTLAND **Annual Report 2019**

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The annual report is also available on our website:
www.gotlandsbolaget.se

The AGM is scheduled to be held in the Congress Hall at Wisby
 Strand on 30 June 2020 at 11am.

Rederi AB Gotland, Visby. Design: Outhouse Graviz & Kusinerna.
 Cover photo: Olof Segerberg. Printed by: iVisby Tryckeri. Visby 2020. 



Ann-Marie Åström, Chairman (shareholding, see page 17) and CEO Håkan Johansson (shareholding 100 shares).

An extraordinary situation

At the time of writing, the coronavirus has impacted massively on Sweden. Gatherings have been banned for over a month, and it has been recommended that we citizens should not travel, and that we should stay at home as much as possible. We are encouraged to collectively take responsibility for protecting our elderly and people around us who belong to particularly vulnerable groups. Swedish trade and industry has taken a hard knock. The tourist industry and the transport industry are some of those most deeply affected. Rederi AB Gotland has also been affected.

As things stand at present, it is difficult to assess the extent of the adverse impact on our business due to COVID-19. The amount of revenue we lose is largely dependent on how long the authorities' restrictions continue to be implemented. In the scenarios we are expecting to see, it will make a big difference if travel can be resumed in May/June, or significantly later. This is because so much travel using the Gotland service takes place between June and August.

We have been working intensively since March to adapt our activities and take action to reduce our expenses so that we can prepare for a situation where we

see major loss of revenue. At the same time, we are giving priority to sustained security of supply for Gotland, where daily ferry services are crucial for access to goods, foods and medications. This is being achieved by concentrating services on what are referred to as basic services, with two ships. These measures are allowing us to reduce the risk of infection among our employees, while also making us less vulnerable in a scenario whereby we see a dramatic increase in the number of staff on sick leave. We have also implemented a number of initiatives to support other social functions on the island of Gotland. For instance, we have obtained dispensation from the Swedish Transport Agency to provide special ambulance services.

While we are implementing adaptations and measures in order to deal with significant loss of revenue, we are preparing for a situation in which demand for domestic travel and the attractiveness of Gotland could be greater than ever. We may see this effect if the restrictions on foreign travel are upheld and the recommendations against domestic travel are toned down. This is how unusual and complex the situation is in Sweden in May 2020.

Equipped for the future

The end of 2019 saw delivery of the company's other newly built LNG ship from the GSI shipyard in China. Its working name, M/S Thjelvar, has now been changed to M/S Gotland. This is in line with a tradition that has existed since 1865. The first ship, M/S Visborg, will also be changing her name to M/S Visby in accordance with the same tradition. We are reducing our climate impact further with two LNG ships on the Gotland service, and giving us even better opportunities to run our services with elements of renewable energy thanks to the gradual introduction of LBG (Liquefied BioGas). Over the year, Destination Gotland has also adopted a green roadmap that describes how the Gotland service can reduce its climate impact by 70 per cent by 2030. This means we are well-equipped for the forthcoming contract period.

A positive aspect

For product tankers, 2019 was another year with a relatively weak market. However, the shipping rates increased during the winter and spring and this – in combination with a massive drop in the price of oil – has improved the profitability of Gotland Tankers. This gives us a much-needed glimmer of light in an otherwise dark period.

Overall account – and warmest thanks

Our balance sheet has expanded enormously on account of the generational shift with regard to Gotland service ships. We have also reduced our fleet by selling a number of ships during the year, which has resulted in positive capital gains. This explains the improvement in profit that we see for 2019. This is of course positive for the business year, but at the same time it is a one-off event that places greater emphasis on our challenge; to improve profitability in order to increase competitiveness in future procurement procedures. Our staff are absolutely crucial to our attempts to improve our business. This is why we would like to pass on our warmest thanks to all of you for your fantastic efforts throughout the year!

*Ann-Marie Åström, Chairman
Håkan Johansson, CEO*



The picture shows the first rescue boat of the Sanne class.



The rescue boat Rescue Eric D. Nilsson during completion at the shipyard in Hunnebostrand, which will be the second Sanne class boat.



Eric D. Nilsson

Rescue boat Eric D. Nilsson

A tribute and an initiative

When our honorary chairman, shipowner Eric D. Nilsson, celebrated his 90th birthday in 2017, the Board decided to mark the occasion with a special donation. This is the background behind the new rescue boat donated to the Swedish Sea Rescue Society (SSRS), which will be stationed in Visby.

As a Gotland company, safety on the Baltic is of course close to our hearts, and it feels good to contribute to the important work of the Swedish Sea Rescue Society in this way, helping to bring greater security to the people of the island.

The boat is 14 metres long and was built by Swede Ship Composite AB in

Hunnebostrand. It is a Sanne class boat and has been designed specifically for work at sea and adapted for conditions along the Swedish coast and in our archipelagoes. Rescue boat Eric D. Nilsson will be commissioned in 2020.

Business concept and vision



Photo: Oresund DryDocks

M/S Gotland (formerly Thjelvar) at the shipyard in Landskrona.



Photo: Mercy Ships



Photo: Therese Hübner



Photo: Stig Hammarstedt

Doubling our efforts

Rederi AB Gotland has a contract with the state, providing us with a certain degree of security in what we do. When we decided to make a major investment and procure our first LNG ship, we knew that that contract would give us a certain amount of cover in the form of the procured service.

Now that we are investing in a sister vessel to the first one, a second ship that runs on LNG, we do not have the same security: we are taking a major economic risk. This is a risk that we are willing to take thanks to our indomitable belief in the island of Gotland, her people and the attractiveness of the island. Our forward-looking investment line will allow us to continue a climate transition that covers

our entire range. Just as the founders of our company believed in the importance of a reliable connection to the island, we believe that the growth of Gotland and the attractiveness of living and working on the island are so great that there will be enough business to maintain two new ships.

Our CSR work is a way of giving something back to the Gotland community and extending our relationship with the people of the island. Our donation of the rescue boat Eric D. Nilsson was a localised initiative. We have long been a primary funder of the three-year maritime programme at the upper secondary school, and the foundation “Skeppsredare Eric D. Nilssons

stipendiefond” awards grants to Gotland people who want to continue with their maritime studies after upper secondary school. Over the years, we have also played our part by reinforcing culture on the island by working in partnership with Mediaeval Week, Gotland Museum and the Romateatern theatre, along with a number of activities and events. One new feature is that we will be offering our staff the opportunity to work as volunteers on one of the world’s biggest civilian hospital ships via the Mercy Ships organisation. For this, we will be paying expenses for travel, visas, vaccinations, etc. In this way, we hope to reinforce our staff and also make a difference outside our own waters.

Environment and the natural cycle



The picture shows M/T Gotland Sofia's weather-optimised route across the North Atlantic around the turn of the year, where approx. 17% fuel was saved despite a 220 nm deviation, instead of going via the shortest route.

Our green roadmap

A clear course in the right direction

You do not need to be a local patriot to realise that Gotland is special. The island has a wide range of unique qualities that make it a great place to live. And an attractive place to visit. Since the turn of the millennium, the number of passengers travelling on our ferries has risen by half a million to 1.8 million. Our aim is to reach 2 million passengers by 2027.

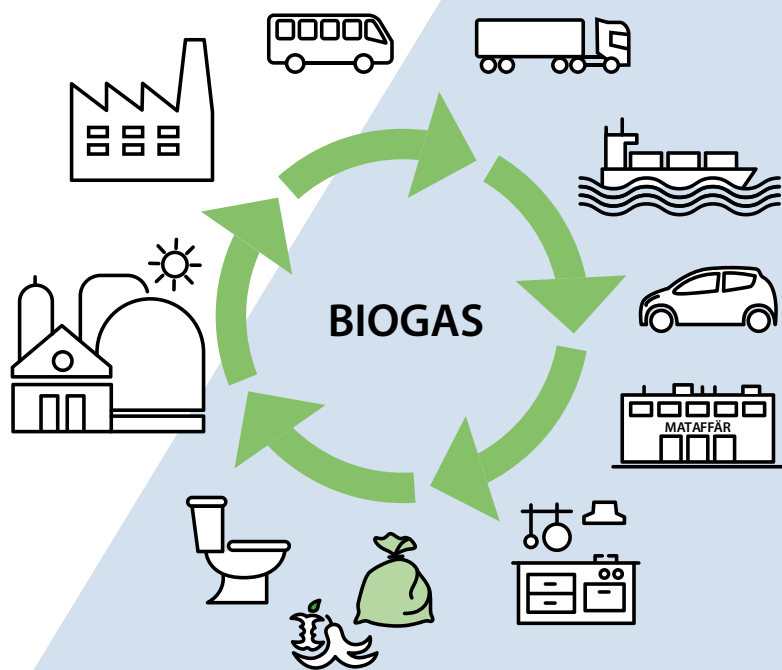
At the same time, Rederi AB Gotland's vision is to make Gotland the best, most sustainable place in Sweden to live and work, and Sweden's most attractive place to visit. But for these two visions to marry up, we need to change. Our aim, therefore, is to reduce our greenhouse gas emissions by 70% by 2030, compared with 2010. To achieve this objective, we have devised a green roadmap providing a clear course.

Back in 2014, we made a decision to invest in two new ships that run on liquefied natural gas, LNG. The technology per se reduces carbon

dioxide emissions by around 20%; but above all, it presents an opportunity to start admixing liquefied biogas, LBG. It should be possible in theory to run the ships just on LBG, but unfortunately biogas availability sets a limit on how much LBG we can use.

Another important measure is that we have introduced systems that allow us to plan our routes more effectively with the weather, wind and currents in mind. This, together with a range of technical improvements aboard the ships, will help to reduce our emissions still further. A third possible step will be to adapt our schedules while maintaining the efficiency of our service. One possible scenario in the Swedish Transport Administration's forthcoming procurement procedure may be to allow some services to take slightly longer: this will allow a reduction in emissions to be achieved that is equivalent to what we are currently achieving by admixing natural gas.

We know we have a tight climate target to meet. But our green roadmap means we know it can be achieved, and we have a clear path forward.



M/S Visborg was fuelled with liquefied biogas for the first time in early May 2020.



Destination Gotland

Gas paving the way for climate-neutral ferry services

The two new ferries run on liquefied natural gas (LNG) and will constitute a very important element in Destination Gotland's sea transport system. Together, they represent an investment of more than SEK 3 billion made with a view to streamlining ferry services and reducing the carbon footprint caused by such services. Switching to LNG will considerably reduce CO₂ emissions,

while eliminating sulphur emissions almost entirely. However, the big thing about the new ferries is that they pave the way for the option of introducing renewable fuels to Destination Gotland's ferry services.

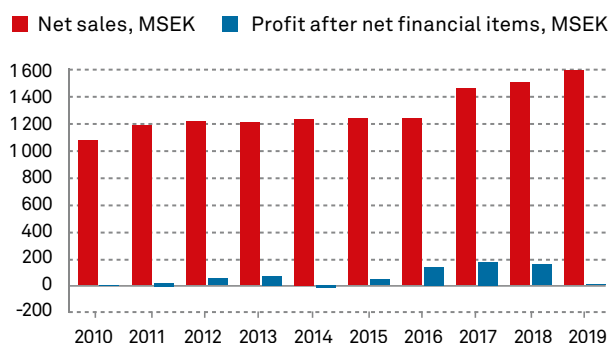
This is possible thanks to the fact that these ferries' engines run just as well on liquefied biogas (LBG). Destination Gotland will be starting to admix a small

quantity of LBG with LNG in the second quarter of 2020. The ambition is then to gradually increase the admixture of LBG at a rate permitted by price, logistics and availability.

The transition to LNG and gradual introduction of LBG are part of Destination Gotland's dedicated efforts to reduce its carbon footprint, and an important milestone towards fully climate-neutral ferry services.

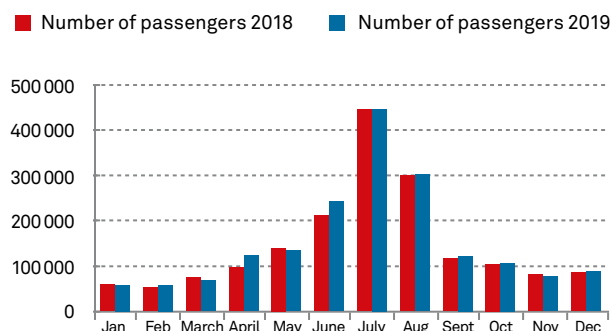
Annual sales and results 2010-2019

Destination Gotland AB



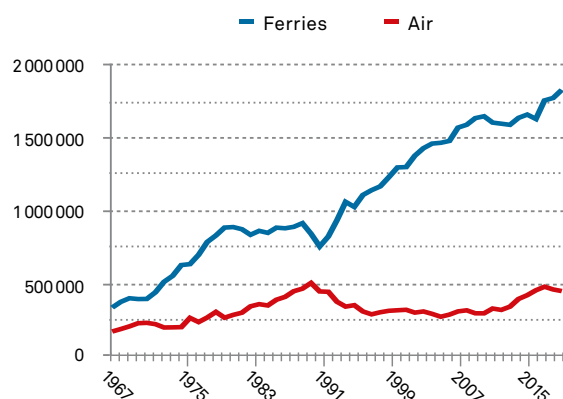
Passenger statistics 2019

Total number of passengers by month



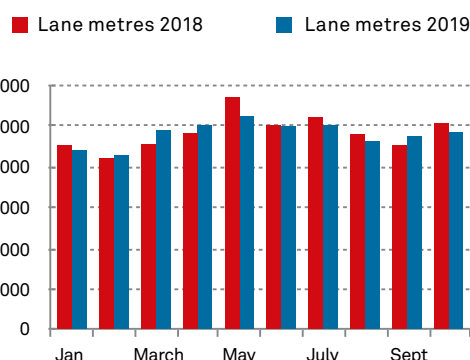
Ferries and flights 1967-2019

Number of passengers



Freight statistics 2019

Total number of lane metres cargo per month



Christer Bruzelius, CEO of Destination Gotland, and Head of Personnel Katarina Yng.

Destination Gotland reinforcing its teambuilding

When it became clear that Destination Gotland would be commissioning an entirely new ship in 2019, it was realised that this represented an opportunity to make further improvements to the business. Why not take the opportunity to update crew uniforms, reinforce motivation and increase service levels among all staff?

Destination Gotland has reviewed its staff as its most important resource

for a long time, and there is a desire to emphasise this by starting new work on core values in 2019 while also investing further in its human capital.

This work began in autumn 2019 with the organisation of a series of workshops with a view to identifying important areas for improvement and devising the new values that are to form the foundation for our ongoing efforts. In 2020, the important work on core values will be

“Everybody at Destination Gotland is of equal importance. We respect and help one another to grow and develop. Then we can give our guests the best service.”

Katarina Yng –

Head of Personnel, Destination Gotland

continuing with training courses on both leadership and collaboration. The aim of all this is to be able to work in the most effective way to promote Destination Gotland's vision regarding facilitation of sustainable growth on Gotland and being the first choice for both visitors and local residents when travelling to and from the island.

A staff survey was carried out when work on the core values began. The aim of this is to provide managers and staff with a foundation for their ongoing improvements. The surveys provided a number of important indications, showing among other things that Destination Gotland is a well-liked employer, and 71 per cent of respondents stated that they would recommend Destination Gotland as a place to work.



Gotland Tankers

Gotland's representatives on the world's seas

If ferry services to and from Gotland are characterised by regularity and set routines, Gotland Tankers operates at the opposite end of the scale. The six tankers in the company's fleet operate all over the world and travel to wherever customers want them to go. Every day brings with it new opportunities and new challenges.

Four ships are currently leased to Clearlake Shipping, while the other two are being leased by Stena.

All ships in the fleet have been running on low-sulphur fuels since 1 January 2020 and four of them have adjustable propellers, making it possible to constantly optimise the power of the propellers in relation to the speed of the ship, thereby reducing fuel consumption. An ongoing partnership with Gothenburg company Lean Marine aims

to use automated systems and analysis to reduce fuel consumption – and hence environmental impact – still further. This system can also detect whether the hull is fouled with algae and needs to be cleaned. The aim of all this is not to use fuel unnecessarily.

Gotland Tankers has been working in close partnership with the Swedish Meteorological and Hydrological Institute for the last five years so as to adapt route planning for the ships with winds and currents in mind. The crews receive information several times a day that helps them to save fuel and reduce their emissions still further.

Work has also begun on fitting the fleet with ballast water cleaning. M/T Gotland Marieann will be the first ship to be fitted with this, followed by other ships.

An unusually weak product tanker market was followed by a stronger market in the fourth quarter of 2019. A turbulent start to 2020, with enormous pressure on the price of oil, has resulted in an increase in demand for product tankers in early 2020.



Jonas Kamstedt,
CEO, Gotland Tankers AB

Photo: Moa Karlberg



Photo: Gotland Tankers

” As the captain of M/T Alice, I never felt that anyone treated me differently because I was a woman. Either positively or negatively. I have talked to other female crew members, and they confirm my view of Gotland Tankers as an equal opportunities company.”

Maria Kristina Javellana – Captain

Gotlandsresor



Gotland hospitality as a business concept

Gotlandsresor AB was founded back in 1972. It was a travel agency in those days, and its job was to sell Gotland as a destination. The first of the company's own hotels was Hamnhotellet in Visby, the establishment of which provides both an early and a successful example of circular economy. The foundation of this hotel was made up of hotel modules left over following the Winter Olympics in Lillehammer. These were converted and became the first 80 rooms at the hotel. Hamnhotellet was extended and refurbished on several occasions, and in 2013 a franchise agreement was concluded with Scandic and Hamnhotellet became Scandic Visby. This hotel is now the biggest on Gotland.

Sustainability is an important element in the core values of Gotlandsresor, as is clearly reflected in what the hotel does. The hotel is now cleaned with absolutely no use of chemicals, the breakfasts are eco-labelled and leftover food from the restaurant is sold more cheaply via the Karma app in order to reduce waste. The entire facility bears the Nordic

Swan Eco Label, and this is also the only hotel on Gotland to hold Brandskyddat Hotell (fire safety) certification. It also participates in project at regular intervals that aim to promote animals and nature. As part of Scandic Visby's environmental work, public reports are issued on the use of chemicals and consumption of water, electricity and energy.

Gustavsvik, an attractive, family-friendly facility with cottages, apartments and bed & breakfast, is also operated on the fringes of Visby. Moreover, the hotel modules from Lillehammer can now be found in Gustavsvik, freshly renovated in time for the 2020 season and ready to welcome new guests.

New for 2019 was the opening of Strandvillan, which offers more exclusive, separate accommodation and activities for companies or other small groups. Strandvillan has been in the possession of Rederi AB Gotland for some time, but it has now been renovated and adapted in order to fulfil its new purpose. Strandvillan complements the collective offering presented by the three Gotlandsresor facilities in a natural way.



Photo: Karl Melander

CEO Carina Hammander and Head of Operations Jennie Hägerstrand

” The seasonal nature of what we do means that we employ a lot of young people from Gotland in summer. It feels fantastic to help guide them as they embark upon their professional careers. I myself was a seasonal worker who stayed with the company.”

Jennie Hägerstrand – Head of Operations



Photo: Roland Hejdström

STOCKHOLM REPAIRYARD



” The two smaller docks here on the island were built in the mid-19th century. Of course, being part of such a long tradition does have a special feel. We are doing an important job while also keeping a culture alive.”

Nils Lindvall – Dockmaster

Stockholms Reparationsvarv

A modern shipyard in a historical environment



CEO Staffan Röberg

Stockholms Reparationsvarv conducts its operations on historical land at Beckholmen in the heart of Stockholm. Rederi AB Gotland owns a 62.5% share in this shipyard, which is the largest civilian shipyard on the east coast of Sweden and employs around 80 staff. Around a hundred ships are docked, maintained and repaired here each year. Everything from tankers to submarine rescue ships and historical sailing boats. The shipyard is also able to provide a wide range of

engineering and system services relating to construction and design, for instance. The ship service department has mobile units that can be called out to perform repairs on ships or quay facilities at ports on the east coast of Sweden, from Norrköping in the south to Luleå in the north. The shipyard also has a Chandler that supplies consumables to shipping companies all over Sweden.

Sustainability issues are key to Stockholms Reparationsvarv. The business holds accreditation to ISO 9001 and ISO 14001, and a great deal of effort is invested in ensuring that work at the shipyard does not pollute the environment unnecessarily. They use water and steam cannons for blasting in order to prevent hazardous dust, and the water used to rinse the hulls of ships after cleaning is filtered before being passed back out into Saltsjön bay. All waste

generated by the company is also handled and sorted. Beckholmen as a whole underwent environmental clearance between 2011 and 2013. Employees at the shipyard undergo regular training to ensure that their skills and safety awareness are always at their peak.

Stockholms Reparationsvarv also has a role to play in our cultural heritage. Beckholmen in itself is historic ground for shipping in Sweden, dating back to the 17th century. Stiftelsen Skärgårdsbåten and Beckholmens Dockförening are also adjacent to the shipyard. These important culture bearers maintain a symbiotic relationship with the shipyard and serve as a daily reminder of the traditions of the company.

With its strategic location at the inlet to Stockholm, Stockholms Reparationsvarv is an important stakeholder in the transport system. A stakeholder that will only take on even more importance with the opening of the new Stockholm Norvik Port and increasing emphasis on eco-friendly maritime transport.



Gotlands Stuveri

A helping hand for shipping

Gotlands Stuveri AB has been operating at the Port of Visby since 1919. With 49 employees in Visby and Nynäshamn, this company's great task is to assist Destination Gotland with loading and unloading cargo, provisioning, luggage handling and directing people on and off the ferry. Staff numbers are almost doubled in summer. All vehicles used for their work are equipped with the latest, most eco-friendly engine variants. Forklift trucks that run on electricity are used where possible, and work is also in progress on examining the options for introducing renewable diesel. The work done here also includes traditional stevedoring; at the Port of Visby, but also in Slite, where heavy lifting takes place, primarily for the wind power industry.

There has been recent investment in a new dockside crane at Klintehamn so that limestone, pulpwood, animal feed and fertilisers can be loaded and unloaded as efficiently as possible.

The company also runs a shipping agent via its subsidiary Carl E Ekman AB, and Gotland Excursion AB arranges guided city tours and organises events on land, primarily for cruise visitors.

Gotlands Stuveri AB has forged strong ties with Gotland society by virtue of its extensive history. And these ties are to be nurtured and reinforced. Some of the targets for 2020 include new ISO certification of the business and development of the IT system so that the company can work even more efficiently in future.

” We are always trying to do our bit to reduce emissions. Our luggage trucks run on electricity, and our diesel engines use an additive that reduces nitrogen oxide levels in the exhaust gases.”

*Christina Clemmedsson –
Stevedore at Nynäshamn*



Photo: Karl Melander

Thomas Nyberg, CEO

The share and development

Share history

Gotlandsbolaget was founded in 1865 under the name Ångfartygsbolaget Gotland. The initiator was the county governor of that time, Henric Gyllenram, who, through an advertisement in the local newspaper, called for a meeting to acquire a “contemporary steamship”.

A committee consisting of five merchants was appointed to offer a share subscription. At the statutory Annual General Meeting in May 1865, 144 people who represented just over 1,000 shares participated. At the same meeting, the total number of shares was determined at 1,350 and for each share 100 Riksdaler were to be paid which was the national currency. At year-end, only 12 shares remained to be invested. Most of the subscribers were Gotlanders, while only a few were from the mainland. The company is still a Gotlandic concern, with just over two-thirds of the shareholders from Gotland and at the company's Annual General Meetings, nearly 1,000 shareholders participate each year, making the company's meetings one of the most attended in the country.



Photo: Roland Hejström

The share capital of Rederi AB Gotland has, since its registration on the Stockholm Stock Exchange in 1982, developed as follows:

Year	Transaction	Increase/decrease in number of shares	Increase/decrease of share capital SEK	Total number of shares	Total share capital SEK
1983	Bonus issue/split	+210,000	+2,100,000	630,000	6,300,000
1989	Split 10/1	+5,670,000		6,300,000	6,300,000
1998	Redemption	-860,304	-860,304	5,439,696	5,439,696
1999	Redemption	-1,029,524	-1,029,524	4,410,172	4,410,172
2002	Reduction (buy-back)	-410,172	-410,172	4,000,000	4,000,000
2003	Reduction (buy-back)	-153,388	-153,388	3,846,612	3,846,612
2004	Reduction (redemption)	-92,195	-92,195	3,754,417	3,754,417
2005	Reduction (buy-back)	-384,661	-384,661	3,369,756	3,369,756
2005	Reduction (redemption)	-600,000	-600,000	2,769,756	2,769,756
2011	Redemption/bonus issue	-269,756	+7,220	2,500,000	2,776,976

Since 2004 Rederi AB Gotland's shares have been traded on the "Mangold list", a market maintained by Mangold Fondkommission. Between 1982 and 2004 the shares were traded on the O list of the Stockholm Stock Exchange.

Share capital

At the end of the 2019 financial year, share capital in Gotlandsbolaget amounted to SEK 2,776,976 (2,776,976), distributed across 2,500,000 shares with a quotient value of SEK 1.11. The shares are divided into 1,811,693 A shares with ten votes each and 688,307 B shares with one vote each.

Ownership structure

The company had 2,889 (2,808) shareholders at the end of the financial year on 31 December 2019. Around two-thirds of the shareholders are Gotland residents. Institutional ownership totalled 3.7 per cent on 31 December 2019.

Share price and sales

The share price rose to SEK 1,400 kronor for the A share and SEK 1,375 for the B share during the 2019 financial year, compared with the previous year in which both the A share and the B share stood at SEK 1,300. OMXSPI, which reflects developments on the Stockholm Stock Exchange, rose by 29.6 per cent for 2019.

The highest price paid during the financial year was SEK 1,700 for the A share and SEK 1,450 for the B share. The lowest price paid for the A share was SEK 1,250, and SEK 1,200 for a B share. During the financial year, 6,093 shares were traded on the Mangold list for a total value of SEK 8.1 million. Rederi AB Gotland's B share was the more heavily traded of the company's two classes of share during the financial year.

The share and development

Dividend policy

The Board has agreed on an objective that dividends should, in principle, reflect growth in reported equity. On 31 December 2019, equity was SEK 4,167 million, compared with SEK 3,869 million on 31 December 2018.

However, as there is some uncertainty with regard to the effects of the ongoing coronavirus pandemic, the Board proposes carrying forward profit for the year.

Ratios per share are shown on page 20.

Ownership structure, 31 December 2019

Shareholders	Total	A shares	B shares	% of votes	% of shares
Trojaborg AB and Eric D. Nilsson and family	1,532,868	1,422,548	110,320	76.2%	61.3%
Svenska Stålbyggen Invest AB (Jonas Åman)	239,430	86,980	152,450	5.4%	9.6%
TJ Gruppen AB and family	114,179	95,874	18,305	5.2%	4.6%
Johan Thorell and companies	112,997	18,350	94,647	1.5%	4.5%
Mats Johansson	33,854	10,145	23,709	0.7%	1.4%
Stiftelsen Mjölkdroppen	28,950	9,650	19,300	0.6%	1.2%
Magnus Wiman and companies	17,662	6,832	10,830	0.4%	0.7%
Sällskapet DBW	14,100	5,000	9,100	0.3%	0.6%
Jerry Martinger	8,358	5,600	2,758	0.3%	0.3%
Birgitta Wiman	5,500	5,100	400	0.3%	0.2%
Foreign trustees	3,110	100	3,010	0.0%	0.1%
Others	388,992	145,514	243,478	9.1%	15.5%
	2,500,000	1,811,693	688,307	100.0%	100.0%

Distribution after shareholding 31 December 2019

Shareholding	Number of shares	Proportion of shares, %	Number of shareholders	Proportion of shareholders, %
1-200	80,700	3.2%	2,541	88.0%
201-500	59,054	2.4%	183	6.3%
501-1000	54,310	2.2%	75	2.6%
1001-5000	126,110	5.0%	63	2.2%
5001-	2,179,826	87.2%	27	0.9%
Total	2,500,000	100%	2,889	100%

The share of institutional ownership of the capital is 3.7 % and of the votes the figure is 2%.

Board of Directors' report

The Board of Directors and the CEO of Rederi AB Gotland (publ), corporate identity number 556000-8020, hereby submit the annual report for the 2019 financial year for the Parent Company and the Group. Rederi AB Gotland is a subsidiary of Trojaborg AB, based on Gotland, corporate identity number 556339-9574.

Results and annual revenues

The consolidated operating profit/loss amounted to SEK 506 (332) million. Profit after financial income and expenses increased from SEK 270 million to SEK 403 million. Sales amounted to SEK 2,716 (2,492) million. The improvement in profit is due largely to capital gains on sale of ships.

Company focus

The business primarily comprises shipping operations whereby the subsidiary Destination Gotland AB is responsible for the Gotland service and the wholly owned subsidiary Gotland Tankers AB is responsible for tanker operations. The business also includes property management. GotlandsResor AB conducts hotel operations and Stockholms Reparationsvarv AB carries out repair and maintenance of vessels. Nya Skärgårdsbolaget 2017 AB was responsible for parts of the maritime services in the Stockholm archipelago up to and including 30 September 2019.

Destination Gotland AB

Destination Gotland AB, which runs services between Gotland and the Swedish mainland, charts the vessels M/S Visborg, M/S Visby, M/S Gotland (formerly M/S Thjelvar), M/S Drotten (formerly M/S Gotland), HSC Gotlandia, HSC Gotlandia II, and M/S Gute. Services are run in line with a 10-year agreement with the Swedish Transport

Administration, which runs until January 2027. The agreement involves significantly increased operational risks and puts more stringent demands on adjustments compared to previous agreements.

Destination Gotland's net sales including the subsidiaries Gotland Promotion AB and Gotlands Stuveri AB have risen from SEK 1,563 million in the previous year to SEK 1,659 million. This increase is explained by increased volumes as a consequence of the commissioning of the new ship M/S Visborg in the spring. The number of passengers using Destination Gotland's ferries increased by 3.1 per cent compared with the previous year to a total of 1,822,292 (1,766,730). The number of vehicles increased by 3.2 per cent to 572,239 (554,508), while the number of lane metres of freight decreased by 1.4 per cent to 838,004 (850,211). For 2019, the total compensation paid by the Swedish Transport Administration amounted to SEK 495 (498) million, which corresponds to 31 per cent of sales.

Gotland Tankers AB

The Group's tanker operations are undertaken by Gotland Tankers AB together with subsidiaries and other Group companies. The vessels are employed by way of commercial management in pool partnerships or by being chartered on a contract basis.

The world market for product tankers remained weak for much of the year. This, along with high costs in 2019, has had an adverse impact on the Group's overall shipping operations throughout the year.

GotlandsResor AB

GotlandsResor AB is responsible for the Group's hotel properties, which include the island's biggest hotel – Scandic Visby – and the Visby Gustavsvik holiday complex. There are a total of over 1,000 beds. The company also has three restaurants at its facilities as well as booking of group and package tours for Destination Gotland. GotlandsResor's net sales totalled to SEK 75 (69) million.

Stockholms Reparationsvarv AB

The company owns 62.5 per cent of Stockholms Reparationsvarv AB, which operates in Beckholmen, Stockholm. Between 50 and 100 vessels of all types are repaired annually. Net sales amounted to SEK 149 (105) million, which is higher than in the previous year.

Nya Skärgårdsbolaget 2017 AB

The company operated archipelago services up to 30 September according to an agreement with Waxholms Ångfartygs AB (WÅAB) och Stockholm County Council (SLL). The agreement covers two areas in the central archipelago in Stockholm and is managed with 28 vessels in total. Net sales amounted to SEK 181 (222) million. The compensation from the Swedish Traffic Administration totalled SEK 157 (194) million.

Shipping

The ships M/S Visborg, M/S Visby, M/S Drotten (formerly M/S Gotland) and HSC Gotlandia II were used in the Gotland services during the period. M/S Gute has been chartered out to TransProCon AB during the year.

In December 2019, the shipping company took delivery of M/S Gotland (formerly M/S Thjelvar), the second of two new construction projects from the GSI shipyard in China for passenger and freight vessels with a capacity of 1,650 passengers each. Both vessels will be powered by liquefied natural gas, LNG, offering significant environmental improvements; and at the same time, biogas can be introduced so as to constitute an increased share of the fuel mix for the ships.

The Group owns four sister vessels in Gotland Class of 53,000 DWT each of which have been transported to Clearlake Shipping Pte Ltd. M/T Gotland Carolina and M/T Gotland Marieann are under technical management at Wisby Shipmanagement AB, M/T Gotland Sofia is under technical management at Hamburg Tankers GmbH, and M/T Gotland Aliya is under technical management at V.Ships UK Ltd. In 2019, the shipyard sold its ships M/V Cielo di Tocopilla and M/V Cielo di Jari,

39,000 DWT each, as well as the product tanker M/T Alice, 39,000 DWT. The product tanker M/T Ami, 39,000 DWT, sister ship of M/T Alice, was also sold in early 2020.

The Group also owns shares in the two product tankers M/T Wisby Atlantic and M/T Wisby Pacific of 49,000 DWT each, which have both been transported to Stena Bulk with technical management at Wisby Shipmanagement AB.

For most of the year, the Group owned eight smaller, fast-moving service vessels focusing on the offshore wind sector. The shipping company sold five of these ships at the end of the year and now has three vessels that are operated by Northern Offshore Services A/S and are deployed in the wind power industry in Northern Europe, with the exception of M/T Rescuer, which is an ambulance vessel serving the Gothenburg archipelago.

Investments

The Group's gross investments during the period amounted to SEK 497 (926) million. Investments relate primarily to the afore-mentioned investments in vessels.

Risks

The company has observed in particular how the impact of the spread of the SARS-CoV-2 virus, causing the COVID-19 disease, may affect the company's future development and risks that may impact on financial reporting going forward. In this assessment, the company has come to the conclusion that this will have a negative impact on the company's revenues for travel and accommodation in particular. The extent of this impact is dependent on factors such as how long the effects impact on society in general (see also page 4).

As the company's business is international, it is exposed to foreign currency risks. Currency flows relating to ferry operations are mainly denominated in SEK. Inward and outward payments relating to product tankers are denominated in USD and EUR. The company does not normally hedge these currency flows in relation

to SEK. Investments in USD and EUR counteract the foreign currency risk to a certain extent. As a result of oil purchases and vessel orders, variations in exchange rates do, however, have an impact. The agreement between Destination Gotland and the Swedish Transport Administration entails a significant risk in terms of fluctuations in the price of oil.

The market risks of fluctuations in demand in the product tanker segment are reduced by the majority of the shipping company's vessels in this segment either being included in pool partnerships or being chartered on long-term contracts. Destination Gotland and GotlandsResor have a market risk related to demand for accommodation and travel to and from Gotland.

Where the company decides to invest liquid assets, it does so in the money market, or in banks or commercial papers with high credit ratings.

The work of the Board of Directors

The Board of Directors met eight times during the year.

Financial position

- » The consolidated liquid assets amounted to SEK 2,788 (2,258) million.
- » Interest-bearing liabilities amounted to SEK 1,451 (1,862) million.
- » The equity/assets ratio was 63 (59) per cent.
- » Equity per share was SEK 1,667 (1,548).

The Parent Company's earnings and sales

The Parent Company's profit after financial items and expenses amounted to SEK 155 (207) million. Revenues amounted to SEK 220 (217) million.

Proposed appropriation of profits

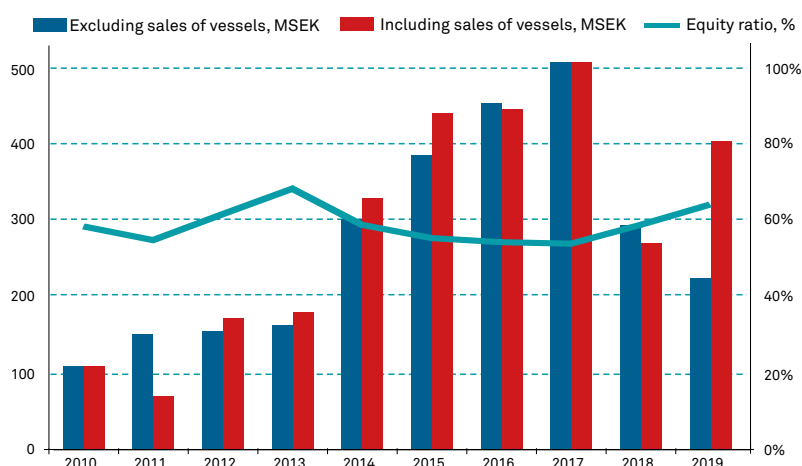
Parent Company profits at the disposal of the Annual General Meeting (SEK):

Profit brought forward	589,919,722
Net profit for the year	-9,532,306
	580,387,416

Given the uncertainty with regard to the effects of the ongoing coronavirus pandemic, the Board proposes carrying forward total profits of SEK 580,387,416.

The income statement and balance sheet will be presented to the Annual General Meeting for adoption.

Profit after net financial items/equity ratio



The business in brief – Group

	2019	2018	2017	2016	2015
From the income statement (SEK million)					
Revenues	2,716.5	2,492.3	2,413.1	2,116.7	2,084.4
Profit after financial items	403.4	270.4	508.1	445.3	440.5
Return (%)					
– on equity after tax ¹	7.7	5.5	9.2	11.0	12.6
– on capital employed ²	8.6	6.9	11.1	10.5	11.0
– on total capital ³	8.2	6.5	10.4	10.0	10.4
From the balance sheet (SEK million)					
Fixed assets	3,573.5	4,036.2	4,005.8	3,377.7	3,260.2
Current non-interest-bearing operating liabilities	316.2	297.7	464.5	305.8	273.3
Non-current liabilities	1,290.2	1,702.3	1,867.4	1,752.6	1,524.1
Equity	4,166.9	3,869.5	3,672.9	3,377.3	3,028.1
Total assets	6,584.1	6,522.7	6,601.0	6,044.6	5,340.2
Equity ratio (%) ⁴	63.3	59.3	55.6	55.9	56.7
Per share (SEK)					
Equity	1,666.75	1,547.79	1,469.14	1,350.94	1,211.26
Profit after tax	123.92	83.21	129.42	140.40	143.89
Dividend*	0	7.40	7.00	6.40	5.80
Share price at end of accounting period (SEK)					
B shares	1,375	1,300	1,200	1,150	1,275
Other					
Gross investments (SEK million)	497	926	822	433	696
Number of employees	810	741	730	686	559
Average number of shares	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000

Definitions:

1) Profit after tax in relation to average equity.

2) Profit after financial items plus financial expenses in relation to average total assets less current non-interest-bearing operating liabilities.

3) Profit after financial items plus financial expenses in relation to average total assets.

4) Equity in relation to total assets.

* Board's proposal.

Income statement 2019

Amounts in SEK thousand	Note	GROUP		PARENT COMPANY	
		2019	2018	2019	2018
Net sales	1, 2	2,508,762	2,454,204	219,534	216,645
Gains on sale of fixed assets		179,436	6,106	233	–
Other revenues		11,996	19,646	313	105
Profit from participations in operational associates		16,259	12,299	–	–
Total revenues		2,716,453	2,492,255	220,080	216,750
Operating expenses					
Other external expenses	2, 3	-1,280,963	-1,361,878	-23,375	-32,818
Personnel expenses	4, 5	-596,286	-537,422	-17,532	-18,760
Depreciation vessels	6	-317,091	-214,469	-2,208	-2,208
Depreciation of other fixed assets	7	-15,808	-17,709	-825	-872
Loss on sale/scrapping of fixed assets		-275	-29,184	-9	-6
Total operating expenses		-2,210,423	-2,160,662	-43,949	-54,664
Operating profit		506,030	331,593	176,131	162,086
Profit/loss from financial investments					
Profit/loss from participations in Group companies	8	39	2,625	–	-661
Profit from securities and receivables that are fixed assets	9	14,569	14,912	11,075	2,188
Interest income and similar profit/loss items	10	13,526	79,807	5,428	62,040
Interest expenses and similar profit/loss items	11	-130,747	-158,518	-37,432	-18,988
Total profit/loss from financial investments		-102,613	-61,174	-20,929	44,579
Profit after financial items		403,417	270,419	155,202	206,665
Appropriations					
Reversal depreciation over plan, vessels		–	–	2,311	2,388
Change in tax allocation reserve		–	–	26,935	-11,765
Group contributions received		–	–	234,955	510,271
Group contributions paid		–	–	-428,748	-674,122
Tax for the year	12	-93,549	-61,773	-187	-7,765
Minority share of net profit/loss for the year		-60	-610	–	–
NET PROFIT FOR THE YEAR		309,808	208,036	-9,532	25,672
Share data					
Earnings per share after tax, SEK		123.92	83.21		
Average number of shares		2,500,000	2,500,000		

Balance sheet as at 31 December 2019

ASSETS		GROUP		PARENT COMPANY	
Amounts in SEK thousand	Note	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Fixed assets					
Intangible fixed assets					
Goodwill	7	1,351	3,116	–	–
Property, plant, and equipment					
Vessels	6	3,363,912	2,966,154	20,791	22,999
New construction vessels and new construction properties	13	454	859,770	–	859,347
Land and buildings	7	155,712	158,336	27,733	26,096
Equipment	7	27,576	27,263	370	465
Total property, plant, and equipment		3,547,654	4,011,523	48,894	908,907
Financial fixed assets					
Participations in Group companies	14	–	–	167,736	167,636
Shares recognised according to the equity method	15	194	3,661	–	–
Participations in associates	16	400	400	200	200
Receivables from Group companies	17	–	–	1,581,254	1,462,827
Other non-current securities	18	5,843	5,760	5,047	5,047
Other non-current receivables	19	5,149	4,481	375	375
Deferred tax claim	20	12,860	7,227	–	–
Total financial fixed assets		24,446	21,529	1,754,612	1,636,085
Total fixed assets		3,573,451	4,036,168	1,803,506	2,544,992
Current assets					
Inventories					
Finished goods and goods for resale		14,470	20,962	–	–
Current receivables					
Accounts receivable		59,482	87,662	1,608	609
Receivables from Group companies		–	–	26,066	3,439
Other receivables		45,954	17,928	23,241	9,135
Tax assets		5,104	–	–	–
Percentage of completion	21	43,386	11,922	–	–
Prepaid expenses and accrued income	22	53,993	90,145	14,370	691
Total current receivables		207,919	207,657	65,285	13,874
Current investments	23	766,631	336,664	766,631	336,664
Cash and bank balances	24	2,021,620	1,921,255	1,845,128	1,839,783
Total current assets		3,010,640	2,486,538	2,677,044	2,190,321
TOTAL ASSETS		6,584,091	6,522,706	4,480,550	4,735,313

Balance sheet as at 31 December 2019

LIABILITIES AND EQUITY		GROUP		PARENT COMPANY	
Amounts in SEK thousand	Note	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Equity					
Share capital		2,777	2,777		
Other capital contributions		2,626	2,626		
Other equity, including income for the year		4,161,474	3,864,061		
Equity attributable to Parent Company's shareholders		4,166,877	3,869,464		
Minority interests		16,003	24,554		
Restricted equity					
Share capital				2,777	2,777
Restricted reserves				2,481	2,481
Total restricted equity				5,258	5,258
Non-restricted equity					
Earnings brought forward				589,920	582,748
Net profit for the year				-9,532	25,672
Total non-restricted equity				580,388	608,420
Total equity		4,182,880	3,894,018	585,646	613,678
Untaxed reserves					
Accumulated depreciation over plan, vessels				20,869	23,180
Tax allocation reserves				298,217	325,153
Total untaxed reserves				319,086	348,333
Provisions					
Provisions for deferred tax	25	506,755	417,006	–	–
Provisions for pensions and similar obligations		5,841	4,365	–	–
Total provisions		512,596	421,371	0	0
Non-current liabilities					
Liabilities to credit institutions	26	1,169,143	1,654,523	582,500	666,000
Liabilities to Group companies	27	–	–	1,839,814	2,078,562
Other non-current liabilities		121,036	47,806	99,648	6,474
Total non-current liabilities		1,290,179	1,702,329	2,521,962	2,751,036
Current liabilities					
Liabilities to credit institutions	26	282,252	207,327	83,500	83,500
Accounts payable		83,170	95,639	14,957	5,137
Tax liabilities		20,568	8,473	8,718	10,442
Liabilities to Group companies		–	–	941,284	915,737
Other liabilities		35,137	28,647	821	1,041
Accrued expenses and deferred income	28	177,309	164,902	4,576	6,409
Total current liabilities		598,436	504,988	1,053,856	1,022,266
TOTAL LIABILITIES AND EQUITY		6,584,091	6,522,706	4,480,550	4,735,313

Statement of changes in equity

Share capital

	Number	Quotient value SEK
Class of share		
A Non-restricted (quotient value SEK 1.11)	1,811,693	2,012,411
B Non-restricted (quotient value SEK 1.11)	688,307	764,565
Total	2,500,000	2,776,976

All shares are fully paid up.

GROUP

Amounts in SEK thousand

	Share capital	Other capital contributions	Other equity		Total	Minority interests	Total capital
			Accumulated exchange rate differences	Retained earnings etc.			
Equity 01/01/2018	2,777	2,626	20,309	3,647,145	3,672,857	25,388	3,698,245
Changes for the year 2018:							
Proposed dividend				-17,500	-17,500		-17,500
Acquisition of shares in subsidiaries' subsidiaries						-1,444	-1,444
Restatement of equity in foreign subsidiaries			6,071		6,071		6,071
Net profit for the year				208,036	208,036	610	208,646
Equity 31/12/2018	2,777	2,626	26,380	3,837,681	3,869,464	24,554	3,894,018
Changes for the year 2019:							
Proposed dividend				-18,500	-18,500		-18,500
Acquisition of shares in subsidiaries				1,610	1,610	-8,610	-7,000
Restatement of equity in foreign subsidiaries			4,494		4,494		4,494
Net profit for the year				309,808	309,808	59	309,867
Equity 31/12/2019	2,777	2,626	30,874	4,130,599	4,166,876	16,003	4,182,879

PARENT COMPANY

Amounts in SEK thousand

	Restricted equity		Non-restricted equity	Total
	Share capital	Statutory reserve	Retained earnings etc.	
Equity 01/01/2018	2,777	2,481	600,248	605,506
Changes for the year 2018:				
Dividend			-17,500	-17,500
Net profit for the year			25,672	25,672
Equity 31/12/2018	2,777	2,481	608,420	613,678
Changes for the year 2019:				
Dividend			-18,500	-18,500
Net profit for the year			-9,532	-9,532
Equity 31/12/2019	2,777	2,481	580,388	585,646

Cash flow statements

Amounts in SEK thousand	Note	GROUP		PARENT COMPANY	
		2019	2018	2019	2018
Operating activities					
Profit after financial items		403,417	270,419	155,202	206,665
Adjustments for items not included in cash flow					
Depreciation and write-downs of fixed assets	6, 7	332,899	232,178	3,033	3,079
Reversal of impairment losses		–	–	–	–
Capital gains on the sale of fixed assets		-178,003	23,350	–	6
Exchange rate differences		37,864	29,256	-10,374	-51,232
Other non-cash items		-134	–	–	–
		596,043	555,203	147,861	158,518
Change in taxes for the year		-2,443	-205,987	-1,911	-58,100
Cash flow from operating activities before changes in working capital		593,600	349,216	145,950	100,418
Changes in working capital					
Change in inventories		6,491	-10,232	–	–
Change in current receivables		9,310	70,130	-28,784	85,141
Change in current liabilities		7,905	32,467	10,686	210,868
Cash flow from operating activities		617,306	441,581	127,852	396,427
Investing activities					
Acquisition of vessels and new buildings	6, 13	-485,148	-907,983	-382,904	-546,938
Acquisition of other property, plant, and equipment	7, 13	-12,138	-16,292	-2,377	–
Acquisition of intangible fixed assets		–	-1,797	–	–
Sale of vessels		803,181	636,107	–	–
Sale of other fixed assets		309	4,016	9	–
Change in other financial fixed assets		2,917	-4,690	-100	-150
Business acquisitions		–	–	–	–
Cash flow from investing activities		309,121	-290,639	-385,372	-547,088
Financing activities					
Borrowings		93,969	–	–	–
Amortisation of debt		-474,938	-246,890	-83,500	-83,500
Change in intra-Group transactions	17, 27	–	–	784,458	156,919
Redemption of minority interests		-7,000	–	–	–
Dividend to shareholders		-18,500	-17,500	-18,500	-17,500
Cash flow from financing activities		-406,469	-264,390	682,458	55,919
Change in cash and cash equivalents		519,958	-113,448	424,938	-94,742
Cash and cash equivalents at start of year		2,257,919	2,304,176	2,176,447	2,219,956
Exchange rate differences in cash and cash equivalents		10,374	67,191	10,374	51,233
Cash and cash equivalents at year-end	29	2,788,251	2,257,919	2,611,759	2,176,447

Accounting and valuation policies

General accounting policies

The annual report and consolidated financial statements have been prepared in accordance with the Annual Accounts Act and the general guidance of the Swedish Accounting Standards Board, BFNAR 2012:1 Annual Accounts and Consolidated Financial Statements (K3).

Valuation policies

Assets and liabilities have been valued at their cost of acquisition unless stated otherwise below.

Revenues

Revenues are reported on the basis of the actual amount received, or the amount expected, and are reported where it is probable that economic benefits will fall to the company. State subsidies are reported at fair value where there is reasonable assurance that the subsidy will be received and all associated conditions will be met. A state subsidy attributable to expected costs is reported as deferred income. The subsidy is taken up as income in the period in which the costs that the state subsidy is intended to compensate arise.

Receivables and liabilities in foreign currency

The receivables and liabilities in foreign currency of the Parent Company and Swedish Group companies have been translated at rate at the end of the reporting period. Currency gains and losses on operational receivables and liabilities are added to or deducted from the operating profit. Gains and losses on financial receivables and liabilities are reported as financial items.

Consolidated financial statements

The consolidated financial statements relate to the Parent Company and the companies in which Rederi AB Gotland

directly or indirectly holds more than 50 per cent of the voting rights (Group companies).

Appropriations and untaxed reserves are not reported in the Group. These are instead divided between equity and deferred tax liabilities.

The consolidated accounts have been prepared in accordance with the acquisition accounting method, whereby the equity in Group companies on the acquisition date is fully eliminated. The procedure means that only earnings arising after the acquisition date are included in the Group's equity.

Intra-Group profit is eliminated in its entirety.

Translation of foreign subsidiaries

Subsidiaries in other countries prepare their annual report in a foreign currency. On consolidation, entries in these companies' balance sheets and income statements are translated at the closing rate and average rate respectively. The resulting exchange rate differences are recognised in cumulative exchange rate differences in equity.

Taxes, including deferred taxes

Reported income taxes include tax that is to be paid or received in respect of the current year, adjustments to tax in respect of previous years, changes in deferred tax, and a share of associated companies' tax.

All tax liabilities and assets are reported at their nominal value, in line with the tax regulations and tax rates that have been decided on or that have been announced and will in all probability be adopted. Deferred tax is calculated on all temporary differences arising between reported values of assets and liabilities and their values for tax and accounting purposes.

Deferred tax assets are recognised in respect of all deductible temporary differences and unutilised loss carry-forwards, where it is likely that there will be future taxable profits against which the temporary differences or unutilised loss carry-forwards can be offset. The reported value of the deferred tax assets is reviewed at the end of each reporting period.

Receivables

Receivables are reported as the payment expected in each individual case.

Inventories

Inventories are valued, applying the first-in/first-out principle, at the lower of the cost of acquisition and fair value at the end of the reporting period.

Fixed assets

Interest on capital borrowed to finance the production of an asset is not included in the cost of acquisition. All types of fixed assets are depreciated/amortised on a straight-line basis. For the depreciation/amortisation periods applied, see the relevant notes for the fixed assets. Where the value reported exceeds the calculated recoverable amount, the value reported is written down directly to this recoverable amount.

Companies that are not subsidiaries are considered as associates but where the Parent Company directly or indirectly holds at least 20 per cent of the votes for all shares, or otherwise has a significant influence.

The reporting of associated companies is dependent on how Rederi AB Gotland controls and monitors the companies' operations. The Group applies the equity method for unlisted holdings in cases where Rederi AB Gotland is involved in the business to a significant extent, which means that the shareholding

is an integral part of the Group's core activities. From an accounting point of view, such a shareholding is classified as operational and the Group's share of the associated company's profit after tax is recognised in operating profit.

Other holdings in associated companies are classified as strategic holdings and the Group's share of these companies' profit after tax is recognised in net financial items.

Leases

All leases are treated as operational leases. The costs of operational leases are small amounts.

Cash flow statements

The cash flow statements have been prepared using the indirect method. The cash flow reported only includes transactions that involve inward or outward payments. Cash and cash equivalents are classified as bank balances and current financial investments.

Borrowings

Borrowings are initially reported as the amount received less transaction costs. If the amount reported differs from the amount to be repaid at the due date, the difference is allocated as an interest expense or interest income over the term of the loan. As a result, the amount reported and the amount to be repaid match at the due date.

Provisions

Provisions are made when there is a legal or constructive obligation and when a reliable estimate of the amount can be made.

Appropriations

Changes in untaxed reserves are recognised as appropriations in the income statement for the Parent

Company. Group contributions are recognised as appropriations.

Shareholdings and participations in subsidiaries

Participations in Group companies are recognised at their cost of acquisition less any impairment losses. The cost of acquisition includes the purchase price paid for the shares and acquisition costs. Any capital injection and Group contributions are added to the cost of acquisition when made. Dividends from subsidiaries are recognised as income.

Untaxed reserves

Untaxed reserves in the Parent Company are recognised gross in the balance sheet, including the deferred tax liability attributable to the reserves.

Assessments and estimates

Market value assessments are carried out each year to assess the carrying amounts of vessels and commercial premises. Market value assessments for vessels are conducted both by way of market valuations based on official publications and individual valuations by brokers, as well as by discounted cash flow valuations based on estimated cash flow during the vessel's serviceable life and the present value calculation based on a weighted average of the required return on equity and interest on the capital borrowed.

Discounted cash flow valuations are made for the investment properties, such as hotel operations and properties that are rented out commercially. These are based on the forecast cash flow for the coming year calculated at present value based on a weighted average of the required return on equity and interest on the capital borrowed.

Notes to the consolidated and Parent Company financial statements

Amounts in SEK thousands unless stated otherwise

NOTE 1 NET SALES BY OPERATING SEGMENT

Net sales	GROUP		PARENT COMPANY	
	2019	2018	2019	2018
Foreign shipping operations	439,834	490,689	211,364	209,051
Passenger and freight traffic, Sweden 1)	1,745,924	1,696,908	–	–
Travel agency operations, Sweden	80,089	73,114	–	–
Hotel operations, Sweden	74,888	68,480	–	–
Shipyard operations, Sweden	148,757	105,164	–	–
Other, Sweden 2)	19,270	19,849	8,170	7,594
Total	2,508,762	2,454,204	219,534	216,645

1) Relates to Destination Gotland AB and Nya Skärgårdsbolaget 2017 AB. Total sales include SEK 495 (498) million as payment from the Swedish Transport Administration for the ferry services provided, and SEK 102 (83) million as payment for shipping support, which corresponds to employer contributions and tax deductions on shipping income, and payment from Trafikförvaltningen [the Public Transport Administration] of SEK 157 (194) million for archipelago services carried out.

2) Relates to Gotlands Stuveri AB with subsidiary, which is 94% owned by Destination Gotland AB, plus the property management parent company.

NOTE 2 PERCENTAGE OF PURCHASES AND SALES RELATING TO GROUP COMPANIES

	PARENT COMPANY	
	2019	2018
Sale of internal services	95%	97%
Purchase of internal services	2%	2%

NOTE 3 REMUNERATION TO AUDITORS

The following remuneration has been paid to the company's auditors:	GROUP		PARENT COMPANY	
	2019	2018	2019	2018
<i>Öhrlings PriceWaterhousecoopers AB</i>				
Auditing assignments	1,954	2,091	744	817
Auditing activities other than auditing tasks	223	239	–	–
Tax advisory services	17	67	–	–
Other services	165	207	30	142
Total	2,359	2,604	774	959

Audit assignments refer to the auditor's work for the statutory audit and the term auditing activities refers to various types of quality assurance services. "Other services" are those that are not included in audit assignments, auditing activities, or tax consultancy.

Notes to the consolidated and Parent Company's financial statements »

NOTE 4 EMPLOYEE SALARIES AND BENEFITS AND PAYMENTS TO THE BOARD OF DIRECTORS AND MANAGEMENT

	GROUP		PARENT COMPANY	
	2019	2018	2019	2018
Salaries and other remuneration				
Board of Directors and CEO	12,977	12,569	4,102	4,201
Other employees	397,652	353,804	8,067	8,153
Total	410,629	366,373	12,169	12,354
Social security contributions				
Pension costs for the Board of Directors and CEO	3,922	3,526	704	622
Pension costs for other employees	36,158	34,225	1,544	1,885
Other social security contributions in accordance with the law and agreements	129,868	119,465	4,142	4,487
Total	169,948	157,216	6,390	6,994

Remuneration to the CEO is prepared and determined by the Board of Directors. No variable remuneration is paid to senior management. The company has no outstanding pension commitments.

NOTE 5 AVERAGE NUMBER OF EMPLOYEES, ETC

	GROUP		PARENT COMPANY	
	2019	2018	2019	2018
Average number of employees in Sweden				
Women	274	291	4	4
Men	536	450	6	8
Total	810	741	10	12
Board members at the end of the reporting period				
Women	37	36	2	2
Men	106	113	5	6
Total	143	149	7	8
Senior executives at the end of the reporting period				
Women	1	1	0	0
Men	8	8	1	1
Total	9	9	1	1

NOTE 6 VESSELS

Planned depreciation for the fast ferries M/S Visborg, M/S Gotland, M/S Visby, M/S Drotten, HSC Gotlandia, and HSC Gotlandia II is based on an economic life of 10 years from the year of construction. For conventional ferries, the depreciation period is 20 years. For product tankers, the depreciation period is 15 years with 10 per cent residual value. For service vessels for the offshore wind power sector, the depreciation period is 10 years from the year of construction.

	GROUP		PARENT COMPANY	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Accumulated costs of acquisition				
At start of year	5,579,729	4,806,909	1,029,637	1,029,637
New acquisitions during the year	1,340,027	1,660,302	–	–
Disposals for the year	-851,520	-887,482	–	–
Total accumulated costs of acquisition	6,068,236	5,579,729	1,029,637	1,029,637
Accumulated depreciation and impairment				
At start of year	-2,613,575	-2,628,683	-1,006,638	-1,004,430
Disposals for the year	226,342	229,577	–	–
Planned depreciation for the year	-317,091	-214,469	-2,208	-2,208
Total accumulated depreciation and impairment losses	-2,704,324	-2,613,575	-1,008,846	-1,006,638
Residual value at year-end	3,363,912	2,966,154	20,791	22,999

The Group: Of the total balance sheet item of SEK 3,363,912 (2,966,154) thousand, operational leases account for SEK 68,271 (545,562) thousand.

Parent Company: Of the total balance sheet item of SEK 20,791 (22,999) thousand, operational leases account for SEK 0 (0) thousand.

Some subsidiaries that own tankers have signed option agreements with the operator of the tanker. The agreements mean that the operators are entitled to acquire the vessel at a given acquisition price at certain times. Where the redemption price is lower than the expected carrying amount at the time of redemption, the value is written down to the redemption price.

Notes to the consolidated and Parent Company's financial statements »

NOTE 7 OTHER FIXED ASSETS

GOODWILL: Goodwill is amortised over five years.

	GROUP	
	31/12/2019	31/12/2018
Accumulated costs of acquisition		
At start of year	26,690	24,894
New acquisitions during the year	–	1,796
Total accumulated costs of acquisition	26,690	26,690
Accumulated depreciation and impairment		
At start of year	-23,574	-21,345
Planned depreciation for the year	-1,677	-2,229
Impairment for the year	-88	–
Total accumulated depreciation and impairment losses	-25,339	-23,574
Residual value at year-end	1,351	3,116

BUILDINGS AND LAND: Planned depreciation on buildings is calculated per building divided by components with different depreciation periods.

	GROUP		PARENT COMPANY	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Accumulated costs of acquisition				
At start of year	241,112	236,656	53,390	53,390
New acquisitions during the year	3,754	6,250	2,368	–
This year's scrappage	-410	-1,794	–	–
Total accumulated costs of acquisition	244,456	241,112	55,758	53,390
Accumulated depreciation and impairment				
At start of year	-82,776	-77,041	-27,294	-26,596
Planned depreciation for the year	-6,112	-6,254	-731	-698
This year's scrappage	144	519	–	–
Total accumulated depreciation and impairment losses	-88,744	-82,776	-28,025	-27,294
Residual value at year-end	155,712	158,336	27,733	26,096

According to the cash flow method, the fair value of the investment properties within the Group has been calculated at SEK 137 million, which is higher than the book value of SEK 108 million. Corresponding values for investment properties in the Parent Company are SEK 17 million and SEK 7 million respectively. For valuation policies, see above. The remaining properties are commercial properties.

EQUIPMENT: Planned depreciation on equipment, tools, and fixtures and fittings is calculated at 20 per cent of their acquisition value per annum.

	GROUP		PARENT COMPANY	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Accumulated costs of acquisition				
At start of year	145,918	139,670	6,662	6,668
New acquisitions during the year	8,353	10,747	8	–
Divestments and disposals during the year	-922	-4,499	-842	-6
Reclassification	21	–	–	–
Total accumulated costs of acquisition	153,370	145,918	5,828	6,662
Accumulated depreciation				
At start of year	-118,655	-109,635	-6,197	-6,023
Divestments and disposals during the year	880	-6	833	–
Planned depreciation for the year	-8,019	-9,225	-94	-174
Reclassification	–	211	–	–
Total accumulated depreciation	-125,794	-118,655	-5,458	-6,197
Residual value at year-end	27,576	27,263	370	465

NOTE 8 PROFIT/LOSS FROM PARTICIPATIONS IN GROUP COMPANIES

	GROUP		PARENT COMPANY	
	2019	2018	2019	2018
Capital gains/losses	39	2,625	–	–
Impairment losses	–	–	–	-661
Total	39	2,625	0	-661

Notes to the consolidated and Parent Company's financial statements »

NOTE 9 RESULT FROM SECURITIES AND RECEIVABLES ACCOUNTED FOR AS NON-CURRENT ASSETS

	GROUP		PARENT COMPANY	
	2019	2018	2019	2018
Dividend	15,125	15,050	11,833	2,188
Impairment losses	–	-168	–	–
Reversal of impairment losses	202	–	–	–
Results achieved on sales	-758	30	-758	–
Total	14,569	14,912	11,075	2,188

NOTE 10 INTEREST INCOME AND SIMILAR PROFIT/LOSS ITEMS

	GROUP		PARENT COMPANY	
	2019	2018	2019	2018
Interest income	5,236	10,809	5,428	10,808
Exchange rate differences	8,290	68,998	–	51,232
Total	13,526	79,807	5,428	62,040

NOTE 11 INTEREST EXPENSES AND SIMILAR PROFIT/LOSS ITEMS

	GROUP		PARENT COMPANY	
	2019	2018	2019	2018
Interest expenses	-59,202	-63,198	-13,092	-18,874
Exchange rate differences	-67,706	-94,993	-20,612	-114
Other financial expenses	-3,839	-327	-3,728	–
Total	-130,747	-158,518	-37,432	-18,988

NOTE 12 TAX FOR THE YEAR

	GROUP		PARENT COMPANY	
	2019	2018	2019	2018
Current tax	-1,335	-8,931	–	7,765
Adjustment concerning previous year	-8,098	–	-187	–
Deferred tax	-84,116	-52,842	–	–
Reported tax expense	-93,549	-61,773	-187	7,765
Profit after financial items	403,417	270,419	155,202	206,665
Tax on profit after financial items, 21.4% and 22% respectively according to Swedish tax rate	-86,331	-59,492	-33,213	-45,466
Changes due to:				
Non-taxable income	1,712	8,249	1,025	481
Provisions for untaxed reserves	–	–	-6,259	2,063
Group contributions paid (net)	–	–	38,644	36,047
Non-deductible expenses	-2,270	-5,360	-197	-642
Changes in temporary differences	-36,919	-1,662	–	–
Loss carryforwards	–	4,227	–	–
Flat-rate income on tax allocation reserves	-10	-255	–	-248
Tax rates other than in Sweden	-2,008	-20,107	–	–
Corrections from previous year	10,359	3,204	-187	–
Change in corporate tax rate in Sweden	21,918	9,423	–	–
Reported tax expense	-93,549	-61,773	-187	-7,765

NOTE 13 NEW CONSTRUCTION CONTRACTS VESSELS AND NEW CONSTRUCTION PROJECTS PROPERTIES

	GROUP		PARENT COMPANY	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
At start of year	859,770	1,612,794	859,347	1,611,666
New acquisitions for new construction contracts for the year	479,953	556,087	476,079	546,938
Reclassification	-1,339,269	-1,309,111	-1,335,426	-1,299,257
Carrying amount at year-end	454	859,770	0	859,347

New construction contracts for vessels amounted to SEK 0 (859) million.

Notes to the consolidated and Parent Company's financial statements »

NOTE 14 PARTICIPATIONS IN GROUP COMPANIES

	PARENT COMPANY	
	31/12/2019	31/12/2018
Opening cost of acquisition	167,636	167,486
Acquisitions during the year	100	811
Revaluation	–	-661
Carrying amount at year-end	167,736	167,636

Specification of the Group's shareholdings and participations in Group companies

Swedish Group companies	Corp. ID. no.	Based	Number of	Carrying amount	Capital and share of votes %	Equity	Financial outcome
Destination Gotland AB	556038-2342	Gotland	5,000	80,389	100	182,010	11,281
GotlandsResor AB	556141-1009	Gotland	500	2,507	100	63,191	666
Gamla Wisby Bryggeri AB	556035-4341	Gotland	4,320	890	100	650	-1
Gotlandsbolaget AB	556643-7850	Gotland	1,000	100	100	419,947	-52,730
Rederi AB Hoburgen	556207-3816	Gotland	1,000	132	100	107,982	0
Rederi AB Våndburg	556496-2222	Gotland	1,000	1,550	100	1,120	0
Gotland Tankers AB	556762-3342	Gotland	1,000	68,100	100	57,095	519
Wisby Tanker Trading AB	556798-0700	Gotland	500	50	100	95	0
Rederi AB Lauter	556815-1293	Gotland	1,000	50	100	50	0
Rederi AB Djupvik	556815-1160	Gotland	1,000	50	100	50	0
Rederi AB Kyllaj	556864-0931	Gotland	500	50	100	51	0
Rederi AB Burgsvik	556864-0949	Gotland	500	50	100	51	0
Rederi AB Asunden	556899-3892	Gotland	1,000	50	100	50	0
Rederi AB Botvaldevik	556899-3884	Gotland	1,000	50	100	51	0
Sundre Rederi AB	556937-7764	Gotland	500	50	100	51	0
Hallshuk Rederi AB	556937-7756	Gotland	500	50	100	51	0
Nya Skärgårdsbolaget 2017 AB	556978-3573	Gotland	100	50	100	12,886	-116
Rederi Utholmen AB	556980-3660	Gotland	100	50	100	11,834	0
Stockholms Reparationsvarv AB	556426-2391	Stockholm	625	12,625	62.5	29,000	2,793
Hangvar Rederi AB	559019-6977	Gotland	1,000	50	100	51	0
Hellvi Rederi AB	559019-7025	Gotland	1,000	50	100	51	0
Rederi Sysne AB	559069-4807	Gotland	1,000	50	100	51	0
Rederi Grynge AB	559069-4831	Gotland	1,000	50	100	51	0
Rederi Boge AB	559122-3457	Gotland	1,000	50	100	50	0
Rederi Othem AB	559122-3374	Gotland	1,000	50	100	50	0
Rederi Enholmen AB	559164-8703	Gotland	500	50	100	50	0
Rederi Furillen AB	559164-9149	Gotland	500	50	100	50	0
Rederi Mjauviken AB	559212-4126	Gotland	500	50	100	50	0
Rederi Petesvik AB	559212-4167	Gotland	500	50	100	50	0
Companies under formation				50	100	50	0
Foreign Group companies							
Gotland Shipping Latvia A/S		Latvia	500	343	100	0	0
Carrying amount at year-end				167,736			

The following companies are sub-subsidiaries of Rederi AB Gotland, with their respective owner companies

Gotland Tankers AB		
Rederi AB Torsburgen	Gotland	100
Rederi AB Gute	Gotland	100
Rederi AB Ljugarn	Gotland	100
Rederi AB Klintehamn	Gotland	100
Rederi AB Kappelshamn	Gotland	100
Rederi AB Katthammarsvik	Gotland	100
Rederi AB Gnismård	Gotland	100
Rederi AB Västergarn	Gotland	100
Gotland Class Shipping KB	Gotland	1
Destination Gotland AB		
Gotland Promotion	Gotland	100
Gotland Stuveri AB	Gotland	94
AB Carl E Ekman	Gotland	100
Gotland Excursion AB	Gotland	100
Gotlandsbolaget AB		
Gotland Shipping(Bahamas) Ltd	Bahamas	100
Rederi AB Lauter		
Gotland Class Shipping KB	Gotland	99
Rederi AB Hoburgen		
Rederi AB Vrenen	Gotland	100
Rederi AB Våndburg		
Rederi AB Sudersand	Gotland	100

Notes to the consolidated and Parent Company's financial statements »

NOTE 15 SHARES RECOGNISED USING THE CAPITAL INVESTMENT METHOD

	GROUP		PARENT COMPANY	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
At start of year	3,661	–	–	–
New acquisitions	–	3,661	–	–
Revaluation	-3,467	–	–	–
Carrying amount at year-end	194	3,661	0	0
Specification of associates	Based		Carrying amount	Equity and share of votes %
HM Shipping Ltd	Bahamas		<u>194</u>	50.0
Total Group			194	

NOTE 16 PARTICIPATIONS IN ASSOCIATES

	GROUP		PARENT COMPANY	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
At start of year	400	400	200	200
Reclassifications for the year	–	–	–	–
Carrying amount at year-end	400	400	200	200
Specification of associates	Based	Number of	Carrying amount	Equity and share of votes %
Vic Själv-Kem. i Visby AB (556094-3549)	Gotland	400	<u>400</u>	34.8
Total Group			400	
Of which Parent Company:				
Vic Själv-Kem. i Visby AB (556094-3549)	Gotland	200	<u>200</u>	17.4
Total Parent Company			200	

NOTE 17 RECEIVABLES FROM GROUP COMPANIES

	PARENT COMPANY	
	31/12/2019	31/12/2018
At start of year	1,462,827	616,682
Additional receivables	118,427	846,145
Carrying amount at year-end	1,581,254	1,462,827

NOTE 18 OTHER NON-CURRENT SECURITIES

	GROUP		PARENT COMPANY	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
At start of year	5,760	5,960	5,047	5,047
Sales	-119	-30	–	–
Impairment losses	–	-170	–	–
Revaluations	202	–	–	–
Carrying amount at year-end	5,843	5,760	5,047	5,047

NOTE 19 OTHER NON-CURRENT RECEIVABLES

	GROUP		PARENT COMPANY	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
At start of year	4,481	3,252	375	375
Additional receivables	1,206	1,229	–	–
Settled receivables	-538	–	–	–
Carrying amount at year-end	5,149	4,481	375	375

NOTE 20 DEFERRED TAX ASSET

	GROUP		PARENT COMPANY	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Deferred tax asset attributable to temporary differences in assets				
Amount at start of year	7,227	11,941	–	–
Change for the year	5,633	-4,511	–	–
Conversion due to changed corporate tax rate from 2019	–	-203	–	–
Carrying amount at year-end	12,860	7,227	–	–

Notes to the consolidated and Parent Company's financial statements »

NOTE 21 PERCENTAGE OF COMPLETION

	GROUP		PARENT COMPANY	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Reported income	96,513	69,755	–	–
Invoiced amount	-53,127	-57,833	–	–
Carrying amount at year-end	43,386	11,922	0	0

NOTE 22 PREPAID EXPENSES AND ACCRUED INCOME

	GROUP		PARENT COMPANY	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Prepaid expenses	47,666	84,854	14,370	691
Other interim receivables	111	–	–	–
Other accrued income	6,216	5,291	–	–
Carrying amount at year-end	53,993	90,145	14,370	691

NOTE 23 CURRENT INVESTMENTS

Money market investments in banks with low risk.

NOTE 24 BANK OVERDRAFT FACILITIES

A bank overdraft facility of SEK 30,000 thousand has been granted, of which SEK 0 thousand has been utilised.

NOTE 25 DEFERRED TAX LIABILITY

	GROUP	
	31/12/2019	31/12/2018
Deferred tax liability attributable to temporary differences in assets		
Amount at start of year	30,708	29,470
Change for the year	-10,549	1,423
Conversion due to changed corporate tax rate from 2019	-1,966	-185
Total	18,193	30,708
Deferred tax liabilities attributable to untaxed reserves in legal entities		
Amount at start of year	386,298	339,408
Change for the year	106,773	56,330
Conversion due to changed corporate tax rate from 2019	-4,509	-9,440
Total	488,562	386,298
Carrying amount at year-end	506,755	417,006

NOTE 26 LIABILITIES TO CREDIT INSTITUTIONS

	GROUP		PARENT COMPANY	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Due date 0-1 years from the end of the reporting period	282,252	207,327	83,500	83,500
Due date 1-5 years from the end of the reporting period	672,771	781,377	334,000	334,000
Due date over 5 years from the end of the reporting period	496,372	873,147	248,500	332,000
Carrying amount at year-end	1,451,395	1,861,851	666,000	749,500

Of the Group's liabilities to credit institutions, 726,370 (896,905) is in SEK and 725,025 (964,946) is in USD.
Of the Parent Company's liabilities to credit institutions, 666,000 (749,500) is in SEK.

NOTE 27 LIABILITIES TO GROUP COMPANIES

	PARENT COMPANY	
	31/12/2019	31/12/2018
At start of year	2,078,562	2,210,905
Settled liabilities	-238,748	-132,343
Carrying amount at year-end	1,839,814	2,078,562

These liabilities fall due for payment on demand.

Notes to the consolidated and Parent Company's financial statements »

NOTE 28 ACCRUED EXPENSES AND DEFERRED INCOME

	GROUP		PARENT COMPANY	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Accrued personnel expenses	84,913	87,887	3,716	2,851
Accrued interest	8,105	4,912	393	2,253
Prepaid income	69,785	49,916	34	31
Other accrued expenses	14,506	22,187	433	1,274
Carrying amount at year-end	177,309	164,902	4,576	6,409

NOTE 29 CASH AND CASH EQUIVALENTS

	GROUP		PARENT COMPANY	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Bank deposits	2,006,620	1,878,354	532,847	958,298
Current investments	766,631	336,664	766,631	336,664
Funds in Group account	–	–	1,297,281	838,584
Frozen assets	15,000	42,901	15,000	42,901
Carrying amount at year-end	2,788,251	2,257,919	2,611,759	2,176,447

NOTE 30 ASSETS PLEDGED TO CREDIT INSTITUTIONS

	GROUP		PARENT COMPANY	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Mortgages	11,260	11,260	7,860	7,860
Ship mortgages	1,843,394	2,257,636	1,050,000	1,050,000
Chattel mortgages	13,475	13,475	1,825	1,825
Mortgage in shares	80,389	80,389	80,389	80,389
Bank accounts	15,000	42,901	15,000	42,901
Guarantees	7,900	7,900	–	–
For own pension commitment	5,841	4,365	–	–
Total	1,977,259	2,417,926	1,155,074	1,182,975

NOTE 31 CONTINGENT LIABILITIES

	PARENT COMPANY	
	31/12/2019	31/12/2018
Guarantees on behalf of subsidiaries	828,392	1,155,106

NOTE 32 SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

The company has observed in particular how the impact of the spread of the SARS-CoV-2 virus, causing the COVID-19 disease, may affect the company's future development and risks that may impact on financial reporting going forward. In this assessment, the company has come to the conclusion that this will have a negative impact on the company's revenues for travel and accommodation in particular. The extent of this impact is dependent on factors such as how long the effects impact on society in general (see also page 4).

The product tanker M/T Ami, 39,000 DWT, was sold in early 2020.

NOTE 33 PROPOSAL FOR PROFIT DISPOSAL

Parent Company profits at the disposal of the Annual General Meeting:

	SEK
Profit brought forward	589,919,722
Net profit for the year	-9,532,306
	580,387,416

Given the uncertainty with regard to the effects of the ongoing coronavirus pandemic, the Board proposes carrying forward total profits of SEK 580,387,416.

Visby, 5 May 2020

Ann-Marie Åström
Chairman

Björn Nilsson
Vice Chairman

Annelie Hamberg

Peter J. Lindskog

Eric D. Nilsson

Peter Skoglund

Jonas Åman

Håkan Johansson
CEO

Audit Report

To the Annual General Meeting of Rederiaktiebolaget Gotland, Corp ID No. 556000-8020

Report on the annual report and the consolidated financial statements

Opinions

We have audited the annual report and the consolidated financial statements of Rederiaktiebolaget Gotland for 2019. The Company's annual report and consolidated financial statements are presented on pages 18-37 of the printed version of this document.

In our opinion, the annual report and the consolidated financial statements have been prepared pursuant to the Swedish Annual Accounts Act and provide, in all material respects, a true and fair view of the financial position of the Parent Company and Group as at 31 December 2019 and their financial results and cash flows for the year pursuant to the Swedish Annual Accounts Act. The Board of Directors' report is consistent with the rest of the annual report and the consolidated financial statements.

We therefore recommend to the general meeting of shareholders that the income statement and balance sheet for the Parent Company and the Group be adopted.

Basis for opinions

We conducted the audit in accordance with the 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.

We consider that the audit evidence we obtained is sufficient and appropriate as the basis for our opinions.

Information other than the annual report and the consolidated financial statements

This document also includes information other than the annual financial statements and consolidated financial statements, and this can be found on pages 1-17 and 38-42. The Board of Directors and Chief Executive Officer are responsible for this other information.

Our statement concerning the annual financial statements and consolidated financial statements does not include this information, and we make no statement with confirmation concerning this other information.

As part of our audit of the annual report and the consolidated financial statements, it is our responsibility to read the information identified above and to consider whether the information is incompatible with the annual report and the consolidated financial statements to any considerable extent. At this time we also take into consideration the knowledge that we have acquired during the audit and assess whether the information in the other information seems to contain material errors.

If, based on the work that has been carried out with regard to this information, we conclude that the other information contains a material misstatement, we are obliged to report this. We have nothing to report in this regard.

Responsibility of the Board of Directors and CEO

It is the Board of Directors and the CEO who are responsible for the preparation of the annual report and the consolidated financial statements and that they give a true and fair view in compliance with the Annual Accounts Act. The Board of Directors and the CEO are also responsible for the internal control that they deem necessary to establish an annual report and consolidated financial statements in that they do not contain any material misstatement, whether due to irregularities or errors.

In preparing the annual report and consolidated financial statements, the Board of Directors and the CEO are responsible for the assessment of the company's and the Group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. However, the assumption of continued operation is not applied if the Board of Directors and the CEO intend to liquidate the company, cease operations or have no realistic alternative to doing any of these.

Auditor's responsibility

Our goals are to obtain a reasonable degree of certainty as to whether the annual report and the consolidated financial statements as a whole do not contain any material misstatement, whether due to irregularities or errors, and to provide an audit report containing our statements. 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. Inaccuracies may arise due to irregularities or errors and are deemed to be material if they, individually or together, can reasonably be expected to affect the financial decisions that users make on the basis of the annual report and the consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

» We identify and assess the risks of material misstatement in the annual report and consolidated financial statements, whether these are due to irregularities or errors, formulate and carry out auditing measures, among other things on the basis of these risks and obtain audit evidence that is sufficient and appropriate to constitute a basis for our statements. The risk of not detecting a material misstatement due to irregularities is higher than for a material

misstatement due to errors, as irregularities may include collusion, counterfeiting, deliberate omissions, incorrect information, or breach of internal controls.

- » we gain an understanding of the part of the company's internal control that is important for our audit in order to formulate audit measures that are appropriate in the circumstances, but not in order to comment on the effectiveness of the internal control.
- » we evaluate the appropriateness of the accounting principles adopted and the reasonableness of the Board of Directors and the CEO's estimates in the accounts and related information.
- » we draw a conclusion on the appropriateness of the Board of Directors and the CEO based on the assumption of continued operation in the preparation of the annual report and the consolidated financial statements. 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 report and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion about the annual report and consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- » we evaluate the overall presentation, structure and content of the annual report and the consolidated financial statements, including the disclosures, and whether the annual report and the consolidated financial statements reflect the underlying transactions and the events in a manner that gives a true and fair view.
- » we obtain sufficient and appropriate audit evidence regarding the financial information for the units or business activities within the Group in order to prepare a statement regarding the consolidated financial statements. 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 of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

Report on other legal and statutory requirements

Opinions

In addition to our audit of the annual report and consolidated financial statements, we have also audited the administration of the Board of Directors and CEO of Rederiaktiebolaget Gotland for the year 2019 and the proposed appropriations of the company's profit or loss.

We recommend to the Annual General Meeting of shareholders that the profit be appropriated in accordance with the proposal in the Board of Directors' report and that the members of the Board of Directors 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 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.

We consider that the audit evidence we obtained is sufficient and appropriate as the basis for our opinions.

Responsibility of the Board of Directors and CEO

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the Group's type of operations, size and risks place on the size of the Parent Company's and the Group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organisation and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the Group's financial situation and ensuring that the company's organisation is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The CEO shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfil the company's accounting in accordance with law and handle 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 taken any action or has been guilty of any negligence that may cause liability to the company
- » in some other way has 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 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 audit of the administration and the proposal for dispositions 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 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. In order to express an opinion on the proposed allocation of profit or loss in the company by the Board of Directors, we have examined the statements of the Board of Directors and relevant parts of the underlying documentation to see whether the proposal is consistent with the Companies Act.

Stockholm, 6 May 2020
Öhrlings PricewaterhouseCoopers AB

Magnus Thorling
Authorised Public Accountant

Board of Directors



Photo: Karl Melander

Top row from left: Jonas Åman, Peter J. Lindskog, Peter Skoglund and Björn Nilsson. Bottom row from left: Annelie Hamberg, Eric D. Nilsson, Ann-Marie Åström and Ingela Örnberg.



Ann-Marie Åström

Chairman
Born in 1965. Bachelor of Law.
Member of the Board since 1991,
Chairman since 2018.
Member of the Remuneration
Committee.
Shareholding: See page 17.
Other positions of trust: Member of
Consilium AB, Skuld Oslo and Member of
Executive Committee of Intertanko.



Björn Nilsson

Vice Chairman
Born in 1964. Economist.
Member of the Board since 1990,
Vice Chairman since 2018.
Shareholding: See page 17.



Annelie Hamberg

Employee representative.
Born in 1978. Ship's officer.
Member of the Board since 2010
Shareholding: 0 shares.



Peter J. Lindskog

Born in 1947. Lawyer.
Member of the Board since 1983.
Member of the Remuneration
Committee.
Shareholding: 0 shares.



Eric D. Nilsson

Honorary chairman
Born 1927. Ship owner.
CEO 1970-1978, working
chairman of the board 1978-
1988, honorary chairman since
1989, member of the board since
2012.
Shareholding: See page 17.



Peter Skoglund

Employee representative.
Born in 1964. Ombudsman.
Member of the Board since 2005.
Shareholding: 0 shares.



Jonas Åman

Born in 1964. MSc Shipping
Trade & Finance.
Member of the Board since 2004.
Shareholding: See page 17.



Ingela Örnberg

Employee representative
Born in 1958. Purser.
Deputy member of the Board
since 2011.
Shareholding: 0 shares.

Monica Friman

Employee representative.
Born in 1967. Official.
Deputy member of the Board
since 2005. Shareholding: 0
shares.

FERRIES

Vessel Gallery



The two new LNG ferries, M/S Visborg (name to be changed to Visby) and M/S Gotland (formerly Thjelvar), were delivered for the Gotland service in 2018 and 2019 respectively. (Photo: M/S Visborg)

These ships run on LNG (Liquefied Natural Gas), which reduces CO₂ emissions by 20 per cent and sulphur emissions by 99 per cent.

They can also run on biogas (LBG), which will make it possible to gradually phase in a completely renewable source of energy for the Gotland service.

M/S VISBORG AND M/S GOTLAND

Built 2018/2019 at Guangzhou Shipyard International Co Ltd (GSI), China

LOA 199.9 m

Breadth 25.86 m

Draught 6.40 m

Gross tonnage 32,447

Net tonnage 11,312

Deadweight 4,636/4,589 DWT

Speed 28.5 knots

Vessel type Ro-Ro passenger ferry

Main engines 46,800 kW

Passenger capacity 1,650

Cabin capacity 98 cabins

Cargo capacity 500 vehicles or 1,745 lane metres

Class DNVGL, Ice Class 1A

FERRIES



M/S Drotten (formerly Gotland).

M/S VISBY AND M/S DROTEN

Built 2003 at Guangzhou Shipyard International Co Ltd (GSI), China
LOA 196 m
Breadth 25.67 m
Draught 6.40 m
Gross tonnage 29,746
Net tonnage 9,505
Deadweight 5,248 / 5,174 DWT
Speed 28.5 knots
Vessel type Ro-Ro passenger ferry
Main engines 50,400 kW
Passenger capacity 1,500
Cabin capacity 115 cabins
Cargo capacity 500 passenger cars or 1,800 lane metres
Class DNVGL, Ice Class 1A



HSC GOTLANDIA

Built in 1999 Alstrom Leroux Naval, Lorient, France
LOA 112.51 m
Breadth 16.11 m
Draught 2.61 m
Gross tonnage 5,632
Net tonnage 1,689
Deadweight 450 DWT
Speed 32 knots
Vessel type Rapid single-hull ferry, HSC B
Main engines 28,320 kW
Passenger capacity 700
Cargo capacity 140 passenger cars
Class DNVGL



HSC GOTLANDIA II

Built 2006 at Fincantieri, Riva Trigoso/Genoa, Italy
LOA 122 m
Breadth 17.05 m
Draught 3.29 m
Gross tonnage 6,554
Net tonnage 1,996
Deadweight 543 DWT
Speed 32 knots
Vessel type Rapid single-hull ferry, HSC B
Main engines 36,000 kW
Passenger capacity 780
Cargo capacity 160 passenger cars
Class DNVGL



M/S GUTE

Built 1979 at the Falkenberg shipyard, Falkenberg, Sweden
LOA 138.7 m
Breadth 16.9 m
Draught 4,32 m / 3,63 m / 3,42 m *
Gross tonnage 7,616
Net tonnage 2,285
Deadweight 3,652 DWT / 2,287 DWT / 1,894 DWT *
Speed 15 knots
Vessel type Ro-Ro passenger ferry
Main engines 4,680 kW
Passenger capacity 12/66/86*
Cabin capacity 18 cabins, 61 beds
Cargo capacity 969 lane metres as Ro-Ro, 828 lane metres as Ro-Ro passenger ferry
Class Lloyd's Register, Ice class 1A
** Ro-Ro passenger ferry / 1 compartment
 Ro-Ro passenger ferry / 2 compartment Ro-Ro passenger ferry.*

PRODUCT TANKERS



M/T WISBY ATLANTIC

Built 2017 at Guangzhou Shipyard International Co Ltd (GSI), China
LOA 183.2 m
Breadth 32.3 m
Draught 18.2 m
Gross tonnage 29,680
Net tonnage 14,235
Deadweight 49,400 DWT
Speed 14.5 knots
Vessel type Oil and Chemical Tanker
Main engines 6,484 kW
Cargo capacity 53,650 m³
Class Lloyd's Register, Double Hull Oil and Chemical Tanker



M/T WISBY PACIFIC

Built 2017 at Guangzhou Shipyard International Co Ltd (GSI), China
LOA 183.2 m
Breadth 32.3 m
Draught 18.2 m
Gross tonnage 29,680
Net tonnage 14,235
Deadweight 49,400 DWT
Speed 14.5 knots
Vessel type Oil and Chemical Tanker
Main engines 6,484 kW
Cargo capacity 53,650 m³
Class Lloyd's Register, Double Hull Oil and Chemical Tanker



M/T GOTLAND CAROLINA

Built 2006 at Guangzhou Shipyard International Co Ltd (GSI), China
LOA 183.2 m
Breadth 32.2 m
Draught 13.5 m
Gross tonnage 29,283
Net tonnage 15,939
Deadweight 53,000 DWT
Speed 15 knots
Vessel type GSI Gotland Class - Oil and Chemicals tanker
Main engines 11,340 kW
Cargo capacity 54,000 m³
Class Det Norske Veritas, +1A1 Super Ice Tanker for Chemicals and Oil



M/T GOTLAND ALIYA

Built 2008 at Guangzhou Shipyard International Co Ltd (GSI), China
LOA 183.2 m
Breadth 32.2 m
Draught 13.5 m
Gross tonnage 29,283
Net tonnage 15,939
Deadweight 53,000 DWT
Speed 15 knots
Vessel type GSI Gotland Class - Oil and Chemicals tanker
Main engines 11,340 kW
Cargo capacity 54,000 m³
Class Det Norske Veritas, +1A1 Super Ice Tanker for Chemicals and Oil



M/T GOTLAND MARIEANN

Built 2008 at Guangzhou Shipyard International Co Ltd (GSI), China
LOA 183.2 m
Breadth 32.2 m
Draught 13.5 m
Gross tonnage 29,283
Net tonnage 15,939
Deadweight 53,000 DWT
Speed 15 knots
Vessel type GSI Gotland Class - Oil and Chemicals tanker
Main engines 11,340 kW
Cargo capacity 54,000 m³
Class Det Norske Veritas, +1A1 Super Ice Tanker for Chemicals and Oil



M/T GOTLAND SOFIA

Built 2007 at Guangzhou Shipyard International Co Ltd (GSI), China
LOA 183.2 m
Breadth 32.2 m
Draught 13.5 m
Gross tonnage 29,283
Net tonnage 15,939
Deadweight 53,000 DWT
Speed 15 knots
Vessel type GSI Gotland Class - Oil and Chemicals tanker
Main engines 11,340 kW
Cargo capacity 54,000 m³
Class Det Norske Veritas, +1A1 Super Ice Tanker for Chemicals and Oil

SERVICE VESSELS



RESCUER

Built 2015 at Grovfjord Mek Verksted AS, Norway
LOA 21.25 m
Breadth 7.66 m
Gross tonnage –
Speed 35 knots
Vessel type Ambulance vessel
Passenger capacity 12
Class DNV + 1A1 HSLC R2 Patrol, DNV R1 Windfarm Service Vessel



DISPATCHER

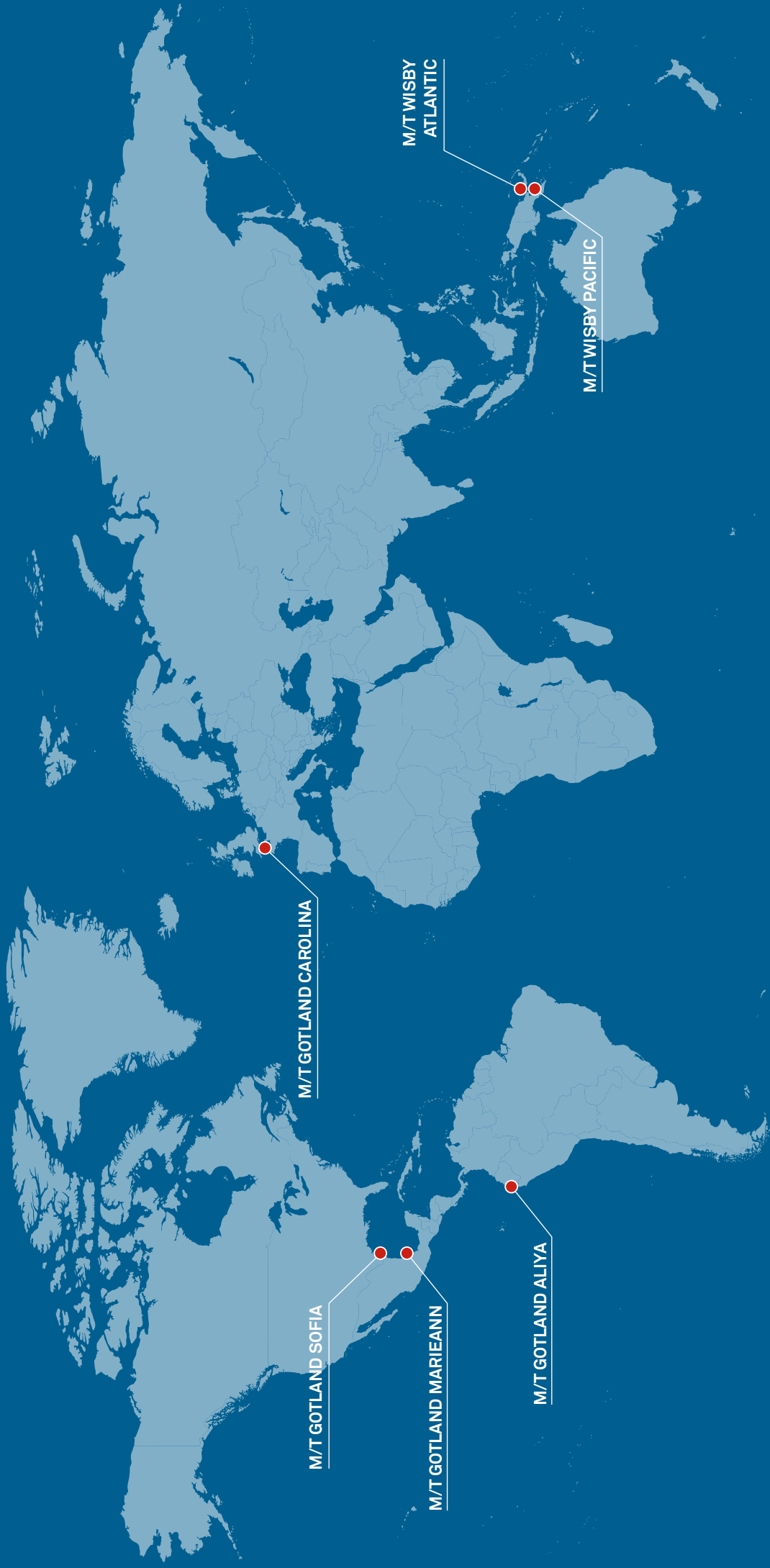
Built 2015 at Grovfjord Mek Verksted AS, Norway
LOA 27.2 m
Breadth 9.26 m
Gross tonnage 215.4
Speed 30 knots
Vessel type Service vessel
Passenger capacity 12
Class DMA cargo ship notice B



CARRIER

Built in 2013 at Damen Shipyards, Gornichem Netherlands
LOA 25.75 m
Breadth 10.4 m
Gross tonnage 167
Speed 26 knots
Vessel type Service vessel
Passenger capacity 12
Class BV I, fast Utility vessel, Sea Area 3





Vessel positions 30 March 2020 (also page 2).



Annual Report 2019

Rederiaktiebolaget Gotland (publ)

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