Brilliant ideas to make the most of every drop of oil

Annual Report 2019

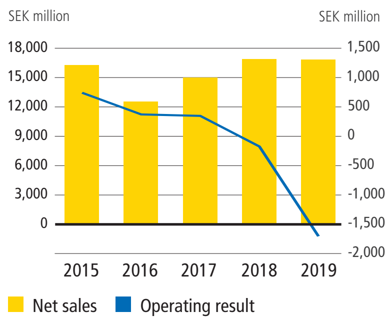
Contents

The formal annual report comprises page 8 to 100.

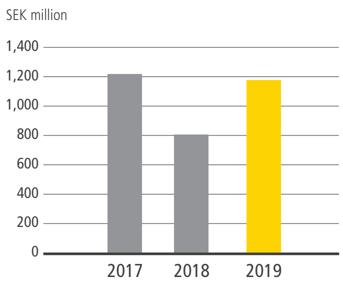
2019 – a challenging year for Nynas

- Net sales during the year amounted to SEK 16,841 million (16,863). Sales volumes for Naphthenics decreased by 2 per cent on 2018 actuals, mainly explained by impact of sanctions. Volumes across the Bitumen business 2019 were the same as last year, despite supply constraints.
- Nynas recorded the best health and safety performance ever in the company. Improvements in this area has been in focus for many years and we are proud of the result, especially in a year with great challenges.
- The US sanctions on the company's shareholder, Venezuelan PDVSA, continued to have a detrimental impact on the Nynas business. The pressure escalated in January when the US made it impossible for Nynas to make payments in USD. The situation deteriorated further in October when Nynas was prohibited from purchasing Venezuelan crude oil.
- The effects from the sanctions led to the withdrawal of bank financing at the end of the year, leaving Nynas with no other choice but to file for company reorganisation at the District Court on December 13.
- Nynas continued to increase the amount of crude oil sourced outside of Venezuela. Nynas stopped all purchases of Venezuelan crude oil after being prohibited by US sanctions on October 17.
- Following intensive research, Nynas launched the non-mineral based NYTEX® BIO 6200 tyre oil in March. A product developed to help customers with their sustainability efforts. This was followed by the introduction of a fully recyclable bio-based transformer fluid, NYTRO® BIO 300X, which offers improved cooling compared to mineral oils and ester liquids.
- In the spring there was a major planned maintenance and inspection stop at the Nynäshamnn refinery. During six intense weeks approximately 20,000 activities were carried out. A very extensive and demanding project with, at most, nearly a thousand entrepreneurs on site as well as supporting experts from other Nynas refineries.
- On May 12, 2020, the US Treasury Department's Office of Foreign Asset Control (OFAC) announced that Nynas was no longer blocked pursuant to the Venezuela Sanctions Regulations. As a result of a corporate restructuring of the ownership of Nynas AB, sanctions were lifted and US persons and companies no longer required an authorisation from OFAC to engage in transactions or activities with Nynas AB.

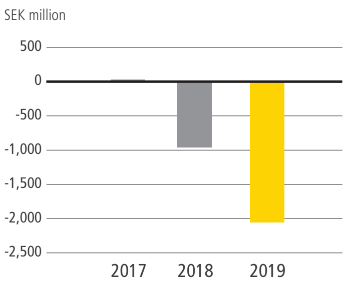
NET SALES AND OPERATING RESULT



UNDERLYING BUSINESS RESULT (ADJUSTED EBITDA)[1]



OPERATING CASH FLOW



1) For definition please see Board of Directors' Report page 10

MESSAGE FROM THE PRESIDENT

Reorganising for the future

Nynas had another difficult year, with US sanctions hitting us harder than ever. As we entered 2020, however, the situation was looking much more hopeful and in May the sanctions were lifted.

Nynas began 2019 with cost-cutting measures, including the restructuring of our Bitumen UK operations, to make us more competitive in an increasingly challenging market.

The market challenges have been compounded by US sanctions on the Venezuelan government and Nynas shareholder, Venezuelan state oil company PDVSA. The sanctions continued to have the most detrimental impact on the business, with escalated pressure in January 2019 from the US Treasury Department's Office of Foreign Asset Control (OFAC) to list PDVSA as a "Specially Designated National" (SDN). The situation deteriorated further in October. Our general license exempting us from the SDN listing was renewed, but Nynas was prohibited from continuing to purchase Venezuelan crude oil.

Lifting sanctions and reorganisation
The increasing pressure from the sanctions led to the withdrawal in December of our bank financing, leaving the Nynas board of directors with no other choice but to file for company reorganisation at Sweden's Södertörn District Court on December 13.

At the time of publishing this annual report, the reorganisation process is still underway. A decisive step was taken on May 12 when the US authorities announced that Nynas was no longer being blocked pursuant to the Venezuela Sanctions Regulations. Having exited sanctions Nynas will be able to return to normal trading conditions and secure long-term financing. This also means an end to many years of having to carry the unfair burden for a Swedish company of being subject to US sanctions. This long period since August 2017 under sanctions has been a very challenging time, but now with sanctions finally lifted, we expect to successfully finalise the reorganisation.

While these processes have taken a great deal of time and energy, the Nynas organisation still managed some tremendous achievements during 2019, including a number of exciting product launches.

Notable achievements
Following intensive research, we launched the non-mineral based NYTEX® BIO 6200 tyre oil in March 2019. It was the first product launch from our NYTEX bio-based range of tyre and rubber products that have been developed to help customers with their sustainability efforts. This was followed by the introduction of our new fully recyclable bio-based transformer fluid, NYTRO® BIO 300X, which offers improved cooling compared to mineral oils and ester liquids.

Nynas received leading tyre manufacturer Pirelli's best supplier award, in recognition of our high quality and service level. Nynas was one of nine suppliers selected from a global list of more than 10,000 suppliers.

Nynas also recorded the best health and safety performance ever in the company. We have been focusing on improvements in this area for many years and can be extremely proud of our safety culture, especially in a year when such challenges were even greater than usual.

In the spring we conducted a planned turn-around and major maintenance activity at our Nynäshamn refinery that involved nearly 1,000 entrepreneurs on

MESSAGE FROM THE PRESIDENT

site as well as experts from other Nynas refineries. Approximately 20,000 activities were carried out during a six-week period to make the refinery safer and more efficient and environmentally friendly.

Crude oil sourcing

Due to the sanctions prohibiting Nynas to source Venezuelan crude oil, we intensified our efforts to switch our feedstock to other crudes. We are working intensely to make sure specifications and customer demands continue to be met and have invested in reconfiguring our refineries to adapt to the new feedstocks. While this is a costly and time-consuming process, we were able to achieve a great deal in a short time and with fewer investments than originally anticipated. This achievement is thanks to the ingenuity of the Nynas organisation to find workable solutions.

Despite having one of our toughest financial years ever, I believe the changes we are making today are moving us in the right direction. I thank the entire organisation for your efforts, support and energy in this difficult environment. I also thank our suppliers and customers for your continued confidence in Nynas. We sincerely appreciate your patience and loyalty and are working diligently to meet your demands with the high quality products and service you have come to expect from Nynas.

BO ASKVIK
President and CEO, acting

This is how we do it

After 90 years in the market, Nynas is a leading international oil specialist in a number of segments. The focus on products with a long useful life, in many cases up to 40–50 years, differentiates the business from traditional oil companies.

FROM CRUDE OIL TO CUSTOMER

The crude is transported by ship from various sources around the world to Nynas refineries.

The production process starts in the distillation tower. The crude is divided into different fractions. At the top of the tower two light fractions are extracted – known as distillates – which are made into specialty oils, and at the bottom is bitumen.

In the hydrogenation plants, the various distillates are treated with hydrogen under high pressure. Hydrogenation provides the oils with properties demanded in terms of, for example, how viscous they are at different temperatures, how easily they blend with other products and what environmental properties they possess.

The finished products are stored in tanks and delivered to customers by road tankers and ships. Bitumen, which does not travel well over long distances, is transported to over long distances, but goes to customers in Europe, while naphthenic specialty oils are shipped all over the world.

UNRIVALLED TECHNICAL EXPERTISE

Nynas has a laboratory dedicated exclusively to studying oil. The more we learn, the more insightful our product development becomes. On the applied side, our research teams have access to advanced laboratories, including bench-scale hydrotreatment units and micro-reactors. These resources allow us to create just the right solution for a given application.

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Technical experts and researchers throughout the world with a deep understanding of the bitumen, lubricant, process oil, automotive and electrical industries.

7

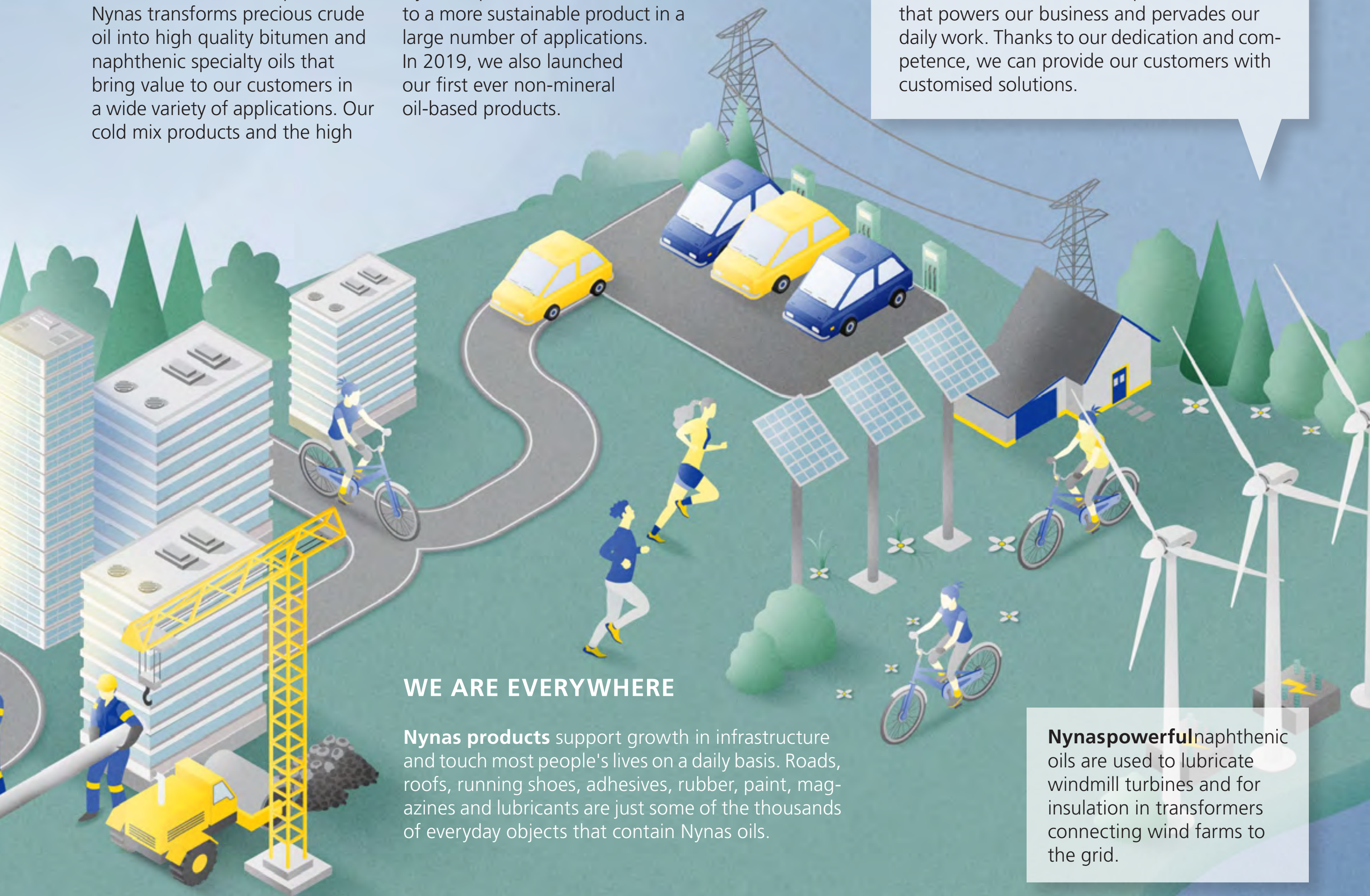
Application labs for bitumen, greases, adhesives, rubber and the electrical industry.

USE IT, DON´T BURN IT

Nynas is an oil company unlike any other. Most oil companies turn their crude oil into fossil fuels, which are then burned. We burn as little oil as possible. Nynas transforms precious crude oil into high quality bitumen and naphthenic specialty oils that bring value to our customers in a wide variety of applications. Our cold mix products and the high durability of our bitumen binders, as well as their ability to be recycled, all contributes to more sustainable roads in Europe. Nynas naphthenic oils contribute to a more sustainable product in a large number of applications. In 2019, we also launched our first ever non-mineral oil-based products.

THE SPIRIT OF NYNAS

In Nynas there is a special spirit that is reflected in everything from customer care to decision-making, and thus affects everyone who comes into contact with us. Every single employee is a key player in the company, a specialist in his or her field, from the research scientist and business developer to the production engineer and shift operator. We are also service-oriented with a proactive attitude that powers our business and pervades our daily work. Thanks to our dedication and competence, we can provide our customers with customised solutions.



WE ARE EVERYWHERE

Nynas products support growth in infrastructure and touch most people's lives on a daily basis. Roads, roofs, running shoes, adhesives, rubber, paint, magazines and lubricants are just some of the thousands of everyday objects that contain Nynas oils.

Nynas powerful naphthenic oils are used to lubricate windmill turbines and for insulation in transformers connecting wind farms to the grid.

A true bitumen specialist, Nynas produces asphalt binders with top performance when it comes to durability, lifespan and traffic noise reduction.

Our bitumen binders for industrial applications are used to protect against moisture, sound, electricity and fire in products such as pipe linings, sound dampening panels, electrical cables and roofs.

Nynas plays an important role in the transition to electrical vehicles, as a producer of high-performance oils needed to power tomorrow’s electrical infrastructure, as well as being a supplier to the automotive industry.

Our naphthenic oils are used in a large number of rubber applications, making shoe soles more hardwearing as well as improving rolling resistance, grip and environmental performance in tyres.

WORLD-CLASS SUPPLY CHAIN

Nynas has sales offices in all corners of the world. Thanks to a global distribution network, it is possible to meet the market’s strict demands for safety, service and cost-efficiency. Access to depots for storage all over the world makes it possible to deliver Nynas products to almost any location at all.

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Containers and 4 bitumen ships at sea at any given time of the year.

4 Refineries

3 Hubs

44 Depots

42 Offices

32 Countries

Board of Directors' Report

The Board of Directors and President of Nynas AB, Corp. Reg. No. 556029-2509, hereby submit the Annual Report and the consolidated financial statements of the 2019 fiscal year.

GOING CONCERN ASSESEMENT

Nynas AB entered into a formal company reorganisation (Sw. företagsrekonstruktion), by its own application, after a decision by the District Court of Södertörn on December 13, 2019. After extensions, the restructuring will currently cease on September 15, 2020, if not further extensions are made.

In its assessment of going concern the Company has taken several uncertainties into due and careful consideration. The Company has further assessed the related mitigating plans and actions, including the various liquidity sources identified, the process Carnegie has initiated to find additional financing (equity and debt), as well as the business plan.

Several material uncertainties have been removed after the fiscal year was ended at the date of signing the Annual report.

- On May 12, 2020, OFAC announced that Nynas is no longer being blocked pursuant to the Venezuela Sanctions Regulations. All sanctions are lifted, and US persons and companies no longer require an authorization from OFAC to engage in transactions or activities with Nynas AB.
- The Company has by end of March 2020 received an equity contribution from its shareholders in the amount of approx. EUR 119 m, which was made by way of a shareholder contribution of the subordinated shareholder loans from June 2018.
- On May 29, 2020, the Company has agreed with the major creditors; the Banks and the largest crude supplier to extend the termination dates until June 30, 2021.
- The equity contributions, together with the going concern assumption, has made it possible for the board of directors to resolve to prepare a second control balance sheet where the Company's share capital is restored which, on May 29, 2020 allowed the shareholders to resolve that the Company may continue its operations.

The most material uncertainties remaining relate to the ability of the Company to refinance its debts to the major creditors in June 2021, and forthwith meet the conditions for the agreed extension. Further uncertainties exist in relation to the Company's ability to finance its liquidity needs going forward and to hedge its primary and secondary risks. According to the Company's business plan, it will be able to meet and pay its liabilities to other creditors than the major creditors when the current reorganisation is concluded, and such payments are required to be made. In addition, Nynas has sufficient liquidity for 12 months to cover day to day operations based on assumed crude price levels and that Nynas can complete planned and necessary purchases of oil directly and through off-balance sheet crude purchase arrangements yet to be signed to meet demand and maintain production volumes.

The shareholders' continued support, evidenced inter alia by the recent ownership restructuring to take Nynas out of US Sanctions, the shareholder contribution and the decision apply going concern on the second control balance sheet and resolve to continue its operation, is a key element for a successful conclusion of the reorganisation.

The support from the major creditors, the shareholders and the administrators taken together with the business plan showing that Nynas is a viable business and the process run by Carnegie to find new capital, means that Nynas has reason to believe that the reorganization would be successful.

Based on the above-mentioned circumstances together, it is the Board's assesment that the accounts shall be prepared on a going concern basis despite the material uncertainties identified.

OPERATIONS, STRATEGY AND ECONOMIC CONDITIONS

Nynas is a global company with a strong position in niche markets. The specialisation in NSP (naphthenic specialty products) and bitumen sets Nynas apart from most other oil companies, which offer oil as a source of energy.

Nynas' core competence is to refine heavy crude oil into a balanced mix of long lasting, high performance specialty products for sustainable use. Nynas is a leading brand and global market leader in NSP and a market leader in bitumen in the European market where it operates. Nynas' products support growth in infrastructure and touch the lives of nearly everyone every day through their presence in roads, roofs, running shoes, adhesives, rubber, paint, magazines and lubricants, which are just some of the thousands of everyday objects that contain Nynas oils.

The products are sold in markets worldwide. Nynas has approximately 1,000 employees at four production facilities and 32 sales offices. Sales in 2019 amounted to SEK 16.8 billion.

Nynas strategy and vision

Nynas' vision is to strengthen its position as the global leader in naphthenic products and as the premier bitumen partner in Europe. Our strategy for achieving this vision is aligned with key global trends and comprises activities to improve operational excellence and expand our product and service offerings.

Five key industry trends continued to have a strong impact on our business in 2019; infrastructure growth,

BOARD OF DIRECTORS' REPORT

a growing middle class, environment and health, electrification and digitalisation. These trends affect not only the demand for our naphthenic and bitumen products, but also the types of products we develop.

Market and economic development

Nynas sales are dependent on the economic development in a broad range of industrial sectors as well as infrastructure investments. Naphthenic specialty oils are sold worldwide and used by industrial customers representing different stages of the business cycle in both leading and lagging sectors. Bitumen sales are regional and mainly dependent on investments in road construction and maintenance.

Global activity, measured through average composite PMI, ended 2019 at 51.7. A noticeable drop from 2018 average of 53.6. Looking quarterly the index has constantly been declining for the last 7 quarters.

Looking at the Eurozone GDP annual growth rate was 1.2 per cent and the Purchasing Managers' Composite Index (PMI) decreased to a level not seen since mid-2013 ending at 50.6 in 2019, a decrease from 51.1 in 2018. The US PMI ended 2019 at 52.2 which is down from 53.6 year-end 2018. According to PMI-data business growth accelerated second half of the year however still held back by manufacturing struggling to reach equivalent momentum. The same applies to GDP growth rate with manufacturing dragging GDP growth rate ending the year at approximatly 1,5 per cent. The global weakness is also seen in BRIC countries with composite PMI indexes all below previous year annual averages. Still, all BRIC countries except Brazil have performed better than Global Composite PMI in 2019 as a whole.

On monthly averages Brent prices increased from December 2018 and peaked at 71 USD/bbl in April after which it dropped to the year low 59 USD/bbl in August. Brent price ended the year at 67 USD/bbl and the average for the year was 64 USD/bbl, 9 per cent lower than previous year average of 71 USD/bbl.

The US dollar, Euro and British pound all strengthened versus the Swedish krona during 2019 compared to 2018. For the year US dollar was on average 4 per cent stronger than last year ending at 9.30. Euro ended at 10.45, 2 per cent stronger than last year and British pound strengthened by 7 per cent compared to 2018 ending at 12.28 versus the Swedish krona.

SIGNIFICANT EVENTS DURING THE FISCAL YEAR

- On January 16, 2019, the company CFO Bo Askvik was appointed interim President and CEO of Nynas.
- On January 28, 2019, the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC), designated PDVSA as a Specially Designated National (SDN). Concurrently, OFAC issued a General License (GL 13), authorizing all transactions and activities where the only PDVSA entities involved are Nynas AB or any of its subsidiaries, enabling Nynas to continue its business. GL 13 has been extended three times until May 14, 2020. Nynas remained engaged with OFAC for the execution of a proposed corporate restructuring that would result in a significant change to Nynas's ownership and control before May 14. On May 12 ,2020, OFAC lifted the sanctions on Nynas after completion of the proposed corporate restructuring.
- After January 28, 2019, Nynas's banks refused to remit payments for Venezuelan crude oil purchases made from the largest crude oil supplier. with reference to the SDN listing of PDVSA. Nynas protested to its banks against their refusal to transfer funds, as being incorrect as interpreted by Nynas's external counsel.
- Nynas submitted in December 2018 a request to its lenders, a bank syndicate of 6 banks, to exempt non-recurring sanctions impact when calculating covenants for Q4, 2018. The banks did not respond to this request, instead a waiver was given in April 2019 for testing interest coverage for Q4, 2018. A second request to banks was submitted concerning Q1 2019 covenants, approved by the lenders March 29, 2019, subject to a request for extensive financial reporting. In addition, lenders requested a confirmation of working capital support to Nynas by the shareholders, but no capital support was confirmed.
- Nynas largest crude oil supplier stopped deliveries in May 2019 due to outstanding unpaid invoices. Deliveries were resumed in July after agreeing on prepayment of each cargo.
- On July 10, 2019 a standstill agreement for one week was agreed with Nynas's lenders and the crude oil supplier. This was extended weekly up until December 2019.
- On September 12, 2019, the board of Nynas AB (the "Company") resolved to prepare a control balance sheet at liquidation value based on the company's financial situation and applicable sanctions, and have it reviewed the Company's auditor and on October 1, 2019 a first shareholders control meeting was held that decided to continue business operations. A second control shareholders control meeting needs to be convened and held within the 8 months timeframe no later than 1 June 2020.
- On October 17, 2019, US Department of the Treasury also prohibited Nynas from purchases of crude oil from Venezuela.
- On December 11, 2019, the Company's lenders, the Banks, terminated the loans under the Facilities Agreement and demanded repayment by notice on December 11, 2019.
- On December 13, 2019, Nynas AB entered into a formal company reorganisation (Swedish företagsrekonstruktion), by its own application, after a decision by the District Court of Södertörn on December 13, 2019. After extensions, the restructuring will currently cease on June 15, 2020, if not further extensions are made.
- On December 17, 2019, the Banks produced a unilateral set-off statement and approximately SEK

0.7 billion standing to the credit on some of Nynas' accounts held by the Banks was applied towards partial payments of the Bank's receivables, which has severely impaired the Company's cash position.

PERFORMANCE OF THE GROUP'S OPERATIONS, EARNINGS AND POSITION

Net sales

Net sales during the year amounted to SEK 16,841 million (16,863). Total product sales volume in line with last year. The Naphthenics 2019 sales volume decreased by 2 per cent due to US sanctions and uncertainty regarding the General License impact with customers reducing their risk towards Nynas by shifting to other suppliers. Bitumen volumes in 2019 in were in line with last year. Venezuela's crude supply constraints mainly impacted in the early second and fourth quarter due to US sanctions.

Operating income and underlying business result (adjusted EBITDA) and non-recurring items

Operating income during 2019 amounts to SEK -1 708 million (-178). The US sanctions on the company's shareholder, Venezuelan PDVSA, continued to have a detrimental impact on the Nynas result. The pressure escalated in January when the US made it impossible for Nynas to make payments in USD. The situation deteriorated further in October when Nynas was prohibited from purchasing Venezuelan crude oil.

The underlying business result adjusted for sanction effects amounts to SEK 1,177 million (805) and was driven by a good year in sales in the Bitumen Nordic and Western Europe region offset by lower cost of goods sold on Naphthenics product. Non-recurring affecting the operating result totalled SEK -1,888 million (-323), mainly explained by the impacted of:

- An impairment loss of SEK 1,217 million mainly due to NSP refinery assets value in use was higher than net realizable value, the impairment loss valuation is based on future discounted cash flows according to the Business Plan approved by the board on May 13, 2020.
- The effect of the US sanctions on Venezuela, caused non-recurring costs for supply resulting in higher product costs due to more expensive external sourcing and lack of crude, calculated to approximately SEK 471 million (compared to budget).

Bridge between operating result and underlying business result (EBITDA):

	2019	2018
Operating result according to income statement	**-1,707**	**-178**
Impairment write-down fixed assets	1,217	–
Sanction related costs	471	273
Write off of receivable against PDVSA	125	–
Resignation and reorganization related costs	43	–
Maintenance stop Nynäshamn refinery	15	–
Environmental provision	–	-21
Other	17	29
TOTAL NON-RECURRING	**1,888**	**323**
Share of profit joint ventures	17	13
Depreciation and amortization	640	647
Depreciation right of use assets	339	–
UNDERLYING BUSINESS RESULT (ADJUSTED EBITDA)	**1,177**	**805**

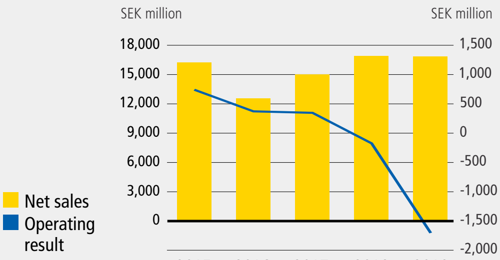
Research and development

Nynas has its own R&D unit and laboratories supporting the company's long-term strategic goals through product development and optimisation of Nynas refineries and processes. Within the naphthenic and bitumen product areas, Nynas engages in research and development of products, solutions and applications. Sustainable development, addressing our climate and environmental impact both in our own value chain and that of our customers where our products are applied, is one of the main driving forces for Nynas' R&D work and innovation priorities. Health and safety, quality, performance, and extending the lifetime of products, are other key drivers in the company's R&D efforts. Research and development expenses were below 1 per cent (1) of net sales in 2019.

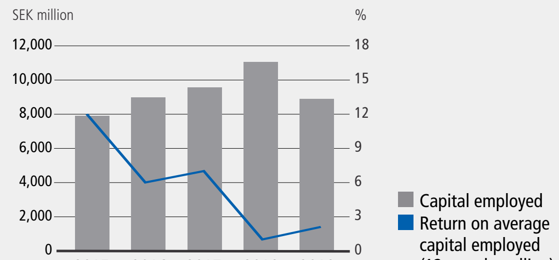
Seasonal variations

Nynas operations in bitumen show seasonal variations particularly in the Nordic area. The majority of net sales and operating result is generated in the second and third

NET SALES AND OPERATING RESULT



CAPITAL EMPLOYED AND RETURN ON AVERAGE CAPITAL EMPLOYED



quarters. During a rolling twelve-month period ending December 31, 2019, average working capital amounted to SEK 3,116 (4,602) million. Year-end working capital as of December 31, 2019 of SEK 1,651 million, impacted by the issues related to the reorganisation.

Net financial items
Net financial items for the year amounted to SEK -775 million (-414) of which SEK -451 million (-342) is related to net interest expenses. The higher net interest costs are largely explained higher average gross debt and other interest bearing liabilities during 2019.

Taxes
The effective tax rate including non-deductible and non-recurring items was -20 per cent (-34). The effective tax rate for 2019 has been negatively affected by non capitalised tax losses of approximately SEK 290 million due to the current result level in the parent company.

Returns
Return on average capital employed (12 months rolling) was 2.1 per cent (1.4), return on average capital employed, calculated excluding non-recurring items and return on equity was -162.6 per cent (-23.4).

PERFORMANCE
Naphthenics
Sales volumes in 2019 decreased by 2 per cent on 2018 actuals fully related to sanctions. The sales region EMEIA (Europe, Middle East, India and Africa) was the most affected with significant volumes lost in Middle East (Iran sanctions) and sanctions related concerns by customers reducing their exposure. The same was relevant for APAC with customers lost directly due to sanctions. In Americas the volumes increased compared to 2018 as 2018 was a low year for the region impacted by supply constraints.

2019 full year net sales decreased to SEK 8,210 million (8,305) foremost due to the decreased sales volume. Underlying business result before depreciation (EBITDA) increased to SEK 435 million (328) driven by lower cost of goods.

Bitumen
Volumes in 2019 were the same as last year, across the Bitumen business, despite supply constraints.

The Nordic region had a good year in sales, despite a difficult supply situation. During the latter part of the peak season, bitumen inventory was record low. External bitumen had to be purchased to fulfill the contractual commitments and market demand. Despite the supply disturbances, strong demand and positive contribution from currency offset some of the negative supply impact.

In the UK region, strong competition kept sales prices low. Low throughput in the Eastham refinery increased the cost per ton, which negatively impacted the year's result.

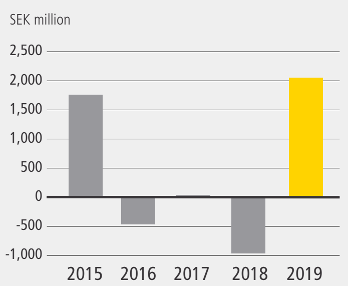
Sales in the Western Europe region increased compared to last year, and supported by the weak Swedish krona improved the financial result of the region.

Sales of upgraded products decreased somewhat, particularly polymer modified bitumen was low in demand. Sales of products with value added properties contributing to customers sustainable applications increased this year, continuing a positive trend. 2019 full year net sales reached SEK 8,624 million (8,611), in line with sales in previous year. Underlying business result before depreciation (EBITDA) was SEK 457 million (462).

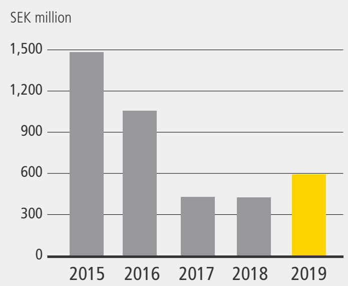
FINANCIAL POSITION
Working capital
The seasonal pattern of Nynas' bitumen business is normally reflected in the development of the financial position during the fourth quarter, with an expected reduction in working capital compared, to previous quarters during the year. Working capital is also impacted by changes in the crude oil price, quoted in US dollars, and by currency when reported in Swedish krona.

Working capital at the end of December 2019 was at SEK 1,651 million, a decrease of SEK 3,202 million compared to last year. Inventory net of crude payable was SEK 3,328 million lower compared to the end of December 2018. The lower net inventory is explained by SEK 2,720 million higher Crude payable, SEK 20 million higher inventory value due to the higher oil price and by 131 kton lower volumes in inventory, a decrease of SEK 630 million. Current receivables at the end of

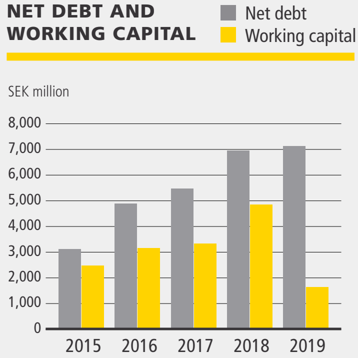
CASH FLOW FROM OPERATING ACTIVITIES



INVESTMENTS



NET DEBT AND WORKING CAPITAL



BOARD OF DIRECTORS' REPORT

December 2019 reached SEK 2,397 million, which is a decrease of SEK 162 million compared with last year.

Fixed assets
Fixed assets have increased by SEK 65 million, an increase due to the new IFRS 16 lease accounting standard of SEK 1,308 million offset by an impairment write-down of SEK 1 217 million, mainly due to NSP refinery assets value in use was higher than net realizable value, impairment write-down was based on future discounted cash flows.

Capital expenditures
The main investment in 2019 was in relation to the planned turn-around in Nynäshamn. Nynas has, during the past few years, undertaken investments to increase the reliability, productivity and flexibility of its manufacturing operations. Going forward Nynas has a strong platform to increase its supply of NSP volumes.

During 2019 cash capital expenditures totalled SEK 595 million (426) for the full year, with the main portion relating to maintenance investments.

Financing
Net debt increased by SEK 1,482 million at the end of December compared with last year, primarily reflecting an increase due to the new IFRS 16 lease accounting standard offset by higher cash and somewhat lower interest bearing debt to credit institutions. Long-term interest-bearing liabilities includes defined pension obligations of SEK 1,113 million (929). Due to the minor increase in discount rates an actuarial loss has been accounted for of SEK -129 million (-9) against other comprehensive income (equity) less deferred tax of SEK -14 million (4).

Equity
Equity at year end amounted to SEK 46 million (3,250). The equity/assets ratio was 0,3 per cent (22.9).

Cash Flow
Full year cash flow from operating activities amounted to SEK 2,054 million compared to last year's SEK -963 million. Operating cash flow in 2019 was positively affected by the higher cash levels by the end of the year.

Employees
As a global company, Nynas comprises a diverse group of employees from different countries and cultural backgrounds. What they all share is a strong Nynas culture with its three core values: Dedication, Cooperation and Proactivity.

The average number of employees during 2019 was 985 (1,003).

PARENT COMPANY

Net sales during the year amounted to SEK 14,704 million (15,056), with the increase mainly explained by the higher oil price level. Operating result amounted to SEK -699 million (-303). The parent company's total assets decreased by SEK 335 million (from 12,664 million SEK to SEK 12,455 million). Capital expenditures totalled SEK 471 million (248) for the full year. The number of employees in the parent company on December 31 2019 was 472 (460).

RISK MANAGEMENT

All business operations are exposed to various risks. The purpose of Nynas' risk management activities is to limit, control and manage the risks involved in a proactive manner, to best secure the company's potential opportunities.

The main components of risk management are identification, evaluation, mitigation, monitoring and reporting. Nynas continuously strives to increase awareness and to reduce risks in all areas of operations. Risks that are managed correctly can create opportunity and lead to value creation, while risks that are handled incorrectly can result in negative financial consequences.

Enterprise Risk Management
The purpose of ERM at Nynas Group is to support the Group's strategic priorities by managing and mitigating risks to achieving objectives, support wider risk management initiatives across the Group and to further foster the risk aware culture within the organisation. The Group risk register, identifies, describes and evaluates Nynas' specific risk profile from a high-level perspective. The Group risk register was reviewed during the risk workshop in 2019, where identified risks were assessed against two criteria; impact and likelihood, and the status of improvement plans were reviewed. These plans contain specific actions, success measures and responsible parties for improving Nynas' risk mitigation strategies. The risk register is a living document and subject to constant review and evaluation as Nynas develops its business activities in the ever-changing risk landscape. The risk identified and explained below are not in hierarchical order.

As part of the ERM programme, the Nynas Enterprise Risk Forum (the Risk Forum) is responsible for alignment of all risk management strategies and acts as the coordination point for enterprise-level direction setting regarding risk management issues.

The different steps in the Nynas Enterprise Risk Management process are briefly described below:

- Establish the context. The first step in the enterprise risk management plan is to establish the context of the environment within which the organisation, programme area or department operates. The environment in which Nynas operates is complex and a number of factors need to be considered when determining the parameters within which risks must be managed. Key considerations include Nynas' vision, mission, corporate values, strategic priorities, and business plan.
- Identify the risk. The identification of risk may

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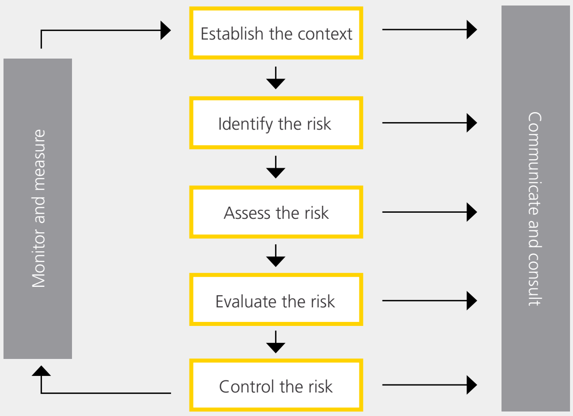


occur in a retrospective manner, i.e. looking back over completed work, tasks and activities. Identifying potential risks before they present challenges is the ideal method of minimising risk; this is known as prospective risk identification.

- **Assess the risk.** Once risks have been identified, they are to be analysed to determine the overall level of each risk and establish priorities. Identified risks are assessed against two criteria: impact and likelihood. The overall level of risk is determined by multiplying the likelihood rating and the impact rating to produce the Gross Risk Score (GRS).
- **Evaluate the risk.** The aim of this step is to decide whether the level of risk is acceptable or not. Risk may be accepted if, for example, there are sufficient controls in place.
- **Control the risk.** Control over risk can be obtained through different methods, for example transferring the risk to insurance or modifying the risk through appropriate risk mitigation strategies.

Risks are also monitored continuously in order to determine if the level of risk (i.e. likelihood or impact) has been reduced and whether other measures could be implemented.

Risk Governance

Nynas Board of Directors has the ultimate responsibility for risk oversight. Practical implementation, development and monitoring of the risk management process are based on the three lines of the defense model.

1st Line of Defense
Nynas' CEO and Executive Committee have the overall responsibility for proper risk management. A risk management responsibility is also delegated to the site and business unit level. Each manager with operational responsibilities is expected to ensure that risks associated with the operations are appropriately identified, evaluated, managed, mitigated and, as appropriate, escalated to the Group level.

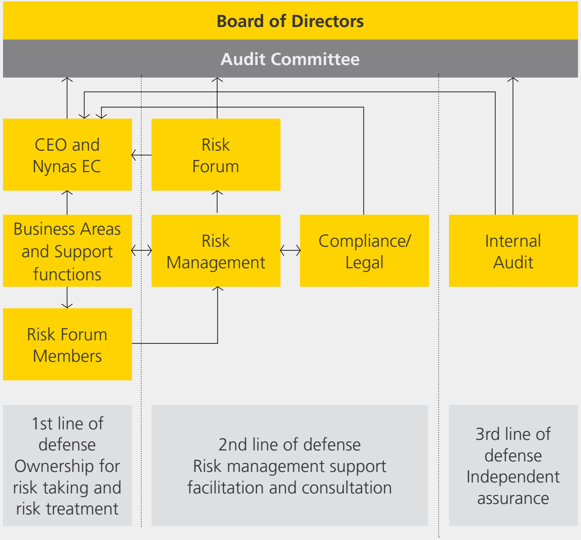
Representatives from different Nynas departments, e.g. Legal, Human Resources, Sustainability, ISIT, HSSEQ, Treasury, Manufacturing, Supply Chain and the Businesses are Risk Forum members. The role of the Risk Forum Members is to review assessment information and work with functional areas and risk owners to accept responsibility for developing pro-active risk mitigation plans according to significant risks identified, and to provide regular reporting against established mitigation plans. Furthermore, the members actively engage in forum discussions for the purpose of "issue spotting" within the field of responsibility and for other areas as well.

2nd Line of Defense
The role of the second line of defense is to provide risk management support, facilitation, and consultation.

The Risk Forum, chaired by the Chief Financial Officer (CFO), uses the ERM process pro-actively as a method to reduce uncertainty and support achievement of Nynas' goals and objectives, and in addition, actively identify opportunities for upsides and revenue enhancement. The Risk Forum is responsible for reporting on the management status of high level and significant risk management information to the Nynas Executive Committee at least semi-annually and annually to the Board of Directors/Audit Committee.

The risk management function is located in Nynas AB and the Group Risk Manager supports local sites, business units and the Executive Committee in strategic decisions concerning risk and insurance issues. The Group Risk Manager manages and coordinates all Group insurance programmes and supports the ERM process and internal captive. Furthermore, the Group Risk Manager prepares reports and acts as liaison between risk owners and the Risk Forum and ensures that significant risks are addressed and significant opportunities for pro-actively reducing uncertainty are advocated. The Group Risk Manager is part of the Nynas Finance department and reports directly to the CFO.

Nynas General Counsel ascertains Group compliance and oversees compliance related issues within the



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Group. The General Counsel also ascertains adequacy of mitigation actions in higher risk compliance areas.

3rd Line of Defense
Internal Audit evaluates the effectiveness and efficiency of the Group's risk governance model and related risk management processes, including the effectiveness of internal controls and other risk treatment actions. Internal Audit also provides recommendations for improvement areas.

Insurance
Nynas transfers certain and specific risk exposures to the commercial insurance and reinsurance markets. Further actions are also taken to reduce these insurable risks as part of Nynas' loss prevention strategy. This is done to reduce the potential for significant losses and to ensure the Group's ability to deliver to its customers without interruptions. The insurance and reinsurance capacity is purchased by way of using international insurance brokers and the insurance and reinsurance policies placed are tailor-made to Nynas specific demands and risk exposures. Part of the Group's property damage insurance programme is provided by the in-house insurance company Nynas Insurance Company Ltd. Nynas' Finance Policy puts strict demands on the financial security of insurance and reinsurance companies that Nynas elects to transfer risk to. Nynas' minimum financial security demand is equal to a Standard & Poor A- rating or equivalent AM Best.

Risk Surveys
Every third year, risk surveys are performed at the Group's refineries by risk consultants. The main purpose is to prevent potential property losses and business interruption by means of loss prevention and control recommendations. Further, Nynas Blue for depots is a specific risk management project concerning Nynas' depot network and was launched in 2015. The project aims to harmonise and implement common Group standards regarding risk management, loss prevention measures, management of change and emergency procedures among other topics. The Group's depots are surveyed every third year by risk consultants and new targets are set for each round of audits.

NYNAS GROUP'S RISKS
Strategic Risks
Strategic risks are changes in the business environment with potential significant effects on operations and business objectives. The Group is affected by international, national and regional economic conditions. Strategic risks are market uncertainties and geopolitical tensions in oil-producing countries, turbulence on the oil market and swings in crude and feedstock prices. Other strategic risks include competitor actions, customer behaviour and reputational risk. Nynas Executive Committee monitors the development in the key markets and proactively assess macroeconomic risks and political risks but also opportunities that may influence the Group's strategies.

Risks relating to Covid-19
The Group conducts its business within the specialty oils market and is consequently affected by general economic trends outside the Group's control. The occurrence of extraordinary events, such as the outbreak of disease epidemics, has an adverse impact on the global economy as a whole and may lead to a global recession, or even depression. The outbreak of Covid-19, which first emerged in China in December 2019, is considered a pandemic and has led to a major slowdown in economic growth during the first quarter of 2020, partly due to the spread of Covid-19 itself, but even more so due to the political decisions enacted across different nations in order to try to contain Covid-19, such as quarantines, shut downs and restrictions on mobility. Whilst the direct and indirect impact of the Covid-19 outbreak remains uncertain, a number of central banks and governments have announced financial stimulus packages in anticipation of a very significant negative impact on GDP during 2020. Concerns remain as to whether these policy tools will counter anticipated macro-economic risks. A prolongation of the outbreak could significantly adversely affect economic growth, and impact business operations across the economy generally and, by extension, Nynas sales and operations, both as a result of weakened economic activity and in terms of the health and wellbeing of employees being affected. Such weakening of the economy and/or operations could have a material adverse impact on the financial performance or operations of, or the cost of funding for, the Group. In addition, there is currently no reliable way to predict, with certainty, the timing or value of transactions affected. Thus, the outbreak of Covid-19 may lead to investments being postponed or planned acquisitions and/or divestments possibly not being carried out as planned, which could have a material adverse effect on the Group's business. The longer the Covid-19 crisis goes on it would have a negative impact on the Group's operations, financial position and earnings and it may become more difficult to raise capital, obtain loans or other financings or service existing debt.

Market risks
The market prices for crude oil and other feedstock, as well as refined petroleum products, are subject to significant fluctuations resulting from a variety of factors affecting demand and supply. It is inherently difficult to make accurate predictions as to how the oil markets will develop, as the oil markets are impacted by factors over which the Group has no control.

Competitor actions
The Group faces domestic and international competition in the markets in which it participates. There is a risk of technical development in the Group's markets, including the risk of substitution, where some of the Group's products can be formulated by competitors with other components, that may eventually be more competitive than the Group's production. Nynas

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NYNAS RISKS		
Changes in the business environment with potential significant effects on business objectives and operations	Risks directly attributable to business operations with potential significant impact on financial position and performance	Financial risks with a potential impact on financial position and performance
Strategic Risks	**Operational Risks**	**Financial Risks**
Covid-19	Production risks	Currency risks
Market risks	Supply Chain risks	Commodity risks
Customer behaviour	Products and Services risks	Interest rate risks
Competitor actions	Health and Safety risks	Financing risks
Reputational risks	Environmental risks	Liquidity risks
Competition and Anti-trust	Legal and Regulatory risks	Credit risks
	Information Systems and Technology risks	Tax risks
	Human Resources risks	Financial reporting risks
	Human and Labour Rights risks	
	Political risks	
	Anti-bribery and Anti-corruption risks	

strives to be ahead of competition in terms of product development in close collaboration with our customers. To protect Nynas return on investments in marketing, research and development, the Group actively safeguards its marketing and technical achievements against trademark/patent infringements and copying. Nynas enforces its intellectual property rights through legal proceedings when necessary.

Customer behaviour
Nynas sales are dependent on the economic development in a broad range of industrial sectors as well as infrastructure investments. Naphthenic specialty oils are sold worldwide and used by industrial customers in both leading and lagging sectors. Periods of economic slowdown or recession can have a negative impact on demand for specialty oil products in the markets and industries which may be affected by a financial downturn. Bitumen sales are regional and mainly dependent on investments in road construction and maintenance. Countries with declining economic growth can decrease their governmental and state spending on infrastructure, which can affect the Group's bitumen business. Nynas is spreading its activities into several regions to mitigate local variations in demand.

Reputational risk
The Group constantly strives to perform in accordance with certain ethical, environmental, health, quality and sustainability standards. Activities to maintain and further strengthen Nynas Group's strong brand and good reputation are constantly ongoing. These activities include ensuring compliance with Nynas' Code of Conduct which define the Group's values with regards to business ethics, human rights, environment, health and safety. Nynas activities in sustainability are further described in the Sustainable Development Report on page 21–26.

Competition & Anti-trust
The Group's operations are subject to EU, US and local anti-trust regulations, in particular since the Group could be considered to have a dominant position within certain sectors and territories. Breaching competition and anti-trust legislation could render substantial fines and penalties but also reputational damage. Nynas has a compliance programme which includes a competition and compliance policy, e-learning courses for all employees as well as regular mandatory training for certain identified employees on how to comply with competition and anti-trust legislation. Nynas business ethics activities are further described in the Sustainable Development Report section about Ethics on page 26.

Operational Risks
The operational risks in Nynas Group are risks directly attributable to business operations with a potential significant impact on financial performance. These are risks mainly associated with Nynas' business operations such as refinery production, supply chain, products and services and include the effectiveness of processes and operations. Other operational risks are commodity price volatility, dependence on information technology and systems, insurance risks and political risks. Risks relating to compliance with laws and regulations are also included in this category. Operational risks also include certain sustainability risks, e.g. health & safety, environmental risks, dependence on human resources, business ethics and human rights risks. Nynas' sustainability activities are further described in the Sustainable Development Report on page 21 – 26.

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OPERATIONAL RISKS	CONTEXT	MITIGATING ACTIVITIES
Production risks	The company's products are mainly produced at its own refineries at three locations. Damages to the facility by fire, explosion, leakages or mechanical failure during operations or maintenance turnarounds, can result in property damage and business interruption. This may influence deliveries or the quality of products. Reduction in capacity, financial impact on sales, lack of product and reputational impact are other potential consequences.	By having multiple sites Nynas is able to be flexible and re-route the production if needed. Production units are subject to continuous inspection programmes and risk management surveys to prevent incidents. Extensive procedures and controls are in place and are audited regularly, in line with refinery industry standards. Third-party sourcing and supply chain management can mitigate supply interruptions and lack of certain products. Property damage and business interruption risks are to a large extent transferred to the insurance and reinsurance markets.
Supply Chain risks	The availability of suitable crude oil and other feedstock for production of refined petroleum products at Nynas refineries is a critical factor enabling Nynas to deliver its strategy. The Group is further dependent on a number of important suppliers of certain materials and utilities to ensure un-interrupted and high-quality production at its refinery facilities. Interruption in such supplies can influence the quality of products and/or cause business interruption which may result in, e.g., limited production capacity, lack of product and reputational impact.	The Group is technically prepared to run several different crudes and raw materials to handle variations in the feedstock market and in product demand. Nynas supply chain management works continuously with mitigating activities to minimize the consequences of lack of certain materials and utilities e.g. third-party sourcing of finished products to mitigate supply interruptions. Business interruption at Nynas due to damage at key suppliers are to a large extent transferred to the insurance and reinsurance markets.
Environmental risks	The refineries and depots could have a risk of damaging the environment through operations, e.g., spills and emissions. Nynas is dependent on certain licenses to operate its refineries, e.g., individual environmental permits are required for the refinery sites. Failure to meet environmental regulations, e.g., REACH, environmental directive, SEVESO, etc. can result in loss of license, negative reputational impact, loss of business and customers. Shipping vessels are the best way to transport Nynas' products and the Group charters a significant number of voyages per year for crude oil and manufactured products. Damages to or sinking of a vessel could cause environmental pollution and could potentially damage Nynas' brand.	The Group's production facilities are designed and constructed in accordance with well-established international technical standards in the refining industry. Nynas ensures adherence to these standards through a system of internal technical standards and minimum requirements that are systematically internally and externally audited. There is a Group Health, Safety, Security and Environment (HSSE) Director available to support the operations, and all large sites have appointed local HSSE resources. Nynas has representatives in international organisations in the HSE field such as CONCAWE, SPBI & IKEM, SQAS and CEFIC and monitors new regulations. Nynas refineries are certified in accordance with the ISO 14001 standard. Nynas charters a modern fleet with guidelines for third party shippers. Nynas further charters and monitors all ships chartered through its own shipping department Nyship. External vetting is utilised to assess the vessel's suitability. Nynas is a member of the International Tanker Owners Pollution Federation. Nynas purchases marine owner's and charterer's P&I insurance, as well as environmental impairment liability insurance worldwide.

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OPERATIONAL RISKS	CONTEXT	MITIGATING ACTIVITIES
Health and Safety risks	Refinery operations, maintenance activities and the handling of hazardous products can cause personal injury if safety procedures are not followed and safety equipment not used correctly. The nature of Nynas’ worldwide business requires employees to travel to countries exposed to social and political unrest. Such business travel could negatively affect the health and safety of individual employees.	There is a Group Health, Safety, Security and Environment (HSSE) Director available to support the operations, and all large sites have appointed local HSSE resources. Nynas refineries are certified in accordance with ISO 9001 and OSHAS 18001 standards and all employees are reporting into a group-wide incident reporting system. Nynas learn from all serious incidents and near misses by exhaustive root cause analyses conducted by designated Lead Investigators from Nynas own training programme. The Group sets minimum requirements regarding many HSSE-areas and activities, and the adherence by sites and businesses are regularly audited. All managers at all levels are conducting regular HSSE-meetings during the year with their work groups and the outcome is cascaded throughout the organisation. Safety walks and safety talks are conducted regularly on site by both refinery and company management. Nynas has a network for Dangerous Goods Safety Advisors to ensure compliance with rules and regulations on the safe handling and transport of dangerous goods. Contractors, drivers and temporary personnel receive regular health and safety training and it’s mandatory to use Personal Protection Equipment (PPE) in certain areas on site. Nynas has a Group travel policy constantly monitored by the Group’s Travel Manager and HR. Travel safety training for employees travelling to high-risk countries is mandatory.
Information Systems and Information Technology (ISIT)	The Group relies on IT systems in its daily operations including production. Disruptions or faults in critical systems can affect production and cause business interruption. Errors in the handling of financial systems can affect the Group’s reporting of results. Modification or theft of Intellectual Property constitutes a risk to the Group’s competitive edge and future business success. Cyber security risks are increasing globally and can have a significant impact on the Group’s operations, financial position and result.	Nynas has a Group IT & Security Policy including quality assurance procedures that govern IT operations. Nynas’ global network is designed on a fall-back redundancy to minimise operational disruption. The system landscape is based on well-proven products and market leading and established service providers. Cyber security is regularly discussed and monitored by the ISIT department. Employees are continuously reminded about cyber risks and encouraged to report all cyber-related threats and attempts, and the IT security function reports on the trend monthly to the Executive Committee. During 2019 risk management efforts were continuously focused on risks associated with the globally increasing attempts on cyber-related crime.

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OPERATIONAL RISKS	CONTEXT	MITIGATING ACTIVITIES
Products and Services risks	The Group is exposed to risk for product liability claims where the Group's refined products are claimed to be defective and/or are claimed to have caused property damage or personal injury. This could have an adverse effect on the Group's financial position and results and could cause reputational damage.	The Group has extensive quality control including sampling throughout the entire supply chain and testing performed by independent inspectors. Nynas is actively participating in international bodies, setting global standards such as IEC and ASTM. The Group has extensive worldwide product liability and professional liability insurance programmes in place.
Legal and Regulatory risks	Nynas is engaged in many different areas at a global level and conducts its business within the framework of rules and regulations that apply in various countries, markets and industry sectors. Non-compliance with import and export regulations, trade compliance rules, transfer pricing, excise duty and VAT could result in fines and penalties, trade restrictions, personal liability on behalf of Directors and reputational impact. The Group's business includes sales in territories subject to international sanctions. Non-compliance with international sanctions could result in fines and penalties, personal liability on behalf of Directors and reputational impact. There is a risk that present US and/or EU sanctions targeting Venezuela and/ or their state-owned oil company PDVSA are further extended and affect Nynas' business which could have an adverse effect on the Group's operations, financial position and result.	The Group has an established governance framework including Group policies, Group procedures and other steering documents. The scope of the governance framework, including the controls implemented, is partly based on legal requirements and risk exposure. At Group level, Nynas has several functions monitoring legal and regulatory risks such as Legal, HSSE and Product HSE to ensure compliance. The Group has implemented a Trade Compliance Policy including a policy document, training of relevant employees and third-party security screening. Nynas works together with leading international legal advisors and other specialists on analyzing and addressing issues to ensure compliance with international sanctions and understanding and mitigating the impact on Nynas. Nynas is in continuous dialogue with authorities to prevent and mitigate unreasonable actions impacting Nynas.

Financial Risks
Through its comprehensive and international operations, Nynas is exposed to financial risks. The Board of Directors is responsible for establishing the Group's Finance Policy, which comprises guidelines, objectives and limits for financial management and the managing of financial risks within the Group. Financial risks comprise currency risk, commodity risk, interest rate risk, financing risk, liquidity risk, credit risk, tax risk and financial reporting.

The Nynas Group Treasury department has been established as the functional organisation in the parent company where most of the Group's financial risks are handled. The function conducts internal banking activities, with the primary task to control and manage the financial risks to which the company is exposed as part of the company's normal business activities, and to optimise the Group's financial net. The Treasury department supports the subsidiaries with loans, cash management, currency and hedge transactions. The internal bank also operates the company's netting system and handles the Group's cash management. Treasury operations also conduct payment advisory services and handle the Group's credit insurance.

Internal control & Financial reporting

Operating companies within the Nynas Group present reports on their financial performance and economic status on a regular basis in accordance with internal reporting rules and the accounting policies applied by Nynas, the International Financial Reporting Standards (IFRS). The Group's Finance function validates and analyses the financial information as part of the quality control of financial reporting. Please see Corporate Governance for further information.

Tax risks

Nynas is a multinational Group with many cross-border transactions. Therefore, transfer pricing and indirect taxes comprise two main areas that are the subject of investigations by the tax authorities of various countries. At times, Nynas is involved in discussions with the tax authorities concerning transfer pricing issues, meaning the prices applied to transactions between Nynas companies globally. The Group maintains detailed transfer pricing documentation to support the transfer prices applied. If the tax authorities' opinion in a transfer pricing matter differs from Nynas' position, this may have implications for the Group's revenue recognition among countries. When deemed necessary, a provision for disputed taxes is recognised in accordance with the applicable financial accounting policies. For further information on current tax disputes, see note 29. For further information regarding financial risks see note 27.

ENVIRONMENTAL LEGISLATION

During 2019 Nynas had three refineries under its own management – in Nynäshamn and Gothenburg in Sweden, and in Harburg Germany. The refining activities require continual investments and environmental initiatives in order to reduce emissions to air and water as much as possible, and to eliminate the risk of accidents. The operations require permits and are subject to local environmental legislation. In Sweden the environmental permits are regulated by the Land and Environment Court.

In Harburg operations are regulated by several permits acc. BImSchG /WHG which have been granted by the environmental authority of the city of Hamburg. Nynas' permits cover the production of bitumen, distillates and naphthenic specialty oils. Bitumen and distillates are produced at all Nynas refineries, while naphthenic specialty oils are produced at the Nynäshamn refinery as well as the Harburg refinery.

In the process of implementing the Industrial Emissions Directive (IED), BAT (Best Available Techniques) conclusions for refineries were published in October 2014 and the associated BREF (BAT reference document) was published in 2015. Nynas must demonstrate compliance with the BAT conclusions within the four-year time limit from publication. Due to delay in the legislation process in Germany the implementation of measurements has not yet been required by authorities. Another IED requirement is to produce a baseline report on pollutants in the ground and groundwater in the areas in which the operations are located. The baseline report will subsequently serve as a benchmark on the day that operations are closed down. Baseline reports have been submitted for all refineries.

Nynäshamn refinery, Sweden

Compliance and changes to environmental permits in 2019 were as follows:

- Dredging of the P (safety dam) area was completed in line with the permission granted by the Land and Environment Court in 2018 and was reported in 2019. The report is now being reviewed by the consulted authorities.
- E2 is a well-defined area with contaminated sediments on the seabed outside the refinery. The Land and Environment Court has decided that Monitored Natural Recovery is to be applied on the deeper parts of E2 and that the shallower parts are to be capped. Capping requires another decision by the Land and Environment Court which has not yet been applied for. Preparations for the capping have started and a consultation has been performed with the County Administrative Board and adjacent operations during the year.
- The County Administrative Board has decided that a full environmental review is required for the capping, thereby setting the date for the earliest possible time for performing the capping to 2027 as it is turnaround dependent.
- The County Administrative Board has granted permission to use Vistar as feed.
- The County Administrative Board has granted permission to increase the number of ships used to unload bitumen.

Gothenburg refinery, Sweden

Compliance and changes to environmental permits in 2019 were as follows:

- The refinery is compliant with Best Available Techniques (BAT) conclusions and the associated BREF (BAT reference document) since the implementation in October 2018.
- The environmental permit investigation regarding the characterization and proposed concentrations in the effluent water from the refinery, have been presented to the Land and Environment Court in September. The Court ruling was received in November, stating the final conditions for the effluent water. The conditions were similar to the proposed conditions, set by Nynas. None of the authorities have appealed the verdict, hence the conditions set in the verdict are final.
- All conditions stated in the environmental permit were complied with during 2019.

Harburg refinery, Germany

Compliance and changes to environmental permits in 2019 were as follows:

- Preparation work for a new environmental contract for the next 10 years has been finalised and a first proposal was sent to the authority at the end of 2017 as a first basis for the start of the negotiations regarding content and necessary budget. Due to time constraints and other priorities by the authority no negotiations took place in 2019.
- Harburg applied for a new permit for the allocation of cost free CO2 allowances for the fourth trading period starting in 2021. Finalisation of this allocation process is expected for 2020.
- The permits for the installation of additional fixed firefighting installations and the reduction of the staff of the fire brigade were received in December 2018. Within collateral clauses a recalculation of the capacity of the fire water system has been fixed. After modulation of the system, additional technical changes in the system are required. The changes require an additional permit process. The application documents have been submitted to the authority.
- Emergency response plan still under preparation. The safety reports North and South have been updated and submitted to authority in 2019.
- Application documents for the permit process, permitting process for the bitumen vapour treat-

BOARD OF DIRECTORS' REPORT

ment for storage tanks and truck loading has been finalized, project in implementation.

- Permits for the prolongation of inner inspection of distillate tanks from 5 to 10 years has been received for four tanks in order to reduce maintenance costs.
  - As part of the crude flexibility initiative Harburg received the permit for operating of residues (Vistar).
  - For the temporary cleaning of the amine system as a result of the decreasing performance of the system a separate permit was necessary. The online cleaning worked well with good results.
  - Permitting process for the replacement of furnace F-5401 in LHT-1 has been agreed with the authority.
  - Feasibility study for remediation of the PFT contamination in the soil and groundwater of the refinery finalised. Follow-up actions have to be agreed with the authority next year.

Depots and emulsion plants

Nynas operates several bitumen depots and emulsion plants in Sweden. The handling of bitumen takes place in rigorously controlled and contained systems and to minimise any possibility for leakage and/or injury an extensive HSSE&Q system including a crisis management plan is in place. Nynas has its own depots in Sweden and based on the volumes of bitumen handled, most of the depots have been assessed either as B-facilities, which require permits under the Swedish environmental code, or as C-facilities, which are only subject to a notification requirement. Outside Sweden Nynas has bitumen or emulsion plants in countries such as Denmark, Estonia, Norway, Poland and the UK. In most cases, Nynas is responsible for ensuring compliance with environmental legislation in these locations as well.

FUTURE OUTLOOK

With the now confirmed sanctions relief from OFAC, both Nynas and the administrators believe that the basis exists for finalising the ongoing reorganisation successfully. Having exited sanctions Nynas will be able to return to normal trading conditions, secure long-term financing and necessary crude oil purchases going forward.

Significant events after the fiscal year

- On January 7, 2020, the banks produced an additional unilateral set-off statement and approximately SEK 0.3 billion standing to the credit on some of Nynas AB's accounts held by the Banks was applied towards partial payments of the Bank's receivables.
- On January 24 ,2020, the Court decided at the Creditor meeting that the reorganization should continue according to plan until March 13, 2020.
- On March 20, 2020, the Court approved an extension of Nynas company reorganisation for another three months, until June 15.
- On March 31, 2020, the shareholders converted the outstanding shareholder loan of EUR 119 million to equity.
- On April 3, 2020, OFAC extended the General License GL 13E until May 14, 2020.
- On May 12, 2020, OFAC announced that Nynas is no longer being blocked pursuant to the Venezuela Sanctions Regulations. As a result of a corporate restructuring of the ownership of Nynas AB sanctions are lifted, and US persons and companies no longer require an authorization from OFAC to engage in transactions or activities with Nynas AB. As a consequence, general license GL 13E was removed.
- On May 29, 2020, the Company has agreed with the major creditors; the banks and the largest crude supplier to extend the maturity of their receivables until June 30, 2021.
- On May 29, 2020, the board of Nynas AB (the "Company") resolved to prepare a second control balance sheet based on going concern value and have it reviewed the Company's auditor.
- On May 29, 2020 a second shareholders control meeting was held that decided to continue business operations.
- On June 15, 2020, the Court approved an extension of Nynas company reorganisation for another three months, until September 15, 2020.
- During 2020, the effects of Covid-19 have had a significant negative impact on the Company's ongoing business operations mainly related to reduced sales volumes and production at the ERL refinery. If the Covid-19 effects continues for a long period of time, the effects of it would continue to have a negative impact on the Group's operations,financial position and earnings and it may become more difficult to raise capital, obtain loans or other financings or service existing debt.
- On 29 May 2020, Nynas AB booked impairment losses in the ordinary accounting as per 2020-03-31 of SEK 694 million related to tangible assets (based on a WACC of 9 per cent). An impairment gain of SEK 800 million was adjusted for in the control balance sheet dated 29 May 2020 related to investments in subsidiaries.
- On 29 May 2020, Nynas AB booked impairment loss in the ordinary accounting as per 2020-03-31 of 328 MSEK due to significant decrease in crude oil prices compared to December 2019.

Forecast

Nynas does not present a financial forecast.

PROPOSED DISTRIBUTION OF PROFIT

The Board proposes that the available profits of SEK 191,634,137 in the Parent Company be distributed as follows:

Total dividend	0
Carried forward	191,634,137
SEK	191,634,137

Sustainable Development Report

This report addresses the requirements regarding non-financial reporting as specified in the Swedish Annual Accounts Act (Årsredovisningslagen). The report covers all Nynas entities which are wholly owned by Nynas Group. For further information regarding Nynas Group companies, see note 14.

Most oil companies turn their crude oil into fossil fuels, which are then burned. Nynas transform crude oil into high quality bitumen and naphthenic specialty oils that bring long-term value to our customers in a wide variety of applications.

In 2019 Nynas participated in the work on a roadmap for the Swedish petroleum and renewable fuel industry to support a climate neutral Sweden. The roadmap predicts that the amount of fossil raw materials for fuel production will decrease to a large extent but that it will be critical also in the future for products like bitumen for use in asphalt, insulating oils for electrical transformers and other specialty products.

Nynas believes that our products contribute to sustainable development even if produced from fossil raw material. Nynas recognizes the need to continue innovating and developing products that lower the environmental impact looking at their whole lifecycle and we continue to work with measures such as energy optimisation and reduction of transport emissions to limit our carbon footprint.

SECURING THE FUTURE AND CREATING VALUE

Nynas' sustainable development ambition is formulated as "securing the future and creating value," with the goal to protect and create long-term economic and brand value for the company and its stakeholders. Nynas aims to do this through proactively contributing to sustainable development by demonstrably improving the impact of its economic, environmental and social activities. Nynas' commitment to sustainable development is reflected in the company's business governance and through the group-wide sustainable development policy.

Policies driving our sustainable development approach

The sustainable development policy is linked to a number of policies that address the environmental, economic and social aspects of sustainable development. These policies collectively steer Nynas' corporate responsibility approach and include:

- The Code of Conduct
- Competition Compliance
- Global Anti-bribery and Anti-corruption
- Health, Safety, Security, Environment and Quality (HSSE&Q)
- People and Human Rights
- Procurement

Nynas is certified according to ISO 9001, ISO 14001, OHSAS 18001 and ISO 50001 in the UK and Germany.

Sustainable development governance

Nynas' sustainable development governance aims to manage sustainable development matters in an integrated way across the company. Sustainable development is the responsibility of the Nynas Executive Committee. A sustainable development network, consisting of representatives from all major businesses and functions within Nynas, drives the sustainable development ambitions further throughout the company and to advise the Nynas Executive Committee on matters of sustainable development.

Materiality assessment including stakeholder dialogue

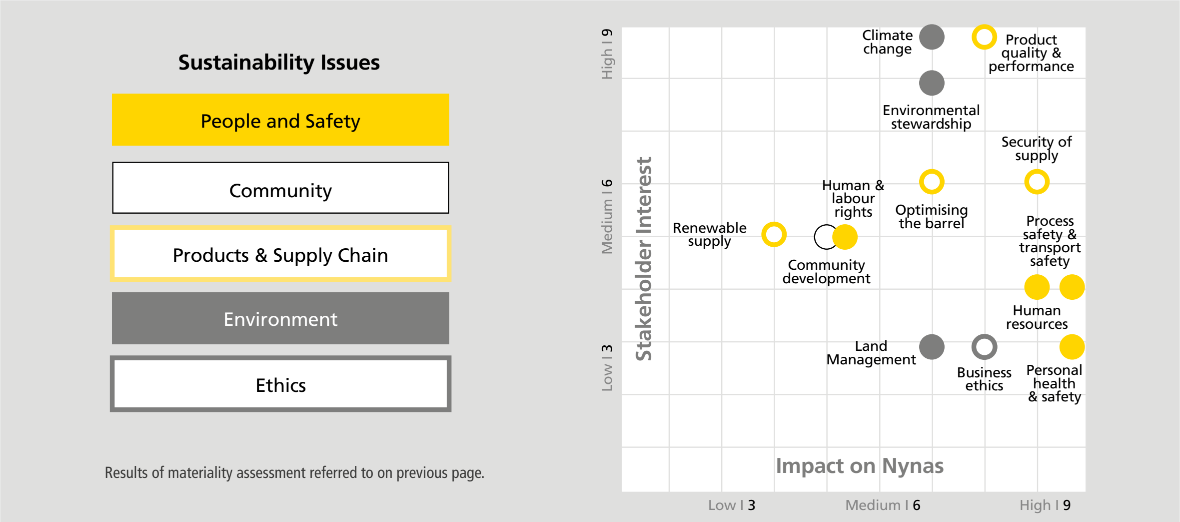
Nynas has performed a materiality assessment to understand the views and expectations of our stakeholders, including internal stakeholders and external key stakeholder groups – primarily customers, shareholders, authorities and the communities close to Nynas operations. The result of the materiality assessment is presented in a matrix, where the material topics are identified (illustration page 22). sustainable development report focuses on the most material topics for Nynas and our stakeholders.

SUSTAINABLE DEVELOPMENT FOCUS AREAS

Environment

Risks related to the environment are described in the Risk Management section in the Board of Directors' report.

SUSTAINABLE DEVELOPMENT REPORT



Results of materiality assessment referred to on previous page.

Nynas is addressing all areas in the matrix while prioritising those that require additional focus, for instance climate change and product quality and performance.

Nynas is consistently working to improve environmental performance and secure compliance with all legal and other demands. Below are the main measures taken during 2020.

Climate change
Climate change was identified as an area of high impact/high interest in the materiality assessment. Nynas has started tracking its organisational carbon footprint with an operational control footprint boundary, scope 1 and 2.

We have adopted the Greenhouse Gas (GHG) Protocol, Corporate Standard for evaluating Nynas' organisational carbon footprint and have an ambition to establish a company-wide procedure to routinely measure the carbon footprint within the Nynas organisation, based on the GHG Protocol.

Impact of environmental legislation
The Swedish refineries have implemented full compliance with Industrial Emissions Directive (IED) BAT conclusions from October 2018.

The BAT conclusions for refineries in Germany were transferred into different German laws in 2018. Due to the delay in in the transformation process, several new due dates for full compliance have been set in with the different legislations. The implementation of the most relevant issues requires a formal act by the authorities (legal order), which still has not been granted by the authority. This step is expected as part of the permitting process for the replacement of the furnance in LHT-1 Additionally, a revised legislation "TA Luft" (Clean Air Act) is expected to be issued 2020, which will have a significant impact on all German industrial units.

The refineries have submitted the application for the forthcoming "The fourth period 2021–2030" of free allocation regarding CO_2 within the EU Emission Trading Scheme (ETS) Carbon Market.

Environmental measures at the Nynäshamn refinery in Sweden
The refinery in Nynäshamn manufactures bitumen and naphthenic specialty oils. The following initiatives and actions were taken in 2019:

- Dredging of contaminated sediments in the area P (safety dam) was finalised during 2018, in line with the decision by the Land and Environment Court. The outcome of the dredging was reported to the Land and Environment Court during the year and the report is being reviewed by the consulted authorities. The process for the choice of methodology for treatment of the sediments, as well as for the remediation of the contaminated area of J3/J4, is ongoing in line with the legally binding decision in the Land and Environment Court.
- The plan for final covering of the Landfarmen landfill is under consultation with the County Administrative board.
- The parole period regarding the contaminated area with sediments, called E2, was finalised and processed in the Land and Environmental Court in 2018. The Court decision from November 2018 implies capping the contaminated sediments in the shallower area. For the contaminated sediments in the deeper parts of the sea, the applied method will be Monitored Natural Recovery (MNR). Preparations for the capping have started and a consultation has been performed with the County Administrative Board and adjacent operations during the year.
- A turnaround for the entire refinery was performed during 2019. Some of the changes performed during the turnaround were:

- Installation of a flow meter to ensure compliance with BAT 56, as agreed with the County Administrative Board.
- Conversion to natural gas feed for the flare pilots and some furnaces, thereby reducing CO_2 emissions and facilitating start up processes.
- Installation of tie-ins in preparation of increasing oil recovery, thereby reducing the load on the waste water treatment plant and increasing efficient use of raw materials.

Environmental measures at the Gothenburg refinery in Sweden
The refinery in Gothenburg manufactures bitumen and distillates. The following initiatives and actions were taken in 2019:

- The plan to install a new furnace for the 2021 season, have been approved. The new furnace will run on natural gas compared to the current one which runs on fuel oil. The higher efficiency and the change of fuel in the new furnace, will reduce the CO_2 emissions from the refinery.
- Measures were taken to reduce the chemical oxygen demand (COD), in the rock cavern water treatment.
- The insulation of tank 544 has been renewed, and the overall insulation of the steam system within the large tank park has been improved.
- An energy mapping study, and performance evaluation of steam traps were conducted.
- The energy plan has been approved without demand on further actions from the County Administrative Board.

Environmental measures at the Harburg refinery in Germany
The refinery in Harburg manufactures bitumen, medical white oils and naphthenic specialty oils. In 2019, Nynas received the permit for operating other feedstocks (fuel oil). Nynas proposed measures for a new environmental contract for the next 10 years in 2017, but that process has not been finalized until now. Despite the lack of an actual environmental contract in place, the following measures were implemented in 2019

- A feasibility study for the remediation of PFC contamination in the groundwater has been finalised at the end of 2019.
- A bitumen vapour treatment project, to reduce emissions with a strong odour from the bitumen area has been permittted and is in implementation phase.
- Legionella monitoring for cooling water systems according new requirements (42 BImSchV) has been successfully implemented.

Environmental data for the Nynas refineries can be found on the Nynas website.

Products and Supply Chain
The risks related to the area of Products and Supply Chain are mainly related to environment, health and product safety. These risks are described in the Risk Management section in the Board of Directors' report.

Product quality and performance and Renewables
Product quality and performance is strongly linked to the Nynas motto "Taking oil further" and was identified as one of the main topics in the materiality assessment. The Nynas product benefits, and their contribution to sustainable development through different applications, in both Bitumen and Naphthenics, can largely be captured in six key aspects: lifetime, efficiency, recyclability, social, product health & safety and renewables. The three first aspects are connected to lifecycle value and linked to resource and energy efficiency and a circular economy. When looking at any product, the impact over its whole lifecycle while in use is important, not only at the impact from its production. This whole life cycle impact can be a significant share depending on the application but can be reduced further if the product, after being in service, can be reused or recycled.

Social value is mainly contributed to through products that are used in infrastructure such as roads, construction and electricity grids, as well as products contributing to improved living standards.

Nynas adheres to laws and regulations for our products and monitors legislation related to intended main applications.

Renewables was merged with product quality and performance as it was identified as an area to be further investigated. This also signals the expectation that any renewable solution should also contribute to quality and performance in the intended application.

Some examples of product developments in 2019
This year, Nynas has launched several new products with a positive contribution to sustainable development. Further, as the awareness and interest in benefits in this area from Nynas' products are continuously increasing, several projects - own and jointly with customers - have been launched to study and quantify the benefits.

Naphthenics launched their first ever renewable products NYTRO® BIO 300X and NYTEX® BIO 6200 for the electrical and tyre industries, respectively. The NYTRO BIO 300X is a high performance, fully bio-based and readily biodegradable transformer fluid. It fully meets the IEC 60296 specification and complements the Nynas broad high-performance transformer oil products portfolio, where also all products are fully recyclable. The NYTEX 6200 is a bio-based tyre oil delivering the same low rolling resistance profile that is typical for all Nynas tyre oils. Both products have been very well received by customers.

The Nyflex® 2120B, a hydrotreated, virtually non-aromatic, low viscosity naphthenic oil conforming to the US FDA §178.3620 (b) was introduced as solution for

SUSTAINABLE DEVELOPMENT REPORT

silicone sealants and heat set inks. It combines very high purity with excellent formulation compatibility in the two applications. Nynas® S3B, a virtually non-aromatic, low viscosity FDA §178.3620 (b) conforming base oil was introduced as solution for metalworking fluids and lubricants. Also here the purity and a flash point above 100oC are key aspects of the product.

In close cooperation with customers, Naphthenics has this year also developed an oil for industrial wood preservation, which is driven by a phasing out of creosote due to its hazard classification. The oil provides an efficient moisture barrier and functions as carrier of active components. Another customer cooperation has at commercial scale quantified the benefits from Nynas® T600 in grease, both regarding the reduced lithium soap consumption and the reduced energy use when producing the grease in a pressurized kettle.

Nynas Bitumen has this year seen the initiation of several studies. Bitumen is a partner in an innovation project sponsored by Sweden's Innovation Agency, Vinnova, with the aim to develop a method to reduce the carbon footprint of asphalt production and laying to zero. Also, a joint research program with (one of) the world's largest asphalt road contractors, has been launched. The objective is to establish which key bitumen properties contribute to asphalt pavement durability. The aim is to analyze recovered bitumen properties from pavements in around 10 different European countries. Better bitumen durability can result in increasing asphalt pavement lifetime and therefore reduce the climate impact of asphalt road construction materials. The asphalt rejuvenator Nygen 910 is included in a Flemish research project "Rejuvebit" that looks into the benefits of asphalt reuse with rejuvenators, including a full Life Cycle Analysis.

Nynas is also chairing a new sustainability initiative in Eurobitume, the European bitumen association.

Both the Naphthenics and the Bitumen businesses have continued the R&D work around renewable components. Bitumen has conducted promising field trials with bitumen containing biogenic carbon components, including positive indications that these asphalt road pavements are fully reusable, which is critical for reducing the climate impact of asphalt. Naphthenics work in several projects assessing potential new sustainable solutions and their applicability in select customer applications.

Recognising that sustainable development impacts all stakeholders and is generating increased interest and focus from our customers, we will continue to integrate it as an aspect in our knowledge and product development work in parallel with technical and other performance demands.

Optimising the barrel and security of supply

Nynas' operational stability is dependent on securing the availability of the right feedstocks and ensuring that the crude processed is utilised to the maximum in high-value products, while waste and fuel streams are minimised. This means available crudes and other feedstock options are continuously monitored and assessed in accordance with the Nynas product slate quality requirements. Pilot and full-scale test runs are conducted when motivated.

At the end of 2019 this continuous work proved to be invaluable. With the abrupt demand to move away from Venezuelan crude, intense work was immediately started to fully transition to an alternative crude and feedstock base for all refineries. This work is done in tight cooperation between the supply chain, refineries and technical development teams.

People and Safety

Risks related to the area of People and Safety are mainly related to health, safety, human resources and human and labour rights. These risks are described in the Risk Management section in the Board of Directors' report.

Health and Safety

Nynas promotes a strong health and safety culture. Line management is responsible for promoting this culture and all employees and contractors are responsible for contributing to health and safety in their work activities. These policies are applicable within this area:

- Health, Safety, Security, Environment and Quality (HSSE&Q) policy
- Preventive Health Care policy
- Travel & Security policy
- Alcohol and Drugs policy

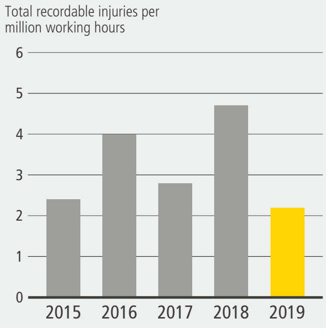
Nynas has also implemented a number of Group minimum requirements. During 2019, several of the Group minimum requirements were updated and more stringent demands were placed on the organisation. Nynas' health and safety culture is maintained through many efforts, including the Observe, Think and Act programme, preventive health care, regular safety reporting, and safety tools. The Observe, Think and Act safety programme is compulsory for all employees and contractors. It focuses on safe behaviour, being observant of potential risks and knowing how to mitigate them. The programme includes Health, Safety, Security, Environment (HSSE) meetings at all levels, safety workshops and newsletters translated into local languages. In 2019, the focus was to turn the trend on TRIs and special focus was put on the Turn Around in Nynäshamn.

Health and Safety monitoring

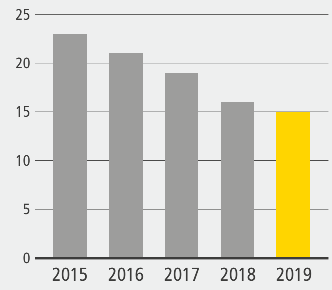
Transparency and reporting of incidents is encouraged through a "no blame" approach that contributes to learning and making improvements regarding safety. Nynas monitors its safety performance monthly to help with continuous improvement. Three main areas – Personal Injuries, Process Safety Accidents and Transport Accidents – are monitored. Each incident is recorded, and serious accidents are investigated so corrective and preventive actions can be taken. In 2019, Nynas renewed the efforts to train own staff as Lead Investigators, being

SUSTAINABLE DEVELOPMENT REPORT

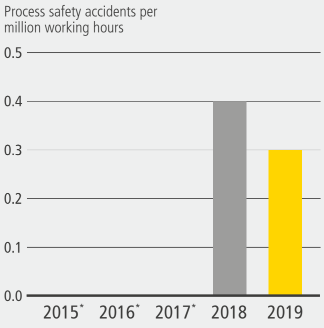
TOTAL RECORDABLE INJURY FREQUENCY (TRIF)



TRANSPORT ACCIDENTS



PROCESS SAFETY ACCIDENTS RATE (PSA)



*Zero PSAs 2015, 2016 and 2017

able to do full root cause analyses of both accidents and near misses with high potential. Besides the incident reporting system, Nynas also follows up through regular safety walks and inspections, sick leave statistics, random alcohol and drug tests, ergonomic inspections and an annual report on employee health checks.

In response to the negative development on TRI during 2018, Nynas implemented a number of measures, including extra safety meetings, updates of minimum safety requirements and the sharing of information and learning from best practices. In 2019, the Total Recordable Injury Frequency (TRIF) score for Personal Injuries improved significantly versus the outcome 2018 and the full year frequency of 2.2 is the best frequency in the history of Nynas. All areas of Nynas performed well during the year but Harburg performed very well and managed 2019 TRI-free.

During the year there was one Process Safety Accident Tier 1 and three Tier 2 which was according to target. As a result of Nynas' strong commitment to working intensely on best practices, for example related to the loading and filling of bitumen and oils in transport vehicles, the trend towards fewer Transport Accidents continued in 2019 and the result was at the target level. Nynas benchmarks its Transport Accidents with figures from the European Chemical Transport Association (ECTA). It benchmarks its Personal Injuries and Process Safety Accidents with the European downstream oil industry safety performance reported in Concawe and its ambition is to be better than the industry average.

Human Resources

Nynas aims to be an attractive employer by offering competitive salaries, career opportunities, international work experiences and training. A part of the Nynas strategy is to attract and retain talent and ensure the company has the right competence long-term. Nynas works with apprentice programs and trainee programs in the communities where it operates and offers also on-the-job training for recent graduates and others, to ensure the company will have enough technical competence now and into the future.

Career incentives are offered to employees through various career ladder programmes such as the specialist career programme, leadership development programmes, and other training opportunities. Nynas has several global procedures in place to ensure we follow Nynas values, policies and legal requirements throughout the employee lifecycle. New employees are introduced to the company through an onboarding process including introduction programmes to get acquainted with the business areas and functions. The exit process includes assessment of feedback from employees who leave the company. Nynas monitors employee progress through an annual performance appraisal process. It monitors the company's attractiveness and employee satisfaction through a biannual employee survey. The employee participation is high, normally around 90%, indicating a high level of engagement within the company. Nynas follows up on the feedback from each survey through workshops and action plans.

An important part of the strategy to attract talent includes different programmes to bring in students at various levels to the company. Since 2017 the Nynäshamn refinery runs a programme called NyEx to prepare and attract young chemical engineers. The program allows new graduates the opportunity to try working within Process Technology, Engineering and Process Technical Services, and gain broad knowledge about the operations. Onsite training for operators has also been developed and NyTech, an apprentice programme for operators, started in 2018, both have been proven successful.

The Harburg refinery runs its own trainee programme, named Berufsausbildung, to offer professional training and new opportunities for young people. Nynas is thus able to secure qualified staff for its highly technical chemical operations and be perceived as an attractive employer. Nynas has received an award for its excellent apprentice trainee programme (Ausgezeichneter Ausbildungsbetrieb 2017) from the Hamburg Chamber of Commerce. Nynas also offers opportunities for university students and graduates such as internships through a collaboration with the nearby Hamburg University of Technology (TUHH). In Gothenburg, Sweden, Nynas collaborates with Chalmers University of Technology and its Chemical Engineering Programme. An apprentice programme for operators was started in 2018 to ensure the availability of well-trained operators. The program has been very successful.

Human and Labour Rights Risks

The Nynas Code of Conduct clearly states: "We shall never be influenced in our decisions, actions or recommendations by issues of gender, race, creed, colour, age, political views or any other areas of possible discrimination." Nynas' People and Human Rights policy, which complies with the UN Declaration of Human Rights, supports this. As a global company, Nynas has a diverse workforce, with employees from different countries and backgrounds. Nynas encourages diversity in its policies and programmes, such as leadership training for women, to improve the gender balance and improve the company's competitive edge, knowledge and capacity to tailor products to customer needs. Nynas works to mitigate risk through regular meetings and collaboration with safety committees, local trade unions and executive management. New employees are introduced to the Nynas Code of Conduct in the employee onboarding process, which addresses human and labour rights and the prevention of human rights abuses such as discrimination and harassment in the workplace. Workshops on how to handle harassment, developed and implemented through HSSE groups within the Nynas Group, are performed on a regular basis. Issues related to human resources, including human and labour rights, are monitored partly through our bi-annual employee survey. Those areas with low scores are addressed and followed up on with an action plan for improvement.

Ethics

Risks related to the area of Ethics are mainly related to anti-trust, anti-bribery and anti-corruption. These risks are described in the Risk Management section in the Board of Directors' report.

The Nynas Code of Conduct clearly establishes the rules of ethical business behaviour for Nynas employees and partners in relation to bribery, corruption, conflicts of interest and other areas where the company could be at risk. The Code of Conduct has supporting policies for competition, procurement, anti-bribery, anti-corruption and trade, among others.

Nynas aims to comply with laws and regulations in every jurisdiction where it operates, including:

- Anti-bribery and anti-corruption laws, including the UK Bribery Act and the Foreign Corrupt Practices Act;
- Competition laws, including EU and US competition laws;
- EU, US and UN sanction regimes. Nynas conducts regular mandatory training for certain identified employees, on how to comply with anti-bribery, anti-corruption, competition and trade regulations, along with other policy compliance training. The identified employees are also required to sign a yearly undertaking confirming they will comply with the Nynas Code of Conduct and its underlying policies. Nynas does continuous monitoring to ensure that the identified employees have received training and signed the compliance undertaking. Nynas has an informal whistle-blowing process with an external party for cases of possible non-compliance. Suppliers are expected to comply with the Nynas Code of Conduct and policies, as stated in the terms and conditions of their agreements.

Community

Risks related to the area of Community are mainly related to the environment and human resources. These risks are described in the Risk Management section in the Board of Directors' report.

Nynas is involved in community activities as part of its ambition to "secure the future and create value." Being a good corporate citizen is of the highest importance for every Nynas production site and Nynas promotes transparency and encourages open dialogue and engagement with all stakeholders, especially its neighbours.

Nynas has been operating a refinery in Nynäshamn, Sweden, since 1928, and is the largest private employer in the area. With the initiative "Good Neighbour" Nynas aims for transparency by establishing a dialogue with politicians, municipality officials, teachers and others living in Nynäshamn through regular information, invitations to visit the refinery, and participation in different councils and meetings. Nynas is also a member of the local Nynäshamn business committee. Nynas conducted a survey in Nynäshamn in November 2019 to find out how the Nynas refinery is perceived locally. Interviews with a representative sample of the population living near the refinery showed that Nynas is regarded as an attractive workplace and that three out of four are positive towards that an oil refinery is located in the municipality. The survey is repeated every two years to give a clear indication of which issues need to be addressed.

The Gothenburg refinery collaborates with Chalmers University of technology through a programme focusing on chemical products from a sustainability perspective. Study visits and support to student projects are also in focus. The refinery takes an active part in external networks, focusing on sharing best practices related to personal and process security.

Harburg refinery has a cooperation with Technical University Hamburg-Harburg (TUHH). Study visits and support to student projects/thesis works are also in focus. The refinery works with neighbouring companies in cooperation on flood protection and emergency response.

Corporate Governance

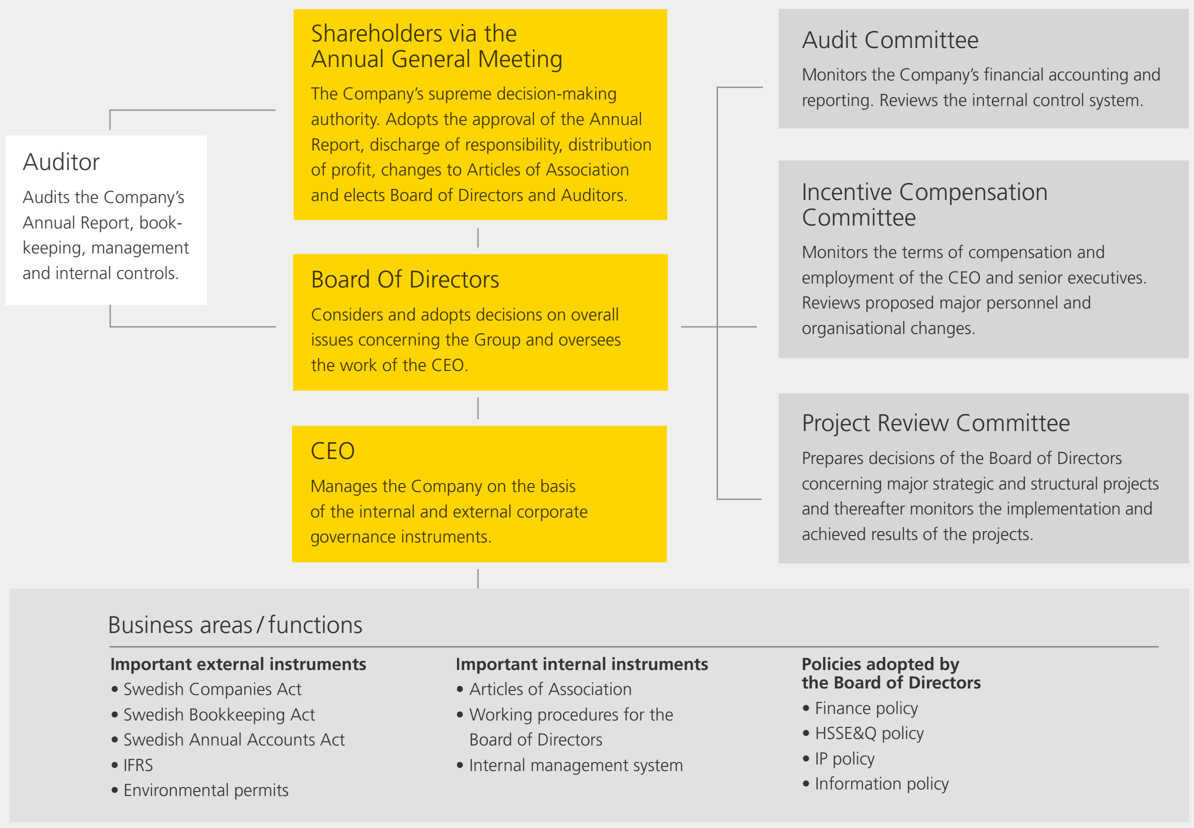
Corporate Governance at Nynas comprises guidelines, structures and processes, through which the Group is managed and controlled. The aim is to ensure efficient and value-creating decision making by clearly specifying the division of roles and responsibilities between the Shareholders, the Board and the Group Executive Committee. Corporate Governance is based on the Swedish Companies Act, applicable parts of the Nasdaq Stockholm Stock Exchange Rules, and in all material respects the Swedish Corporate Governance Code.

Shareholders

Nynas AB, company reg. no, 556029-2509, domiciled in Stockholm, since May 6, 2020 owned 49.999 per cent by Neste AB, company reg. no. 556232-3906, domiciled in Stockholm, Sweden, 35.003 per cent by NyColleagues AB, company reg. no. 559247-2418, domiciled in Stockholm, Sweden and 14.999 per cent by PDV Europa B.V., company reg. no. 27133447 domiciled in The Hague, the Netherlands.

Neste AB is part of a Group in which Neste Oyj, company reg. no. FI 18523029, Espoo, Finland, is the Parent Company. NyColleagues AB is owned by

Governance structure of Nynas AB



CORPORATE GOVERNANCE

Nynässtiftelsen, reg. no. 802481-5071, a foundation domiciled in Stockholm, Sweden. PDV Europa B.V, is part of a Group in which Petróleos de Venezuela S.A., company reg. no. 73023, Caracas, Venezuela, is the Parent Company.

The total number of shares issued is 67,532, of which 33,765 are Class A shares, 10,129 are Class B shares and 23,638 are Class C shares. The share capital is SEK 67.5 million and the listed value is SEK 1,000 per share. One share entitles one vote at Annual and Extraordinary General Meetings. There are no restrictions to the number of votes that each shareholder may cast at General Meetings. Nynas' new articles of association adopted at a shareholders' meeting on May 6, 2020 have been submitted to the Swedish Companies Registration Office for registration.

The shareholders' Annual General Meeting is the Company's highest decision-making authority where the shareholders right to adopt decisions concerning Nynas' affairs is exercised. The Annual General Meeting is usually held in the second quarter of the financial year. If necessary, Extraordinary General Meetings may be convened. The Annual General Meeting adopts the Articles of Association and the shareholders elect the members of the Board of Directors at the Annual General Meeting.

The Annual General Meeting also elects the auditors and makes decisions regarding their remuneration. The Annual General Meeting adopts the resolutions to approve the Income Statement and Statement of Financial Position, the distribution of the Company's profits, and the responsibilities of the members of the Board of Directors and the CEO.

Board of Directors

The composition of the Board of Directors

The Board of Directors consists of a minimum of three up to a maximum of seven with up to a maximum of six deputies, and two employee representatives (with two deputies). Of the ordinary members and deputy members, who shall all be elected at a Shareholders' Meeting, owners of class A shares shall be entitled to appoint three ordinary members (and three deputies), the owners of class B shares one member (and one deputy), and the owners of class C shares two members (and two deputies). The chairman of the board is elected by the Shareholders' Meeting. The CEO is not a member of the Board of Directors.

The work and responsibility of the Board of Directors

The Board of Directors is responsible for the organisation of the company and the administration of the company's affairs. The framework for the work of the Board of Directors is the documented working procedures of the Board which are adopted annually by the Board of Directors.

Working procedures govern the work of the Board of Directors, as well as the division of responsibility between the Board of Directors and the CEO. The Board of Directors monitors the work of the CEO via on-going follow-up of the activities during the year. It is the responsibility of the Board of Directors to ensure that effective systems are in place for follow-up and control of the Company's activities, that there are satisfactory internal control procedures, and that internal Corporate Governance instruments have been determined. The responsibility also includes determining the objectives and strategy, deciding on major acquisitions and divestments of companies, or other major investments, deciding placements and loans, and to adopt the Company's Finance Policy. In addition to the constituent meeting the Board of Directors holds at least three ordinary meetings per year. In 2019 four ordinary Board meetings were held and in addition thereto a number of extraordinary meetings. In addition to approval of budgets and necessary investment projects, the work in 2019 focused on managing and mitigating effects of sanctions as well as continued work on strategic and structural issues.

The CEO presents issues to the Board of Directors and states the grounds for the proposed decisions. Other Group officers attend meetings of the Board of Directors as required in order to present particular issues. In order to fulfil its obligations more effectively the Board of Directors has established three committees from among its members: the Audit Committee, the Incentive Compensation Committee and the Project Review Committee.

- The objective of the Audit Committee is to represent the Board of Directors and to monitor the Company's financial reporting, and to monitor the effectiveness of the Company's internal controls, internal audit and risk management. The Committee must keep itself informed of the audit of the Annual Report and the Consolidated Annual Report, review and monitor the impartiality and independence of the auditors, and assist in the preparation of proposals for the Annual General Meeting's decision on the election of auditors. The Audit Committee must also represent the Board of Directors by supporting and monitoring the Group's work on the overall coordination of the Group's risk management. The results of the Audit Committee's work in the form of observations, recommendations and proposed decisions and measures must be reported to the Board of Directors on an on-going basis. In 2019, three meetings were held.
- The objective of the Incentive Compensation Committee is to represent the Board of Directors in matters concerning the terms of compensation and employment of the CEO, and the executives reporting directly to the CEO, on the basis of the principles adopted by the Annual General Meeting

and the policies adopted. The Committee also reviews proposed major personnel or organisational changes. The Incentive Compensation Committee must report on its work to the Board of Directors on an on-going basis. In 2019, three meetings were held.

- The objective of the Project Review Committee is to review proposals from the Company's management concerning major strategic and structural projects. The Committee also follows up and approves the implementation of specific projects as determined by the Board of Directors. The Project Review Committee must report on its work to the Board of Directors on an ongoing basis. The Committee did not hold any meetings in 2019.

Auditors

External auditor

At the 2019 Annual General Meeting the authorised public accounting firm Ernst & Young AB was elected as the Company's external auditor up to and including the 2020 Annual General Meeting. The auditor in charge is Rickard Andersson, Authorised Public Accountant.

The audit is reported to the shareholders as an Auditors' Report. This constitutes a recommendation to the shareholders for their decision at the Annual General Meeting whether to adopt the Income Statements and Statements of Financial Position of the Parent Company and the Group, the distribution of the profit of the Parent Company, and whether to discharge the members of the Board of Directors and the CEO from their responsibilities for the financial year. The audit is conducted in accordance with the Swedish Companies Act and good auditing practice, which means that the audit is planned and performed on the basis of knowledge of the activities, current development and strategies of the Nynas Group. The audit services, among other things, include inspection of compliance with the Articles of Association, the Companies Act and the Annual Accounts Act, as well as the International Financial Reporting Standards (IFRS).

The audit is furthermore reported on an ongoing basis in the course of the year to the Board of respective company and to the CEO and Executive Committee of the Group. See Note 7 concerning the remuneration paid to the auditors.

CEO and Group Executive Committee

The Managing Director of Nynas AB, who is also the Group President and CEO, manages Nynas' activities in accordance with the external and internal Corporate Governance instruments. The framework consists of the annually stated working procedures for the Board of Directors, which also defines how responsibilities are divided between the Board and the Chief Executive Officer. The CEO is responsible for and reports on the development in the Company to the Board of Directors on an on-going basis. The CEO is assisted by a Group Executive Committee that consists of the executives responsible for the business areas and staff functions. Nynas has a structure with strong focus on business responsibility, combined with support from shared Group functions and processes. The CEO leads the work of the Group Executive Committee and adopts decisions in consultation with the other executives. At the close of 2019 there were nine members of the Group Executive Committee. The Group Executive Committee meets one to two times per month to consider the Group's financial development, Group development projects, management and competence provision, and other strategic issues.

Group Treasury

Group Treasury is established as the functional organisation in the Parent Company where most of the Group's financial risks are handled. The function's primary task is to contribute to value creation by managing the financial risks to which the Company is exposed in its normal business activities. To support the work of handling risk exposure the CEO has appointed a Hedging Committee. The Committee is chaired by Nynas' CFO and also includes other members with knowledge and understanding of Nynas' business model.

External Corporate Governance instruments

The external Corporate Governance instruments that determine the framework for Nynas' Corporate Governance consist of the Swedish Companies Act, Annual Accounts Act and other relevant acts. The Swedish Corporate Governance Code must be applied by Swedish limited liability companies whose shares are listed in a regulated market. Nynas' ownership structure therefore does not require the Company to observe the Code. Good Corporate Governance is fundamental to Nynas, and the objective is to ensure solid and adequate Corporate Governance of the Company.

Nynas AB is not a listed public limited company and therefore not required to comply with the Swedish Corporate Governance Code, however in all material aspects Nynas adheres to the Code with the following exceptions in section III, Rules for Corporate Governance:

The shareholders' meeting

Sub sections 1.3 and 1.4: Nynas does not have a nomination committee as the two sole shareholders independently nominate their respective Board members. Both shareholders have internal processes in their own Boards and provide Nynas with their respective nominees. The two shareholders participate with their appointed representatives at the Annual General Meeting.

CORPORATE GOVERNANCE

Sub section 1.7: Minutes of the Annual General Meeting and subsequent Extraordinary Meetings are not posted on Nynas' website as the shareholders agree they have sufficient access to all minutes and further relevant information.

Appointment and remuneration of the Board and the statutory auditor
Sub section 2: Nynas does not have a nomination committee since the shareholders have agreed to discuss nominations and related matters directly between themselves thereby performing the same function.

The size and composition of the Board
Sub section 4.6: As a consequence of the fact that Nynas does not have a nomination committee it cannot technically comply with this section that describes which information is to be provided to the nomination committee.

Evaluation of the Board of Directors and the Chief Executive Officer
Section 8: Regular and systematic evaluation of the performance of the Board is not done. The evaluation of Board members is carried out independently by the respective shareholder as each shareholder has its internal processes for performance evaluation of their respective Board members. Subsequently, the chairman or the vice chairman of the Board discusses the outcome with the individual Board members.

Remuneration of the Board and Executive Management
Sub sections 9.7 and 9.8 are not applicable since Nynas does not have a share incentive scheme.

Information on Corporate Governance
The rules in sub section 10 regarding information on Corporate Governance are only relevant to companies whereby the shares are listed; hence the rules are not applicable to Nynas.

Internal Corporate Governance instruments
The binding internal Corporate Governance instruments are the Articles of Association adopted by the Annual General Meeting and the Working procedures for Nynas' Board of Directors adopted by the Board of Directors, the instructions for the CEO of Nynas, instructions for the financial reporting to the Board of Directors, the instructions for the committees nominated by Nynas' Board of Directors, as well as the Finance Policy.

In addition to these Corporate Governance instruments there is also an internal management system that includes a number of policies and binding rules stating guidelines and instructions for the Group's activities and employees. The most important policy document is the Nynas Code of Conduct, which for instance includes regulations for compliance with competition legislation, policies that prohibit bribery and corruption, policy on people and human rights, policy on information management and policy on health, safety, security, environment and quality.

Internal control of financial reporting
The financial statements are established in accordance with prevailing legislation, International Financial Reporting Standards (IFRS) as adopted by the EU and the listing agreement with Nasdaq Stockholm. This description of internal control over financial reporting has been prepared in accordance with the Annual Accounts Act and constitutes an integrated part of the Corporate Governance Report.

Control environment
The CEO of Nynas regulates the governance of the Nynas Group. It includes the Nynas Code of Conduct, delegation of responsibilities, including signatory and authorisation principles for decision making and cost approvals, and request and approval procedures in regards to investments and acquisitions, among other items.

The Nynas Financial Reporting Manual and Procedures govern control over financial reporting. These documents contain detailed instructions regarding accounting policies and financial reporting procedures to be applied by all Nynas reporting entities. In the major countries where Nynas operates, Finance or Accounting Managers are appointed to support local management and the finance organisation and to provide a link between reporting entities and Group Finance. At group level, Group Financial Control manages the reporting process to ensure the completeness and accuracy of financial reporting and compliance with IFRS requirements. Group Business Control performs business analysis and compiles reports on operational performance. Both statutory and management reporting is conducted in close cooperation with business areas and specialist functions such as tax, treasury and legal to ensure the correct reporting of the income statement, balance sheet, equity and cash flow.

Control activities
Internal Control activities have been affected in all areas that impact upon financial reporting. The internal control activities follow the logic of the reporting process and the finance organisation. In each reporting entity, the finance staff is responsible for accurate accounting and the closing of books. Finance staff adheres to the Nynas Financial Reporting Manual and Procedures and validates and reconciles local accounts before submitting them to business area management and Group Finance for consolidation.

Controllers in the business areas and functions perform analytical reviews and investigations, conduct business trend analyses and update forecasts and budgets. They investigate certain issues related to the financial information as and when needed. All business areas present their financial performance in written reports to the Group Executive Management on a monthly basis. Group Financial Control and Group Business Control have key responsibilities for control activities regarding financial reporting.

Information and communication

Financial reports setting out the Group's financial position and the earnings trend of operations are submitted regularly to the Nynas Board. The Board deals with the Annual Report prior to publishing and monitors the audit of internal control and financial statements conducted by external auditors.

Major subsidiaries in the form of legal entities also have a system of internal Board meetings with a formal agenda, including financial information, monitoring and decisions related to financial and accounting matters.

Steering documents, such as policies and procedures and instructions, are updated regularly on the company's intranet and are available to all Nynas employees.

Information to external parties is communicated on the Nynas website, which contains news and press releases. The Annual Report is made available to shareholders and the general public, both as a printed version and electronically on Nynas' website, nynas.com.

Monitoring and follow-up

Each business entity manager and their respective finance organisation are ultimately responsible for continuously monitoring the financial information of the various entities.

The information is also monitored at a business area level, by group staff functions, the Group Executive Management and by the Board. The quality of the financial reporting process and internal controls is assessed by Group Finance every month as part of the quality assurance of reporting.

Internal Audit is an independent and objective function that systematically evaluates and proposes improvements for more effective governance, internal control and risk management processes throughout the Nynas Group. The function reports directly to the Audit Committee, and performs its work in accordance with a risk-based internal audit plan. Opportunities for improvements identified in the internal audits are reported to responsible business area management for actions. The Head of Internal Audit reports administratively to the CFO and informs the management team about audit activities that have been performed (position currently vacant). The external auditors continuously assesses the internal control environment over financial reporting.

Finally, the external auditors perform a standard examination of the annual accounts of almost all legal entities in the Group, as well as the Annual Report.

BOARD OF DIRECTORS

MAGNUS WITTBOM
Chairman of the Board.
Attorney at Law.
Board member since 2020.
Born 1958.
Nationality: Swedish.

SAM HOLMBERG
Senior Strategy Advisor, Neste Corporation.
Board member since 2020.
Born 1969.
Nationality: Finnish.

FREDRIK LUNDSTRÖM
Senior Advisor, AB Lundström & Far.
Board member since 2020.
Born 1964.
Nationality: Swedish.

JOACHIM MORATH
CEO Feelgood Svenska AB.
Board member since 2020.
Born 1968.
Nationality: Swedish.

JYRKI MÄKI-KALA
CFO, Neste Corporation.
Board member since 2018.
Born 1961.
Nationality: Finnish.

OSWALDO PÉREZ
Vice President Finance, PDVSA.
Board member since 2020.
Born 1982.
Nationality: Venezuelan.

CHRISTIAN STÅHLBERG
General Counsel, Neste Corporation.
Board member since 2018.
Born 1974.
Nationality: Finnish.

ROLAND BERGVIK
Employee Representative.
Board member since 2010.
Born 1967.
Nationality: Swedish.

PIA OVRIN
Employee Representative.
Board member since 2013.
Born 1966.
Nationality: Swedish.

Auditor

RICKARD ANDERSSON
Authorised Public Accountant at Ernst & Young AB. Auditor in charge of the Nynas Group since 2015. Present customer assignments include Hexagon, Alimak Group and Pricer.
Born 1973.
Nationality: Swedish.

GROUP EXECUTIVE COMMITTEE

BO ASKVIK
President and CEO, acting.
Education: MBA in Business Administration and Finance, Stockholm School of Economics.
Previous experience: CFO at Sapa, Intrum Justitia, Sanitec, PA Resources, and various finance positions in Nordstjernan, Östgöta Enskilda Bank, Neste, Borealis and TeliaSonera.
Employed since 2014.
In current position since 2019.
Born 1958.
Nationality: Swedish.

ROLF ALLGULANDER
Vice President Manufacturing.
Education: MSc Chemistry, MBA.
Previous experience: Site Manager, Borealis, Kallo, Cracker Manager, Borealis Portugal, Production Manager, Borealis Stenungsund.
Employed since 2007.
In current position since 2007.
Born 1962.
Nationality: Swedish.

EWA BESKOW
Director Human Resources.
Education: MSc Metallurgy.
Previous experience: Director Human Resources, SVP Worldwide, Director Human Resources, VSM Group, Vice President Human Resources, Volvo Car Corporation, Engine Division, Director Human Resources Uddeholm Tooling.
Employed since 2006.
In current position since 2006.
Born 1957.
Nationality: Swedish.

JIM CHRISTIE
Business Area Director Bitumen UK and Western Europe.
Education: HND Civil Engineering.
Previous experience: Sales Director Nynas UK, various commercial roles within Nynas, Sales Manager Colas.
Employed since 1994.
In current position since 2008.
Born 1960.
Nationality: British.

SIMON DAY
Vice President Naphthenics.
Education: MEng Chemical Engineering, MBA.
Previous experience: Director Supply Chain, CEO, GM Nynas US Inc, Head of Marketing, Electrical Industry Naphthenics, Head of Business Development and Planning Naphthenics, Head of Planning, Eastham, Nynas Bitumen UK, Refinery Engineer, Stanlow Refinery, Shell UK.
Employed since 1996.
In current position since 2014.
Born 1967.
Nationality: British.

EVA KAIJSER
Interim CFO.
Education: Bachelor of Science in Business Administration and Economics with advanced studies in Finance from the University of Stockholm, Sweden.
Previous experience: Treasury & Finance Manager and SVP IR and Strategy in Boliden, CFO in Northland Resources and CEO in Nordic Mines. Board member in both listed and private companies.
Employed since 2019.
In current position since 2019.
Born 1972.
Nationality: Swedish.

ANDERS NILSSON
Director Supply Chain.
Education: MSc Mathematics, MBA Industrial & Financial Economics.
Previous experience: Sales Director Europe, Naphthenics Supply Chain Manager, Naphthenics, Swedish Railways, Lecturer in Mathematics, Technical University Luleå.
Employed since 2000.
In current position since 2014.
Born 1968.
Nationality: Swedish.

HANS ÖSTLIN
Director Communication.
Education: Berghs School of Communication. IHM Business School.
Previous experience: Various positions in marketing and communications at ITT Flygt and Nynas, Senior Consultant at Rita Platzer PR.
Employed since 2006.
In current position since 2006.
Born: 1961
Nationality: Swedish.

Multi-year overview

GROUP

SEK million	2019	2018	2017	2016	2015
INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME					
Net sales	16,841	16,863	14,990	12,525	16,248
Operating expenses	-16,712	-16,060	-14,071	-11,696	-15,155
Depreciation excluding leases	-1,855	-647	-591	-481	-384
Share of profit/loss of joint ventures	19	21	14	21	28
OPERATING RESULT	**-1,707**	**-178**	**343**	**368**	**737**
Net financial items	-775	-414	-328	-264	-273
NET INCOME BEFORE TAX	**-2,482**	**-592**	**15**	**105**	**464**
Tax	-198	-202	-5	-30	-118
NET INCOME FOR THE YEAR	**-2,680**	**-793**	**10**	**75**	**346**
STATEMENT OF FINANCIAL POSITION					
Fixed assets	5,849	5,784	6,088	5,868	5,189
Inventories	4,396	5,004	3,352	3,234	2,311
Current receivables	2,397	2,559	2,277	2,330	2,027
Cash & cash equivalents and short-term investments	1,696	845	546	416	950
ASSETS	**14,338**	**14,192**	**12,262**	**11,848**	**10,477**
Equity	46	3,250	3,539	3,661	3,823
Long-term interest-bearing liabilities	2,161	7,497	4,667	4,897	990
Long-term non-interest-bearing liabilities	310	421	386	345	385
Current interest-bearing liabilities	6,669	301	1,350	414	3,078
Current non-interest-bearing liabilities	5,152	2,723	2,320	2,531	2,202
EQUITY AND LIABILITIES	**14,338**	**14,192**	**12,262**	**11,848**	**10,477**
STATEMENT OF CASH FLOWS					
Cash flow from operating activities	-588	-8	415	298	644
Changes in working capital	2,642	-955	-413	-762	1,119
CASH FLOW FROM OPERATING ACTIVITIES	**2,054**	**-963**	**2**	**-464**	**1,763**
Cash flow from investing activities	-629	-428	-464	-1,161	-1,484
CASH FLOW AFTER INVESTING ACTIVITIES	**1,425**	**-1,391**	**-462**	**-1,625**	**279**
Proceeds from borrowings. repayment of borrowings	-574	1,690	592	1,091	-227
Dividend	0	0	0	0	0
CHANGE IN CASH & CASH EQUIVALENTS	**851**	**299**	**130**	**-534**	**52**
CASH & CASH EQUIVALENTS AT END OF YEAR	**1,696**	**845**	**546**	**416**	**950**
KEY FINANCIAL RATIOS					
Adjusted operating result and amortization (EBITDA) before IFRS 16 [1]	816.0	805.0	1,218.0	1,009.0	1,265.0
Adjusted operating result and amortization (EBITDA) after IFRS 16 [1]	1,177.0				
Net debt	7,134.0	6,953.0	5,471.0	4,895.0	3,117.0
Working capital	1,652.0	4,853.0	3,341.0	3,163.0	2,474.0
Return on average capital employed (12 months rolling). % [1]	2.1	1.4	6.5	6.2	11.7
Return on average capital employed. %	-18.4	-2.2	3.4	3.3	8.4
Return on equity. %	-162.6	-23.4	0.3	2.0	8.0
Net debt/equity ratio	15,569.6	213.9	154.6	133.7	81.5
Equity to assets ratio. %	0.3	22.9	28.9	30.9	36.5
Number of full-time employees	948.0	1,003.0	1,016.0	1,013.0	817.0

1) Excluding non-recurring items, for definition please see Board of Directors' Report page 10

Income statement and statement of comprehensive income

		GROUP	
SEK million	**Note**	**2019**	**2018**
INCOME STATEMENT			
Net sales	2	16,841.2	16,863.1
Cost of sales	3	-15,433.4	-14,151.8
GROSS RESULT		**1,407.8**	**2,711.3**
Other income and value changes	3	-16.8	46.1
Distribution costs	3	-2,891.4	-2,911.1
Administrative expenses	3	-186.0	-74.5
Share of profit/loss of joint ventures	15	18.8	21.5
Other operating income	4	277.9	349.8
Other operating expenses	4	-317.1	-320.8
OPERATING RESULT	2, 3, 4, 5, 6, 7, 8	**-1,706.8**	**-177.7**
Finance income	9	31.8	21.2
Finance costs	9	-806,8	-435.1
NET FINANCIAL ITEMS		**-775,0**	**-413.8**
NET INCOME BEFORE TAX		**-2,481.8**	**-591.6**
Tax	10	-198.3	-201.7
NET INCOME FOR THE YEAR		**-2,680.2**	**-793.3**
STATEMENT OF COMPREHENSIVE INCOME			
Net income for the year		-2,680.2	-793.3
Items that will be reclassified to the income statement:			
Translation differences		118.2	139.6
Currency hedges of net investments	28	-116.9	-190.6
Income tax associated with currency hedges of net investments		25.0	41.9
Cash flow hedges	28	-512.3	663.0
Income tax associated with cash flow hedges		101.4	-151.4
TOTAL AMOUNT THAT WILL BE RECLASSIFIED TO THE INCOME STATEMENT		**-384.6**	**502.5**
Items that will not be reclassified to the income statement:			
Actuarial loss/gain pensions		-128.9	-8.9
Income tax associated with actuarial loss/gains pensions		-14.4	3.6
Inflation adjustment Argentina according to IAS 29		4.0	6.8
TOTAL AMOUNT THAT NOT WILL BE RECLASSIFIED TO THE INCOME STATEMENT		**-139.4**	**1.5**
Other Comprehensive Income for the year, net after tax		-523.9	504.0
COMPREHENSIVE INCOME		**-3,204.0**	**-289.3**
Attributable to owners of the Parent		**-3,204.0**	**-289.3**

Earnings per share

The calculation of earnings per share is based on profit attributable to equity-holders of the Parent Company.
The average number of shares in 2019 and 2018 was 67,532.

	2019			2018		
	Profit for the year	**Numbers of shares**	**Per share**	**Profit for the year**	**Numbers of shares**	**Per share**
Earnings per share	-2,680.2	67,532	-39,688	-793.3	67,532	-11,747

As Nynas does not have, and did not have during the year, any outstanding convertible and subscription warrant programmes, no dilution effects arose during calculation of earnings per share.

Statement of financial position

		GROUP	
SEK million	**Note**	**2019-12-31**	**2018-12-31**
ASSETS			
FIXED ASSETS			
INTANGIBLE ASSETS			
Goodwill	12	8.1	8.1
Supply contracts/customer lists	12	0.0	0.0
Computer software	12	61.8	66.1
TOTAL INTANGIBLE ASSETS		**69.8**	**74.2**
TANGIBLE ASSETS			
Land and buildings	13	272.3	276.2
Plant and machinery	13	3,281.7	4,503.7
Equipment	13	125.6	132.8
Construction in progress	13	390.5	362.7
TOTAL TANGIBLE ASSETS		**4,070.1**	**5,275.4**
LEASED RIGHT-OF-USE ASSETS	8, 13	**1,307.9**	–
FINANCIAL ASSETS			
Investments in associates and joint ventures	15	188.9	129.8
Derivative instruments		1.1	1.9
Other long-term receivables	16	14.6	3.9
Deferred tax assets	10	196.0	299.1
TOTAL FINANCIAL ASSETS		**400.7**	**434.7**
TOTAL FIXED ASSETS		**5,848.6**	**5,784.2**
CURRENT ASSETS			
Inventories	17	4,396.4	5,004.1
Accounts receivable	18, 26	1,502.0	1,323.8
Receivables from joint ventures	30	0.4	0.3
Derivative instruments	26, 27, 28	0.4	550.0
Tax receivables		46.2	78.0
Other current receivables	26	487.3	450.0
Prepayments and accrued income	19, 26	361.1	156.8
Cash and cash equivalents	20, 26	1,696.0	844.5
TOTAL CURRENT ASSETS		**8,489.8**	**8,407.6**
TOTAL ASSETS		**14,338.4**	**14,191.8**

Statement of financial position

			GROUP
SEK million	**Note**	**2019-12-31**	**2018-12-31**
EQUITY AND LIABILITIES			
EQUITY, GROUP	21		
Share capital		67.5	67.5
Reserves		-518.6	-103.6
Retained earnings, incl net income for the year		497.1	3,286.1
TOTAL EQUITY		**46.0**	**3,250.1**
INTEREST-BEARING LIABILITIES			
Shareholder loan	24, 26	–	1,137.1
Liabilities to credit institutions	24, 26	–	5,430.7
Non-current lease liabilities	8, 24	1,047.9	
Provisions for pensions	22	1,113.1	929.3
TOTAL INTEREST-BEARING LIABILITIES		**2,161.0**	**7,497.0**
NON-INTEREST-BEARING LIABILITIES			
Other long-term liabilities		72.1	70.5
Derivative instruments	26, 27, 28	–	3.5
Deferred tax liability	10	84.0	186.5
Provisions for pensions	22	0.0	4.7
Other provisions	23	154.2	155.7
TOTAL LONG-TERM NON-INTEREST-BEARING LIABILITIES		**310.2**	**420.9**
TOTAL LONG-TERM LIABILITIES		**2,471.2**	**7,917.9**
INTEREST-BEARING LIABILITIES			
Shareholder loan	24	1,230.5	0.0
Liabilities to credit institutions	24, 26	5,137.6	300.9
Current lease liabilities	8, 24	300.9	
TOTAL CURRENT INTEREST-BEARING LIABILITIES		**6,668.9**	**300.9**
NON-INTEREST-BEARING LIABILITIES			
Accounts payable	26	2,507.6	794.6
Liabilities to joint ventures	30	10.3	11.9
Derivative instruments	26, 27, 28	–	86.2
Tax liabilities		60.0	51.7
Other current liabilities	26	225.0	550.9
Accrued liabilities and deferred income	25, 26	2,338.2	1,215.0
Other provisions	23	11.1	12.5
TOTAL CURRENT NON-INTEREST-BEARING LIABILITIES		**5,152.2**	**2,722.9**
TOTAL CURRENT LIABILITIES		**11,821.1**	**3,023.8**
TOTAL EQUITY AND LIABILITIES		**14,338.4**	**14,191.8**

For information on the Group’s pledged assets and contingent liabilities, see Note 29.

Statement of changes in equity

GROUP

SEK million	Share Capital	Defined benefit pension plans/ other accounting principles	Cash Flow Hedges	Currency Hedges of Net Invest-ments	Translation Reserve	Retained Earnings	Total Equity
OPENING BALANCE JAN 1, 2018	67.5	-209.9	-197.8	-162.1	-37.7	4,079.4	3,539.4
Net income for the year	–	–	–	–	–	-793.3	-793.3
Other comprehensive income	–	1.5	511.6	-148.7	139.5	–	504.0
COMPREHENSIVE INCOME	**0.0**	**1.5**	**511.6**	**-148.7**	**139.5**	**-793.3**	**-289.3**
CLOSING BALANCE DEC 31, 2018	**67.5**	**-208.4**	**313.8**	**-310.8**	**101.8**	**3,286.1**	**3,250.1**
Net income for the year	–	–	–	–	–	-2,680.2	-2,680.2
Other comprehensive income	–	-139.4	-410.9	-91.9	118.2	–	-523.9
COMPREHENSIVE INCOME	**–**	**-139.4**	**-410.9**	**-91.9**	**118.2**	**-2,680.2**	**-3,204.1**
DIVIDEND PAID	–	–	–	–	–	–	–
CLOSING BALANCE DEC 31, 2019	**67.5**	**-347.8**	**-97.1**	**-402.6**	**220.0**	**605.9**	**46.0**

Cash flow statement

		GROUP	
SEK million	**Note**	**2019**	**2018**
OPERATING ACTIVITIES			
Profit after financial items		-2,481.8	-591.6
Reversal of non-cash items	31	1,929.3	694.4
Taxes paid		-35.5	-111.2
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL		-588.1	-8.4
WORKING CAPITAL			
Operating receivables		-365.4	559.2
Inventories		638.1	-1,629.9
Operating liabilities		2,369.8	115.9
CHANGES IN WORKING CAPITAL		2,642.4	-954.7
CASH FLOW FROM OPERATING ACTIVITIES		2,054.3	-963.1
INVESTING ACTIVITIES			
Acquisition of intangible assets		-10.4	-20.9
Acquisition of tangible fixed assets		-582.1	-405.2
Investment in financial assets		-36.4	-1.8
Disposal/reduction of financial assets		0.0	0.1
CASH FLOW FROM INVESTING ACTIVITIES		-628.9	-427.8
FINANCING ACTIVITIES	31		
Proceeds from borrowings		419.5	2,994.8
Amortisations of borrowings		-921.6	-1,304.9
CASH FLOW FROM FINANCING ACTIVITIES		-502.1	1,688.9
CASH FLOW FOR THE YEAR		923.4	298.0
CASH & CASH EQUIVALENTS AT BEGINNING OF YEAR		844.5	546.1
Exchange differences		-71.9	0.4
CASH & CASH EQUIVALENTS AT END OF YEAR	20	1,696.0	844.5

NOTES TO THE CASH FLOW STATEMENT

The Group received interest of SEK 76.1 (21.0) million and paid interest of SEK 303.4 (173.8) million during the year.

Income statement and statement of comprehensive income

		PARENT COMPANY	
SEK million	**Note**	**2019**	**2018**
INCOME STATEMENT			
Net sales	33	14,704.5	15,056.2
Cost of sales	34	-13,432.9	-13,588.5
GROSS RESULT		1,271.6	1,467.7
Other income and value changes	34	-16.8	42.2
Distribution costs	34	-1,831.2	-1,810.7
Administrative expenses	34	-121.8	-19.1
Other operating income	35	287.1	289.7
Other operating expenses	35	-287.8	-272.9
OPERATING RESULT	33, 34, 35, 36, 37, 38, 39	-698.9	-303.2
Finance income	40	388.6	232.3
Finance costs	40	-916.0	-673.7
NET FINANCIAL ITEMS		-527.4	-441.3
PROFIT/LOSS AFTER FINANCIAL ITEMS		-1,226.3	-744.5
Appropriations	41	-0.3	-0.1
NET INCOME BEFORE TAX		-1,226.5	-744.6
Tax	42	-42.4	-134.0
NET INCOME FOR THE YEAR		-1,268.8	-878.6
STATEMENT OF COMPREHENSIVE INCOME			
Net income for the year		-1,268.8	-878.6
Cash flow hedges		-409.7	547.9
Income tax associated with cash flow hedges		83.6	-124.5
TOTAL AMOUNT THAT WILL BE RECLASSIFIED TO THE INCOME STATEMENT		-326.1	423.4
COMPREHENSIVE INCOME		-1,594.9	-455.2

Balance sheet

		PARENT COMPANY	
SEK million	**Note**	**2019-12-31**	**2018-12-31**
ASSETS			
FIXED ASSETS			
INTANGIBLE ASSETS			
Computer software	43	61.3	65.5
TOTAL INTANGIBLE ASSETS		**61.3**	**65.5**
TANGIBLE ASSETS			
Land and buildings	44	190.3	201.0
Plant and machinery	44	2,323.1	2,184.3
Equipment	44	78.4	99.1
Construction in progress	44	211.2	220.5
TOTAL TANGIBLE ASSETS		**2,803.0**	**2,704.9**
FINANCIAL ASSETS			
Investments in Group companies	45	2,876.6	2,876.9
Derivative instruments		1.1	1.9
Other long-term receivables		12.9	2.1
Deferred tax assets	42	0.0	56.1
TOTAL FINANCIAL ASSETS		**2,890.6**	**2,937.0**
TOTAL FIXED ASSETS		**5,754.9**	**5,707.4**
CURRENT ASSETS			
Inventories	46	3,533.6	4,044.4
CURRENT RECEIVABLES			
Accounts receivable	47, 55	730.2	710.7
Receivables from Group companies	55	1,135.2	909.7
Derivative instruments	26, 27, 55	0.4	550.0
Tax receivables		0.2	20.0
Other current receivables	55	161.6	176.4
Prepayments and accrued income	48, 55	281.3	81.3
TOTAL CURRENT RECEIVABLES		**2,309.0**	**2,448.1**
CASH & CASH EQUIVALENTS	49, 55	**731.5**	**463.7**
TOTAL CURRENT ASSETS		**6,574.1**	**6,956.2**
TOTAL ASSETS		**12,329.0**	**12,663.7**

Balance sheet

		PARENT COMPANY	
SEK million	**Note**	**2019-12-31**	**2018-12-31**
EQUITY AND LIABILITIES			
EQUITY	50		
Share capital		67.6	67.6
Statutory reserve		96.0	96.0
TOTAL RESTRICTED EQUITY		**163.7**	**163.7**
Retained earnings		1,460.5	2,665.1
Net income for the year		-1,268.8	-878.6
TOTAL UNRESTRICTED EQUITY		**191.6**	**1,786.6**
TOTAL EQUITY		**355.3**	**1,950.2**
UNTAXED RESERVES	41	**4.2**	**4.2**
LONG-TERM LIABILITIES			
INTEREST-BEARING LIABILITIES			
Shareholder loan	53, 55	0.0	1,137.1
Liabilities to credit institutions	53, 55	0.0	5,430.7
Liabilities to Group companies		0.2	0.2
Provisions for pensions	51	205.3	190.5
TOTAL LONG-TERM INTEREST-BEARING LIABILITIES		**205.6**	**6,758.5**
NON-INTEREST-BEARING LIABILITIES			
Other long-term liabilities		23.1	22.4
Derivative instruments	26, 27, 55	0.0	3.5
Provisions for deferred taxes	42	0.3	97.6
Other provisions	52	138.6	141.1
TOTAL LONG-TERM NON INTEREST-BEARING LIABILITIES		**162.0**	**264.6**
TOTAL LONG-TERM LIABILITIES		**367.6**	**7,023.1**
CURRENT LIABILITIES			
INTEREST-BEARING LIABILITIES			
Shareholder loan	53, 55	1,230.5	0.0
Liabilities to credit institutions	53, 55	5,137.6	256.4
Liabilities to Group companies		76.1	808.5
TOTAL CURRENT INTEREST-BEARING LIABILITIES		**6,444.2**	**1,064.9**
NON-INTEREST-BEARING LIABILITIES			
Accounts payable	55	2,338.2	612.4
Liabilities to Group companies	55	539.6	365.7
Derivative instruments	26, 27, 55	0.0	86.2
Tax liabilities		2.0	15.0
Other current liabilities	55	132.5	488.5
Accrued liabilities and deferred income	54, 55	2,134.3	1,042.2
Other provisions	52	11.1	11.4
TOTAL CURRENT NON-INTEREST-BEARING LIABILITIES		**5,157.8**	**2,621.3**
TOTAL CURRENT LIABILITIES		**11,602.0**	**3,686.2**
TOTAL EQUITY AND LIABILITIES		**12,329.0**	**12,663.7**
MEMORANDUM ITEMS			
Pledged assets	56	–	–
Contingent liabilities	56	70.8	801.8

Statement of changes in equity

PARENT COMPANY

SEK million	Share Capital	Statutory Reserves	Cash Flow Hedges	Acqui-sition	Retained Earnings	Total Equity
OPENING BALANCE JAN 1, 2018	67.5	96.0	-136.7	32.9	2,345.6	2,405.3
Net income for the year	–	–	–	–	-878.6	-878.6
Other comprehensive income	–	–	423.4	–	–	423.4
COMPREHENSIVE INCOME	0.0	0.0	423.4	0.0	-878.6	-455.2
CLOSING BALANCE DEC 31, 2018	67.5	96.0	286.7	32.9	1,467.0	1,950.2
Net income for the year	–	–	–	–	-1,268.8	-1,268.8
Other comprehensive income	–	–	-326.1	–	–	-326.1
COMPREHENSIVE INCOME	–	–	-326.1	–	-1,268.8	-1,595.0
CLOSING BALANCE DEC 31, 2019	67.5	96.0	-39.4	32.9	198.2	355.3

Share capital at 31 Dec 2019 consisted of 67,532 shares, including 33,765 Class A shares and 33,767 Class B shares. This is unchanged from the previous year.

The Board proposes a dividend of SEK 0 (0) per share for the year 2019.

Statement of cash flow

		PARENT COMPANY	
SEK million	**Note**	**2019-12-31**	**2018-12-31**
OPERATING ACTIVITIES			
Profit after financial items		-1,226.5	-744.6
Reversal of non-cash items	58	388.8	403.8
Taxes paid		6.9	0.9
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL		-830.9	-339.9
WORKING CAPITAL			
Operating receivables		-315.5	277.7
Inventories		510.7	-1,407.5
Operating liabilities		2,721.8	641.1
CHANGES IN WORKING CAPITAL		2,917.1	-488.7
CASH FLOW FROM OPERATING ACTIVITIES		2,086.1	-828.6
INVESTING ACTIVITIES			
Acquisition of intangible assets		-10.4	-20.9
Acquisition of tangible fixed assets		-460.3	-226.9
Investment and in financial assets		0.0	–
Disposal/reduction of financial assets		0.3	0.0
CASH FLOW FROM INVESTING ACTIVITIES		-470.3	-247.8
FINANCING ACTIVITIES	58		
Proceeds from borrowings		465.6	2,994.5
Amortizations of borrowings		-1,654.0	-1,535.0
CASH FLOW FROM FINANCING ACTIVITIES		-1,188.4	1,459.5
CASH FLOW FOR THE YEAR		496.2	383.2
CASH & CASH EQUIVALENTS AT BEGINNING OF YEAR		463.7	87.7
Exchange differences		-159.6	-7.1
CASH & CASH EQUIVALENTS AT END OF YEAR	49	731.5	463.7

NOTES TO THE CASH FLOW STATEMENT

The Parent Company received dividends of SEK 365.8 (214.5) million and interest income of SEK 22.6 (17.0) million, while interest expenses amounted to SEK 577.1 million (361.4).

Accounting policies

General information

Nynas Group comprises the Parent Company Nynas AB, its subsidiaries, holdings in joint ventures and associates. The Parent Company is incorporated in Sweden and its registered office is in Stockholm. The address of the Head Office is Lindetorpsvägen 7, SE-121 63 Johanneshov.

Nynas AB, company reg. no, 556029-2509, domiciled in Stockholm, is since May 6, 2020 owned 49.999 per cent by Neste AB, company reg. no. 556232-3906, domiciled in Stockholm, Sweden, 35.003 per cent by NyColleagues AB, company reg. no. 559247-2418, domiciled in Stockholm, Sweden and 14.999 per cent by PDV Europa B.V., company reg. no. 27133447 domiciled in The Hague, the Netherlands.

Neste AB is part of a Group in which Neste Oyj, company reg. no. FI 18523029, Espoo, Finland, is the Parent Company.

NyColleagues AB is owned by Nynässtiftelsen, reg. no. 802481-5071, a foundation domiciled in Stockholm, Sweden. PDV Europa B.V, is part of a Group in which Petróleos de Venezuela S.A., company reg. no. 73023, Caracas, Venezuela, is the Parent Company.

Nynas AB has issued a parent company guarantee pursuant to Section 479(C) of the UK Companies Act 2006 for the financial year 2018 on behalf of the subsidiaries companies registered in England, see below. The parent company guarantee applies to all outstanding liabilities for the subsidiaries at the balance sheet date until the obligations have been fulfilled. The subsidiaries have applied the exemption from statutory audit provided for in Section 479(A) of the UK Companies Act 2006.

Subsidiaries:
– Nynas Ltd (CRN 02359113)
– Nynas Naphthenics Ltd (CRN 2450786)

The annual accounts and consolidated annual financial statements were approved for issue by the Board on June 30, 2020. The consolidated income statement and statement of financial position and the Parent Company's income statement and balance sheet will be presented for adoption at the Annual General Meeting to be held on June 30, 2020.

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRIC) as adopted by the EU. In addition, RFR 1 Supplementary Accounting Rules for Groups, issued by the Swedish Financial Reporting Board, have been applied.

The Parent Company applies the same accounting policies as the Group, except in the cases described below in the section entitled "The Parent Company's Accounting Policies".

The Parent Company's functional currency is SEK, which is also the reporting currency for the Parent Company and the Group. Consequently, the financial statements are presented in Swedish kronor. All amounts are stated in SEK millions unless otherwise indicated.

Assets and liabilities are measured at historical cost, apart from certain financial assets and liabilities, which are measured at fair value. Financial assets and liabilities measured at fair value consist of derivative instruments classified as financial assets and liabilities at fair value through profit or loss.

Preparation of financial statements in compliance with IFRS requires management to make critical judgments, accounting estimates and assumptions which affect the application of the accounting policies and the carrying amounts of assets, liabilities, income and expense. The actual outcome may differ from these estimates and assumptions.

Estimates made by management during the application of IFRS which have a significant effect on the financial statements, and assumptions that may result in material adjustments to the following year's financial statements are described in more detail in Note 1 Significant accounting estimates.

The accounting estimates and assumptions are reviewed regularly. Changes in accounting estimates are recognised in the period of the change if the change only affects that period. Changes are recognised in the period of the change and future periods if the change affects both.

The policies below have been applied consistently for all presented years unless otherwise stated.

Changes in accounting principles

IFRS 16 Leases

Nynas applies IFRS 16 Leases, from January 1, 2019. IFRS 16 replaces IAS 17 Leases.

IFRS 16 introduces a uniform lease recognition model for lessees. A lessee recognises a right-of-use asset, which represents a right to use the underlying asset, and a lease liability, which represents an obligation to make lease payments. Exceptions are made for short-term leases and low value leases. For lessors, recognition is similar to the IAS 17, i.e. the lessor continues to classify leases as finance or operating leases.

During 2018 a project group worked with preparations ahead of application of the new standard together with external accounting specialists. The project involved compiling and reviewing the Group's leases, updating systems, and workshops and training for employees affected by IFRS 16.

- Leases where Nynas is lessee
  Nynas reports new assets and liabilities for operating leases for depots, tank rentals, vessels and offices and Nynas lease portfolio included almost 200 contracts. The costs for these leases has changed from January 1, 2019, since Nynas will recognise depreciation of the right-of -use assets and interest expenses for the lease liabilities. Previously Nynas recognised operating lease expenses on a linear basis over the lease term and recognised assets (prepaid lease payments) and liabilities (accrued lease payments) only to the extent that there was a difference between the actual lease payments and the recognised cost.

- Leases where Nynas is lessor
  No significant effect is expected for leases where Nynas is lessor. All leases are classified as operating leases.

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- Transition and relief rules
  Nynas has chosen to perform the transition in line with the Cumulative catch-up approach and has applied the expedient to not restate any comparative information. Right-of-use assets have been determined as an amount equal to the lease liabilities as identified. Leases with a lower value (<5000 USD) will not be included in the lease liability but will continue to be reported with a linear expensing over the lease term. The existence of leases with an original lease term of no more than 12 months, so-called short-term leases, is considered to be insignificant and they will also continue to be reported with linear expensing over the lease term.

- Estimated effects January 1, 2019
  Nynas operating profit for 2019 increases compared with the use of the previous accounting policies on account of the fact that part of the lease expenses have been recognized as an interest expense. Cash flow from operating activities increases, and cash flow from financing activities decreases on account of the fact that the amortisation portion of lease payment have been recognised as payments in the financing activities. The effects on the balance are presented in the table below .

MSEK	Adjustments due to Transition to IFRS 16 Leases	Adjusted opening balance January 1,2019
Right-of use assets	1,608	1,608
Lease liabilities, interest bearing	1,608	1,608

Basis of consolidation

The consolidated financial statements cover the Parent Company and all subsidiaries. Subsidiaries are entities in which the Parent Company directly or indirectly owns more than 50 per cent of the voting power or has some other form of control.

The consolidated financial statements are prepared using the acquisition method, which means the acquisition of a subsidiary is treated as a transaction through which the Group indirectly acquires the subsidiary's assets and assumes its liabilities. Identifiable acquired assets and assumed liabilities in a business acquisition are measured initially at their fair value on the acquisition date. Transaction costs attributable to the acquisition are recognised as incurred. With effect from the acquisition date, the acquiree's income and expenses, identifiable assets and liabilities, and any intangible assets, such as supply contracts, customer lists and goodwill, are included in the consolidated accounts. Subsidiaries are deconsolidated from the date on which control ceases.

The accounting policies for subsidiaries have been adapted where necessary, in order to ensure consistent application of the Group's policies.

Joint ventures

Holdings in joint ventures, in which the Group has joint control, are accounted for using the equity method. This means that the carrying amount of the investment in a joint venture corresponds to the Group's share of the joint venture's equity, and any residual value of fair value adjustments. The Group's share of the joint venture's profit after financial items, adjusted for any amortisation or reversals of fair value adjustments, is reported under Share of profit/loss of joint ventures in the consolidated income statement. Dividends from joint ventures are not included in the Group's profit for the year.

Foreign branches

The functional currency is the local currency of the country in which the branch operates. Translation into Swedish kronor takes place in accordance with IAS 21. Balance sheet items are translated using the closing rate, while income statements items are translated using the average rate for the period in which the item occurred.

Foreign currency

Functional currency and reporting currency Items included in the financial statements of the various entities in the Group are reported in the currency used in the economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Swedish kronor, which is the Group's reporting currency.

Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the transaction date. Foreign currency monetary assets and liabilities are translated at the closing rate. Exchange gains and losses on translation of these transactions are recognised in profit or loss. Exchange gains and losses on operating receivables and liabilities are reported under operating result, while gains and losses on financial receivables and liabilities are reported under financial items.

Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated from the foreign operation's functional currency to the Group's reporting currency, SEK, at foreign exchange rates prevailing at the balance sheet date. Revenues and expenses of foreign operations are translated to SEK at average rates that approximate the foreign exchange rates prevailing at each of the transaction dates. Translation differences arising from the translation of the net investment in foreign operations are recognised in other comprehensive income and are accumulated in a separate component of equity, a translation reserve. When the foreign operation is divested, the accumulated translation differences attributable to the divested foreign operation are reclassified from equity to profit or loss for the year as a reclassification adjustment at the date on which the profit or loss on the divestment is recognised.

Net investments in foreign currency

The Parent Company has taken positions in foreign currencies in order to hedge the majority of its net investments in foreign subsidiaries against exchange rate changes. Exchange differences

ACCOUNTING POLICIES

on these positions have been recognised directly in the Group's other comprehensive income for the year, taking into account the tax effect, to the extent that they correspond to translation differences recognised during the year.

Reporting of operating segments and geographical market

Reporting of operating segments

As Nynas AB' shares and debt instruments are not subject to public trading, there is no formal requirements to disclose segment information. Accordingly, Nynas AB has elected not to apply to IFRS 8 Operating Segment.

Reporting of geographical market

Sales figures are based on the country in which the customer is located. Assets and investments are reported in the location of the asset.

Revenue recognition

Recognised revenue is the fair value of the consideration received or receivable from goods sold or services rendered in the course of the Group's ordinary activities, excluding VAT, discounts and returns, and after elimination of intra-group transactions. Revenue is classified as follows:

Sale of goods

Revenue is recognised when control passes to the customer. A customer obtains control when they have the ability to direct the use of the asset (goods/products) and to obtain substantially all of the benefits embodied in the same. In most cases this will be the same point in time as when risks and rewards passes to the customer.

Interest income

Interest income is recognised over the relevant period using the effective interest method.

Dividend

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

Income taxes

Income tax comprises current and deferred tax. Income tax is recognised in profit or loss for the year except when the under lying transaction is recognised in other comprehensive income. In these cases, the associated tax effects are recognised in other comprehensive income. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years. Current tax liabilities are offset against current tax receivables and deferred tax assets are offset against deferred tax liabilities when the entity has a legal right to offset these items. Deferred tax is recognised based on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their value for tax purposes. Deferred taxes are measured at their nominal amount and based on the expected manner of realisation or settlement of the carrying amount of the underlying assets and liabilities, using tax rates and fiscal regulations enacted or substantively enacted at the balance sheet date. Deferred tax assets relating to deductible temporary differences and tax loss carry-forwards are recognised only to the extent that it is probable they can be utilised against future taxable profits.

Tangible assets

Tangible fixed assets are recognised as an asset in the balance sheet when it is probable that future economic benefits associated with the asset will flow to the Company and the cost can be measured reliably. Tangible fixed assets are recognised at cost less accumulated depreciation and impairment losses. Cost comprises the purchase price and any costs directly attributable to the asset. Parts of tangible fixed assets with different useful lives are treated as separate components of tangible fixed assets. The carrying amount of a tangible fixed asset is derecognised on its disposal, or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the disposal of a tangible fixed asset is the difference between the selling price and the asset's carrying amount less direct costs to sell.

Basis of depreciation for tangible fixed assets

Depreciation of tangible fixed assets is based on original cost less any residual value. Depreciation takes place on a straightline basis over the useful life of the asset. The Group applies component depreciation, which means depreciation is based on the estimated useful lives of components. The residual values and useful lives of assets are reviewed annually.

- Buildings over 20–50 years
- Land improvements over 20–25 years
- Plant & machinery and equipment
  - Processing facilities over 10–20 years
  - Tanks over 10–40 years
  - Plant & machinery and equipment over 5–20 years
- Equipment
  - Office equipment and computers over 3–10 years
  - Other equipment over 5–10 years

Repair and maintenance, major inspection and overhauling expenses, spare parts in investments

Expenditure on major maintenance or repairs comprises the cost of replacement assets or parts of assets, inspection costs and overhaul costs. Where an asset or part of an asset is replaced and it is probable that future economic benefits associated with the item will flow to Nynas, the expenditure is capitalised. Maintenance, inspection and overhaul costs, associated with regularly scheduled major maintenance programmes planned and carried out at recurring intervals, are capitalised and amortised over the period to the next scheduled inspection and overhaul. All other maintenance costs are expensed as incurred.

Leases

Policy applicable before January 1, 2019 – IFRS 16

Nynas, when being a lessee identifies if a contract contains a lease

ACCOUNTING POLICIES

by testing if Nynas has the right to obtain substantially all of the economic benefits from use of the identified assets and has the right to direct the use of the identified asset and that the supplier has no substantial rights of substitution.

Nynas has decided to separate non-lease components from the lease components in contracts concerning vessels and depots. The non-lease component cost should then be recognized as an expense and not be included in the calculation of a right-of-use asset and lease liability.

The lease contracts are assessed at the commencement date whether the lessee is reasonably certain to exercise an option to extend the lease; or to exercise an option to purchase the underlying asset; or not to exercise an option to terminate the lease.

The leasing liability and right-of-use asset is calculated by using the implicit rate in the contract. If the implicit rate cannot be identified the incremental borrowing rate is instead applied, which is the interest rate the company had been given if the investment had been financed through a loan from a financial institute.

Nynas depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the Right-of Use asset or the end of the lease term.

After commencement date the carrying amount of the lease liability and the Right-of-Use asset is remeasured to reflect any modification or reassessment of a lease contract.

Nynas has chosen to apply the two expedients concerning leases shorter than one year and low value assets that need to be taken into consideration when a lease contract is recognized.

Policy applicable before January 1, 2019 – IAS 17

The Group applies IAS 17 when classifying leases as finance leases or operating leases. A lease is classified as an operating lease when it does not transfer substantially all the risks and rewards incidental to ownership. Payments made under operating leases are recognised as an expense on a straight-line basis over the lease term. The Group does not have any significant finance leases.

Intangible assets

Goodwill

Goodwill arises when the cost of a business combination exceeds the fair value of the acquired identifiable assets and liabilities according to the acquisition analysis. Goodwill has arisen from business combinations, resulting in increased profitability on integration into the Nynas Group. Goodwill has an indefinite useful life and is tested for impairment when there is an indication of impairment.

Supply contracts/customer lists

Supply contracts and customer relationships acquired in a business combination is recognised at the acquisition date fair value. Supply contracts and customer relationships have a finite useful life and are recognised at cost less accumulated amortisation and impairment. Amortisation takes place on a straight-line basis over the life of the supply contract or customer relationship.

Computer software

A number of production and information systems have been capitalised. Direct external and internal expenditure on the development of software for internal use is capitalised. Expenditure on pilot studies, training and regular maintenance is recognised as an expense as it is incurred. The value of intangible assets is reviewed at least once a year. If an asset's carrying amount exceeds its recoverable amount, it is written down to the recoverable amount immediately. The useful life of information systems developed internally is between five and ten years. Software relating to production planning and logistics optimisation has an estimated useful life of ten years.

Basis of amortisation for intangible assets

Amortisation of intangible assets is based on original cost less any residual value. Depreciation takes place on a straight-line basis over the useful life of the asset.

- Goodwill – indefinite
- Supply contracts/customer lists over 7–10 years
- Trademarks over 5 years
- Computer software over 3–10 years

Impairment of tangible fixed assets

The carrying amounts of the Group's depreciable assets are tested for impairment when there is an indication that a particular asset may be impaired. The Group's depreciable assets are reviewed when required to establish whether there is any indication of impairment. If any such indication exists, the asset is tested for impairment.

An impairment loss is recognised if the asset's recoverable amount, i.e. the higher of value in use and net realisable value, is lower than the carrying amount.

When calculating value in use, future cash flows are discounted using a pre-tax discount rate that reflects the current market view of risk-free interest and risk specific to the asset.

Reversal of impairment losses

Impairment losses recognised for assets are reversed if there is no longer an indication of impairment and there has been a change in the assumptions on which the estimate of recoverable amount was based. However, goodwill impairment is never reversed.

An impairment loss is only reversed to the extent that the asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised for the asset.

Financial instruments

Financial instruments reported under assets in the statement of financial position include cash & cash equivalents, accounts receivable, shares, loan receivables and derivative instruments. Financial instruments reported under liabilities and equity includes accounts payable, loan liabilities and derivative instruments.

Recognition of financial assets and liabilities

A financial asset or liability is recognised in the statement of

ACCOUNTING POLICIES

financial position when the Company becomes a party to the instrument's contractual terms. Accounts receivable are recognised when an invoice has been sent. A liability is recognised when the counterparty has performed and there is a contractual obligation to pay, even if an invoice has not yet been received. Accounts payable are recognised when invoices are received.

A financial asset is derecognised when the rights to receive benefits have been realised, expired or the Company loses control over them. The same applies to a component of a financial asset. A financial liability is derecognised when the contractual obligation has been settled or extinguished in some other way. The same applies to a component of a financial liability. A financial asset and a financial liability may be offset and the net amount presented in the statement of financial position when, and only when, the Company has a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Purchases and sales of financial assets are recognised on the trade date (the commitment date).

Classification and measurement
Classification and measurement for financial assets reflect the business model in which assets are managed and their cash flow characteristics. IFRS9 contains three principal classification categories for financial assets:

- amortised costs
- fair value through other comprehensive income, or
- fair value through profit or loss

See Note 26 for details about each type of financial asset.

Impairment of financial assets
Impairment is accounted for using the forward-looking expected credit loss (ECL) model. The impairment model applies to financial assets measured at amortised costs (trade receivables and other assets). Nynas applies the simplified approach for trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The Group estimates expected credit losses for other assets measured at amortized cost (e.g. cash and cash equivalents) during the next twelve months, as the assets are considered to be of low risk. Cash and cash equivalents are covered by provisions for expected loan losses according to the general method. Nynas applies a rating-based method in combination with other known information and forward-looking factors for assessing expected credit losses.

Financial assets at amortised cost
Financial assets classified at amortized cost are initially measured at fair value with the addition of transaction costs. After the first reporting, the assets are valued at amortized cost reduced with a loss reserve for expected credit losses. Assets classified at amortized cost are held according to the business model to collect contractual cash flows that are only payments of principal amounts and interest on the outstanding capital amount.

Accounts receivable are recognized initially at fair value and subsequently at amortized cost using the effective interest rate method, less any provision for impairment. Other assets such as other current receivables and cash and cash equivalents are measured at amortized cost, less any provision for impairment.

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

*Financial liabilities at amortised cost*s
Accounts payable and loan liabilities are classified as financial liabilities at amortised costs. Accounts payable have short expected settlement terms and are measured at nominal amounts with no discounting. Financial liabilities at amortised costs using the effective interest method.

Derivative financial instruments and hedge accounting
Nynas documents its risk management objective and strategy for undertaking various hedge transactions. Nynas designates their derivatives as hedges of foreign exchange risk and oil price risk associated with the cash flows of highly probable forecast transactions (cash flow hedges). Nynas documents at the inception of the hedging transaction the economic relationship between hedging instruments and hedged items including whether the hedging instrument is expected to offset changes in cash flows of hedged items.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged and the type of hedge relationship designated.

The fair values of various derivative financial instruments used for hedging purposes are disclosed in Note 28. Movements in the hedging reserve in shareholders' equity are shown in Note 28. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

Cash flow hedges that qualify for hedge accounting
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve within equity, limited to the cumulative change in fair value of the hedged item on a present value basis from the inception of the hedge. The gain or loss

ACCOUNTING POLICIES

relating to the ineffective portion is recognised immediately in profit or loss within operating income. When forward contracts are used to hedge forecast transactions, the company generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognised in the cash flow hedge reserve within equity. The change in the forward element of the contract that relates to the hedged item ('aligned forward element') is recognised within other comprehensive income in the costs of hedging reserve within equity.

Hedging of net investments

Investments in foreign subsidiaries (net assets including goodwill) have been partially hedged by means of foreign exchange forward contracts. The effective portion of changes in the fair value of derivative instruments designated as hedges of a net investment is recognised in other comprehensive income and accumulated in the translation reserve in equity. The ineffective portion is recognised directly under financial items. Cumulative gains and losses in equity are recycled into profit or loss through other comprehensive income on disposal of the foreign operation.

Inventories

Inventories are stated at the lower of cost and net realisable value, with due consideration of obsolescence. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Cost is based on the first-in/first-out (FIFO) principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Employee benefits

Post-employment benefits

The Group has defined contribution and defined benefit pension plans. Pension costs for defined contribution plans are recognised in the income statement as employees render service. Pension obligations are measured on an undiscounted basis, as all these plans fall due within twelve months. The Group's net defined benefit obligation is determined separately for each plan, based on company-specific actuarial assumptions. These include assessments of future salary increases, rate of inflation, mortality, attrition rate and changes in the income base amount. Pension obligations are discounted to their present value. The calculation of defined benefit pension plans has been done in accordance with the "Project Unit Credit method" by an independent external actuary. The discount rate on first-rate corporate bonds is used in those countries where there is a functional market for such bonds (in Sweden the rate is determined based on the market rate of mortgaged-backed bonds as this is comparable with high quality corporate bonds). Other countries use government bonds as a basis for the rate. Net actuarial gains and losses and the difference between the actual return and the discount rate for pension plan assets will be recognised in Other comprehensive income. The financing cost of the net pension liability is calculated using the discount rate for the pension liability. The financing cost, the cost of service during the current period and any previous periods, losses from settlements and costs in connection with special payroll tax are all reported in the income statement. Special payroll tax is regarded as part of total net pension liability.

The obligation for retirement pension and family pension for employees in Sweden is covered partly by insurance with Collectum. In accordance with the statement of the Swedish Financial Reporting Board, UFR 10, this is a multi-employer defined benefit plan. For the 2019 financial year, the Company did not have access to sufficient information to enable it to report this plan as a defined benefit plan. Consequently, the ITP pension plan insured through Collectum is reported as a defined contribution plan.

Provisions

A provision is recognised in the statement of financial position when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount. Where the effect of the time value of money is material, the amount of a provision shall be calculated as the present value of the expenditures required to settle the obligation. The provisions are mainly related to restructuring and environmental obligations.

Restructuring

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly. No provision is posted for future operating costs.

Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group are lower than the unavoidable cost of meeting its obligations under the contract.

Contingent liabilities

A contingent liability is a potential undertaking that derives from events which have occurred and whose incidence is only confirmed by one or more uncertain future events. A contingent liability can also be an existing undertaking that has not been reported in the Balance Sheet because it is unlikely that an outflow of resources will be required or because the size of the undertaking cannot be calculated. See Note 29.

Accounting policies – Parent Company

The Parent Company prepares its financial statements in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2, Accounting for Legal Entities. RFR 2 requires the Parent Company, as a legal entity, to prepare its annual financial statements in compliance with all the IFRS and IFRIC interpretations adopted by the EU, to

ACCOUNTING POLICIES

the extent possible within the framework of the Swedish Annual Accounts Act and the Swedish Pension Obligations Vesting Act, and taking into account the relationship between tax income/expense and accounting profit. Nynas AB applies the same recognition criteria and accounting policies as the Group, apart from the exceptions described below.

Employee benefits/defined benefit plans
When calculating the defined benefit pension plans, the Parent Company applies the rules contained in the Swedish Pension Obligations Vesting Act and the Swedish Financial Supervisory Authority's regulations to the extent that they are required for tax deductibility. The main differences from IAS 19 relate to determination of the discount rate and the fact that the defined benefit obligation is based on the present salary level, without taking into account future salary increases, and that all actuarial gains and losses are recognised immediately in profit or loss.

Taxes
Untaxed reserves are recognised including of deferred tax liability in the Parent Company. In the consolidated financial statements, untaxed reserves are divided into deferred tax liability and equity.

Group contributions and shareholder contributions
Shareholder contributions are recognised directly in the recipient's equity and capitalised in the contributor's shares and participating interests, to the extent that no impairment has been identified.

Group contributions received from subsidiaries are recognised under finance income in the income statement. Group contributions paid to subsidiaries are recognised as an investment.

Investments in group companies
Investments in Group companies are recognised at cost less any impairment losses. Dividends received are recognised as income, while repayments of contributed capital reduce the carrying amount.

Financial guarantees
The Parent Company's financial guarantees consist mainly of sureties in favour of subsidiaries. Financial guarantees mean that the Company has an obligation to reimburse the holder of a debt instrument for losses it incurs because a specified debtor fails to make payment when due under the contractual terms. When reporting financial guarantees, the Parent Company applies an exemption from the provisions of IAS 39 permitted by the Swedish Financial Reporting Board. The exemption relates to financial guarantees issued in favour of subsidiaries, associates and joint ventures. The Parent Company reports financial guarantees as a provision in the balance sheet when the Company has an obligation, and an outflow of resources is likely to be required to settle the obligation.

Contents Notes

Notes to the financial statements – Group

(Amount in tables in SEK million unless otherwise stated)

Note 1. Significant accounting policies and accounting estimates

Impairment of tangible asset

The carrying amounts of the Group's depreciable assets are tested for impairment when there is an indication that a particular asset may be impaired. The Group's depreciable assets are reviewed when required to establish whether there is any indication of impairment. If any such indication exists, the asset is tested for impairment. An impairment loss is recognised if the asset's recoverable amount, i.e. the higher of value in use and net realisable value, is lower than the carrying amount.

When calculating value in use, future cash flows are discounted using a pre-tax discount rate that reflects the current market view of risk-free interest and risk specific to the asset. Consequetly, the impairment testing could and have had during 2019 material effect on the financial result, see also note 13.

Provision for future environmental programmes

Nynas has two refineries and a number of bitumen terminals requiring operating permits under Swedish environmental law. The refinery in Eastham – jointly owned with another party – and the bitument terminal in Dundee are operated under the United Kingdom's national environmental laws. The refinery in Harburg operation is regulated between Nynas and environmental authority of the city of Harmburg.

Future restoration costs associated with the operations' environmental impacts may be difficult to establish, both in terms of size and timing. Changes in environmental legislation and the emergence of new cleaning up technology are factors that may affect the size of the provision. Consequently, the provision may need to be adjusted in the future, which may have a material effect on future financial results. See also note 23.

Income tax

Significant estimates are made to determine both current and deferred tax liabilities/assets, not least the value of deferred tax assets. The company must then determine the possiblilty that deferrd tax assets will be utilized and offset against future taxable profits. The actual results may differ from these estimates, for instance due to changes in the business climate, changed tax legislation, or the outcome of the final review by tax authorities and tax courts of tax returns. In Belguim tax losses carryforwards are only to a minor part recognized since utilization of these losses is very small. In Sweden tax losses carryforward have to its major part been measured as deferred tax assets since future utilization have a high probabiliby, for values see note 10.

Nynas has tax litigation cases mainly in South America and ongoing tax audits/questions in other countries. Management consult with legal experts on tax litigation cases and tax audits. It is management's assessment that the tax litigations may have negative effect on the financial position or on the financial statement but the term of size and timing is difficult to predict. See note 29

Assumptions in the calculation of pension provisions

The actuarial assessment of pension obligations and pension costs is based on the actuarial assumptions which are specified in note 22. A change to any of these assumptions may have a considerable effect on the estimated retirement benefit obligation and pension costs. The discount rate is determined by reference to the return on a mortgage bond of a term consistent with the Group's average remaining term of the obligation, which for Nynas is 30 years.

Going concern assessment

The most material uncertainties remaining relate to the ability of the Company to refinance its debts to the major creditors in June 2021, and forthwith meet the conditions for the agreed extension. Further uncertainties exist in relation to the Company's ability to finance its liquidity needs going forward and to hedge its primary and secondary risks. According to the Company's business plan, it will be able to meet and pay its liabilities to other creditors than the major creditors when the current reorganisation is concluded, and such payments are required to be made. In addition, Nynas has sufficient liquidity for 12 months to cover day to day operations based on assumed crude price levels and that Nynas can complete planned and necessary purchases of oil directly and through off-balance sheet crude purchase arrangements yet to be signed to meet demand and maintain production volumes.

The shareholders' continued support, evidenced inter alia by the recent ownership restructuring to take Nynas out of US Sanctions, the shareholder contribution and the decision apply going concern on the second control balance sheet and resolve to continue its operation, is a key element for a successful conclusion of the reorganisation.

The support from the major creditors, the shareholders and the administrators taken together with the business plan showing that Nynas is a viable business and the process run by Carnegie to find new capital, means that Nynas has reason to believe that the reorganization would be successful.

Based on the above-mentioned circumstances together, it is the Board's assessment that the accounts shall be prepared on a going concern basis despite the material uncertainties identified. For further information please see the Board of Directors Report.

Disputes

Nynas conducts domestic and international operations and is occasionally involved in disputes and legal proceedings arising in the course of these operations. These disputes and legal proceedings are not expected, either individually or collectively, to have any significant negative impact on Nynas's operating profits, profitability or financial position. See note 29.

NOTES

Note 2. Information by geographical market and sales revenues by category

SALES REVENUES BY GEOGRAPHICAL MARKET	2019	2018
Sweden	2,023.3	1,899.9
Rest of Nordics	3,364.0	3,789.1
Rest of Europe	8,174.7	7,879.5
Americas	385.8	384.0
Other	2,893.4	2,910.6
TOTAL	**16,841.2**	**16,863.1**

TOTAL ASSETS BY GEOGRAPHICAL MARKET	2019	2018
Sweden	6,820.6	7,172.2
Rest of Nordics	126.2	127.7
Rest of Europe	5,607.9	5,321.9
Americas	756,9	654.9
Other	1,026.8	915.2
TOTAL	**14,338.4**	**14,191.8**

INVESTMENTS BY GEOGRAPHICAL MARKET	2019	2018
Sweden	470.6	247.8
Rest of Nordics	7.9	24.5
Rest of Europe	113.1	152.9
Americas	0.3	0.5
Other	0.1	0.3
TOTAL	**592.0**	**425.9**

SALES REVENUES BY CATEGORY	2019	2018
Sale of goods. external	16,759.0	16,838.1
Revenue from services	82.2	25.0
TOTAL	**16,841.2**	**16,863.1**

Note 3. Costs itemised by nature of expense

	2019	2018
Raw materials	11 592.0	11 619.1
Transport and distribution costs	1 707.8	2 089.0
Manufacturing expenses	1 311.7	1 231.0
Costs for employee benefits (note 5)	1 047.8	1 066.0
Depreciation, amortisation, impairment (note 8, 12, 13)	1,856.4	647.4
Depreciation, amortisation, impairment, Leases (note 8, 12, 13)	339.2	–
Other income and value changes	16.8	-46.1
Other expenses	637.1	463.4
TOTAL	**18,508.9**	**17,069.8**

Other income and value changes consists of unrealized gain and losses from oil and currency derivatives of -16.8 (46.1).

NOTES

Note 4. Other operating income and expenses

OTHER OPERATING INCOME	2019	2018
Exchange gains on operating receivables/liabilities	208.6	287.6
Other service revenue	69.3	62.2
TOTAL	**277.9**	**349.8**

OTHER OPERATING EXPENSES		
Exchange losses on operating receivables/liabilities	-317.1	-320.8
TOTAL	**-317.1**	**-320.8**

Note 5. Employees, personnel expenses and remuneration of senior executives

The average number of employees. with wages. salaries. other remuneration. social security contributions and pension costs. is shown in the tables below.

	2019			2018		
AVERAGE NUMBER OF EMPLOYEES	**Men**	**Women**	**Total**	**Men**	**Women**	**Total**
PARENT						
Sweden	327	145	472	329	138	467
TOTAL PARENT	**327**	**145**	**472**	**329**	**138**	**467**
GROUP						
Sweden	327	145	472	329	138	467
TOTAL SWEDEN	**327**	**145**	**472**	**329**	**138**	**467**

	2019			2018		
AVERAGE NUMBER OF EMPLOYEES	**Men**	**Women**	**Total**	**Men**	**Women**	**Total**
United Kingdom	39	20	59	57	24	81
Belgium	9	8	17	8	9	17
Poland	12	5	17	12	4	16
Estonia	14	3	17	14	3	17
Spain	3	2	5	3	2	5
Germany	257	31	288	251	30	281
France	4	4	8	4	4	8
Denmark	3	2	5	4	2	6
Finland	1	2	3	3	2	5
USA	1	2	3	2	3	5
Other countries	50	41	91	43	52	95
TOTAL OUTSIDE SWEDEN	**393**	**120**	**513**	**401**	**135**	**536**
TOTAL GROUP	**720**	**265**	**985**	**730**	**273**	**1.003**

EMPLOYEE BENEFIT COSTS. GROUP	2019	2018
Wages. salaries and other benefits	757.7	744.4
Pension costs. defined benefit (see also note 22)	72.9	107.3
Pension costs. defined contribution (see also note 22)	46.6	38.5
Social security contributions	170.7	175.8
TOTAL GROUP	**1,047.8**	**1,066.0**

NOTES

Con't. Note 5

REMUNERATION AND OTHER BENEFITS. SENIOR EXECUTIVES. GROUP	2019 President and CEO*	2019 Other senior executives	2019 Total	2018 President and CEO	2018 Other senior executives	2018 Total
Basic salary	5.7	11.4	17.1	4.8	15.2	20.0
Variable pay	0.3	0.5	0.8	1.6	1.8	3.4
Other benefits	0.0	0.5	0.5	0.1	0.5	0.6
Social security contributions	1.9	3.1	5.0	2.2	5.3	7.5
Pension costs	2.0	4.6	6.6	1.5	5.4	6.9
TOTAL	**9.9**	**20.0**	**29.9**	**10.2**	**28.2**	**38.4**

*) Refers to Gerth Wendroth and Bo Askvik.

Nynas Group Management 2019 (not including CEO). Rolf Allgulander. Simon Day. Eva Kaijser (acting). Anders Nilsson. Ewa Beskow. Jim Christie. Peter Bäcklund. Hans Östlin

Nynas Group Management 2018 (not including CEO). Rolf Allgulander. Simon Day. Bo Askvik. Anders Nilsson. Ewa Beskow. Jim Christie. Peter Bäcklund. Hans Östlin. Pieter Godderis

In 2019 0.0 MSEK (0.2) was paid in fees to one board member.

Group president and CEO

Termination of employment in relation to the President requires 6 months notice by either party.

In the event of involuntary termination of employment. the President is entitled to termination benefits corresponding to 6 months' salary.

GENDER DISTRIBUTION IN SUBSIDIARIES BOARD	2019	2018
Female representation. %		
Board	31.5	28.1
Group Management	22.2	10.0

Note 6. Depreciation, amortisation and impairment of tangible and intangible assets

DEPRECIATION AND AMORTISATION BY FUNCTION	Intangible 2019	Intangible 2018	Tangible 2019	Tangible 2018
Cost of sales	3.3	3.3	562.2	561.2
Distribution costs	0.8	0.8	42.9	41.3
Administrative expenses	17.9	21.1	12.4	19.7
TOTAL	**21.9**	**25.2**	**617.5**	**622.2**
IMPAIRMENT LOSSES				
Cost of sales	0.0	0.0	1,217.0	0.0
TOTAL DEPRECIATION, AMORTISATION AND IMPARIMENT BY FUNCTION	**21.9**	**25.2**	**1,834.5**	**622.2**

DEPRECIATION AND AMORTISATION OF TANGIBLE AND INTANGIBLE ASSETS BY TYPE OF ASSET	2019	2018
Computer software	21.9	25.2
Buildings	12.5	16.0
Land improvements	6.1	7.0
Plant and machinery	561.3	566.5
Equipment	37.6	32.7
TOTAL AMORTISATION OF TANGIBLE AND INTANGIBLE ASSETS	**639.4**	**647.4**
IMPAIRMENT LOSSES		
Plant and machinery	1,217.0	–
TOTAL IMPAIRMENT LOSSES	**1,217.0**	–
TOTAL RECOGNISED DEPRECIATION, AMORTISATION AND IMPAIRMENT	**1,856.4**	**647.4**
DEPRECIATION AND AMORTISATION OF RIGHT OF USE ASSETS		
Tank and depots	234.8	–
Vessels	78.7	–
Building and office space	14.0	–
Other	11.7	–
TOTAL DEPRECIATION AND AMORTISATION OF RIGHT OF USE ASSETS	**339.2**	–

NOTES

Note 7. Auditors' fees and other remuneration

AUDIT FEES	2019	2018
ERNST & YOUNG AB		
Annual audit	6.8	6.1
Other audit services	6.3	0.4
Tax advisory services	2.7	2.6
Other services	1.5	0.1

Note 8. Leases

Nynas leases a large number of tanks. depots. vessels. properties cars etc for its own use. The lengths of leases for the different properties vary depending on the type of leased assets. The average remaining lease terms are between 4–10 years. The leases originally have an agreed term which is normally 3–5 years except for land and vessels where the leases period can extend more then 10 years. Thereafter the leases often continue for a term of between 12 and 36 months if neither the lessor nor Nynas terminates the lease. Otherwise there is a contractual extension option that is normally 1 to 3 years. It is not unusual at the end of a lease term for the lease to be terminated for renegotiation by Nynas, the property owner or both parties.

Leases with a lower value (<5000 USD) will not be included in the lease liability but will continue to be reported with a linear expensing over the lease term. The existence of leases with an original lease term of no more than 12 months, so-called short-term leases, is considered to be insignificant and they will also continue to be reported with linear expensing over the lease term.

The leasing liability and right-of-use asset is calculated by using the implicit rate in the contract. If the implicit rate cannot be identified the incremental borrowing rate is instead applied, which is the interest rate the company had been given if the investment had been financed through a loan from a financial institute, in 2019 estimated at 5,5 per cent.

For a specification of the right-of-use assets see Note 13 Property, plant and equipment, Note 6 Depreciation/amortization and for interest expense see Note 9 Net Financial items.

LEASE LIABILITY MATURITY STRUCTURE	
2020	300.9
2021	282.6
2022	247.6
2023	231.4
2024	270.0
2025 and later	228.1
TOTAL PAYMENTS	**1,560.6**
Discounting effect	-211.8
TOTAL LIABILITY ACCORDING TO BALANCE SHEET	**1,348.8**
of which current liability	300.9
of which non-current liability	1,047.9

LEASE LIABILITY MATURITY STRUCTURE	
Payments of leases entered as liabilities	360.6
Variable lease payments not included in lease liability	14.9
TOTAL LEASE PAYEMENTS	**375.5**

NOTES

Note 9. Net financial items

	2019	2018
Interest income, bank deposits	30.0	5.7
Interest income, joint ventures	0.1	0.4
Interest income, derivative instruments (actual interest rates)	1.7	15.1
TOTAL FINANCE INCOME	**31.8**	**21.2**
Of which total interest income attributable to items carried at amortised cost	30.1	6.1
Interest expense, loans and bank overdrafts	-387.6	-337.9
Interest expense, derivative instruments (actual interest rates and changes in value)	-10.1	-17.5
Interest expense, interest bearing accounts payable	-174.2	–
Interest expense, PRI pension obligations	-7.9	-7.3
Interest expense, lease	-71.2	–
Sales of shares in subsidaries	-0.4	–
Net exchange differences	-26.1	11.1
Other finance costs*	-129.4	-83.5
TOTAL FINANCE COSTS	**-806.8**	**-435.1**
Of which total interest expense attributable to items carried at amortised cost	-569.7	-345.2
TOTAL NET FINANCIAL ITEMS	**-775.0**	**-413.9**

* Mainly relates to up front fee.

Note 10. Taxes

	2019	2018
Current tax	-111.6	-113.3
Current tax. prior years	2.2	33.4
Deferred tax	-89.0	-121.8
TOTAL	**-198.3**	**-201.7**

Tax on the Group's profit before tax differs from the theoretical figure that would have resulted from a weighted average rate for the results in the consolidated companies as follows:

	2019	2018
Result before tax	-2,481.8	-591.6
Tax according to Parent Company's applicable tax rate	531.1	130.2
Effect of different tax rates for foreign subsidiaries	-5.9	-10.6
TAX EFFECT OF:		
Other non-deductible expenses	-96.4	-13.7
Other non-taxable income	23.0	14.8
Adjustment of current tax in respect of prior years	2.2	33.4
Increase/decrease in tax carryforwards without corresponding capitalisation of deferred tax	-341.3	-208.1
Impairment tangible assets	-260.4	–
Change in valuation of tax carryforwards	-42.5	-150.1
Tax attributable to Joint Venture	5.4	2.6
Other	-13.6	-0.2
RECOGNISED TAX EXPENSE	**-198.3**	**-201.7**
Standard rate of income tax. %	21.4	22.0
Effective tax rate. %	-19.7	-34.1

NOTES

Con't. Note 10

DEFERRED TAX ASSETS AND LIABILITIES	Assets		Liabilities		Net	
	2019	2018	2019	2018	2019	2018
Land and buildings	0.0	0.0	8.7	9.7	-8.7	-9.7
Machinery and equipment	10.7	10.2	37.5	57.3	-26.8	-47.1
Inventories	0.0	1.7	24.8	0.0	-24.8	1.7
Other operating receivables/liabilities	3.8	46.7	0.3	115.5	3.5	-68.8
Pension liabilities	163.6	169.5	12.5	0.0	151.1	169.5
Tax loss carryforwards	17.8	66.9	0.0	0.0	17.8	66.9
TOTAL	**195.9**	**295.0**	**83.8**	**182.5**	**112.1**	**112.5**
Offsets	0.1	4.0	0.1	4.0	–	–
TOTAL	**196.0**	**299.0**	**84.0**	**186.5**	**112.1**	**112.5**

CHANGE IN DEFERRED TAX ON TEMPORARY DIFFERENCES DURING YEAR 2019	Opening Balance	Recognised in income statement	Recognised directly in equity	Acquisition	Exchange differences	Closing Balance
Land and buildings	-9.7	1.0	–	–	–	-8.7
Machinery and equipment	-47.1	20.3	–	–	–	-26.8
Inventories	1.7	-26.5	–	–	–	-24.8
Other operating receivables/liabilities	-68.8	-30.9	103.2	–	–	3.5
Pension liabilities	169.5	-3.7	-14.4	0.0	-0.3	151.1
Tax loss carryforwards	66.9	-49.1	0.0	0.0	–	17.8
TOTAL	**112.5**	**-89.0**	**88.8**	**0.0**	**-0.3**	**112.1**
2018						
Land and buildings	-7.4	-2.3	–	–	–	-9.7
Machinery and equipment	-65.2	18.1	–	–	–	-47.1
Inventories	-4.4	6.1	–	–	–	1.7
Other operating receivables/liabilities	69.6	13.0	-151.4	–	–	-68.8
Pension liabilities	179.1	-13.6	3.6	0.0	0.4	169.5
Tax loss carryforwards	209.9	-143.0	0.0	0.0	–	66.9
TOTAL	**381.7**	**-121.8**	**-147.8**	**0.0**	**0.4**	**112.5**

The Group did not recognize deferred tax assets of 720 (514) million in respect of losses amounting to SEK 3,327(2.334) million, which can be used against future taxable profit. All of the SEK 3,327 million is available for use in the future indefinitely. The Group has neither recognized deferred tax.

Note 11. Earnings per share

The calculation of earnings per share is based on profit attributable to equity-holders of the Parent Company. The average number of shares in 2019 and 2018 was 67,532.

	2019			2018		
	Profit for the year	Number of shares	Per share	Profit for the year	Number of shares	Per share
Earnings per share	-2,680.2	67,532	-39,688	-793.3	67,532	-11,747

As Nynas does not have, and did not have during the year, any outstanding convertible and subscription warrant programmes, no dilution effects arose during calculation of earnings per share.

Note 12. Intangible assets

2019	Goodwill	Supply contracts/ Customer lists	Computer software	Other intang. assets / Trademarks	Total Intangible Assets
Opening cost	198.7	364.0	473.9	1.6	1,038.3
Acquisitions	–	–	10.4	–	10.4
Disposals	–	–	-0.4	–	-0.4
Reclassifications	–	–	7.3	–	7.3
Translation differences	–	–	0.4	–	0.4
CLOSING COST	**198.7**	**364.0**	**491.6**	**1.6**	**1,055.9**
Opening regular depreciation	-190.0	-237.0	-383.6	-1.6	-812.2
Disposals	–	–	0.4	–	0.4
Translation differences	–	–	-0.4	–	-0.4
Amortisation for the year	–	–	-21.9	–	-21.9
CLOSING REGULAR DEPRECIATION	**-190.0**	**-237.0**	**-405.6**	**-1.6**	**-834.2**
Opening impairment	-0.6	-127.0	-24.2	–	-151.8
Translation differences	0.0	–	-0.1	–	-0.1
CLOSING IMPAIRMENT	**-0.6**	**-127.0**	**-24.2**	–	**-151.9**
CARRYING VALUE	**8.1**	**0.0**	**61.8**	**0.0**	**69.8**

2018	Goodwill	Supply contracts/ Customer lists	Computer software	Other intang. assets / Trademarks	Total Intangible Assets
Opening cost	275.4	354.5	464.4	1.6	1,095.9
Acquisitions	–	–	-0.6	–	-0.6
Disposals	-78.3	–	-12.0	–	-90.2
Reclassifications	–	–	21.5	–	21.5
Translation differences	1.6	9.5	0.6	0.0	11.7
CLOSING COST	**198.7**	**364.0**	**473.9**	**1.6**	**1,038.3**
Opening regular depreciation	-264.0	-227.5	-369.6	-1.6	-862.7
Disposals	78.3		11.8		90.1
Translation differences	-4.3	-9.5	-0.6	0.0	-14.4
Amortisation for the year	–	–	-25.2	–	-25.2
CLOSING REGULAR DEPRECIATION	**-190.0**	**-237.0**	**-383.6**	**-1.6**	**-812.2**
Opening impairment	-3.3	-127.0	-24.5	–	-154.8
Translation differences	2.7	–	0.3	–	3.0
CLOSING IMPAIRMENT	**-0.6**	**-127.0**	**-24.2**	–	**-151.8**
CARRYING VALUE	**8.1**	**0.0**	**66.1**	**0.0**	**74.2**

Note 13. Tangible assets

2019	Buildings	Plant and machinery	Equipment	Construction in progress	Total tangible assets
Opening cost	544.1	9,723.7	551.6	399.0	11,218.5
Acquisitions	0.8	336.3	1.7	243.2	582.0
Disposals	–	-0.5	-1.1	–	-1.6
Reclassifications	10.7	171.7	27.5	-217.2	-7.3
Translation differences	6.8	119.8	5.7	1.5	133.8
CLOSING COST	**562.5**	**10,351.0**	**585.4**	**426.5**	**11,925.4**
Opening regular depreciation	-255.4	-5,144.1	-416.0	–	-5,815.5
Depreciation adjustment	–	–	–	–	0.0
Disposals	–	0.5	1.0	–	1.5
Translation differences	-2.7	-71.2	-4.2	0,0	-78.1
Depreciation for the year	-18.6	-561.3	-37.6	0,0	-617.5
CLOSING REGULAR DEPRECIATION	**-276.7**	**-5,776.1**	**-456.7**	**0,0**	**-6,509.5**
CLOSING RESIDUAL VALUE	**285.8**	**4,574.9**	**128.7**	**426.5**	**5,415.9**
Opening impairment	-12.6	-76.2	-2.8	-36.0	-127.7
Impairment for the year	–	-1,217.0	–	–	-1,217.0
Translation differences	-0.9	–	-0.3	–	-1.2
CLOSING IMPAIRMENT	**-13.5**	**-1,293.2**	**-3.1**	**-36.0**	**-1,345.8**
CARRYING VALUE	**272.3**	**3,281.7**	**125.6**	**390.5**	**4,070.1**
Of which carrying amount. Sweden	201.0				

2019	Tank and depots	Vessels	Building and office space	Other	Total right-of use assets
Opening cost	1,088.6	426.2	46.2	47.0	1,608.0
Amended and new leases	1.3	218.2	2.0	2.2	223.7
Divested and terminated leases	-5.4	-182.4	-1.6	-0.1	-189.4
Depreciation for the year	-234.8	-78.7	-14.0	-11.7	-339.2
Translation differences	4.8	–	-0.2	0.3	4.9
CARRYING VALUE	**854.6**	**383.2**	**32.5**	**37.7**	**1,307.9**

NOTES

Con't. Note 13

2018	Buildings	Plant and machinery	Equipment	Construction in progress	Total tangible assets
Opening cost	554.1	9,271.2	549.2	411.5	10,786.1
Acquisitions	5.2	1,645.4	20.9	-1,272.6	398.9
Disposals	-25.0	-16.2	-42.5	0.0	-83.8
Reclassifications	2.4	-1,298.0	18.8	1,253.0	-23.8
Translation differences	7.4	121.4	5.1	7.2	141.1
CLOSING COST	**544.1**	**9,723.7**	**551.6**	**399.0**	**11,218.5**
Opening regular depreciation	-253.0	-4,566.5	-421.8	–	–5,241.3
Disposals	25.0	16.0	42.2	–	83.2
Depreciation reclassification	–	–	2.5	–	2.5
Translation difference	-4.4	-27.1	-6.2	–	–37.7
Depreciation for the year	-23.0	-566.5	-32.7	–	–622.2
CLOSING REGULAR DEPRECIATION	**-255.4**	**-5,144.1**	**-416.0**	–	**-5,815.5**
CLOSING RESIDUAL VALUE	**288.7**	**4,579.7**	**135.6**	**399.0**	**5,403.0**
Opening impairment	-12.2	-74.6	-2.8	-36.0	-125.7
Impairment for the year	–	–	–	–	0.0
Translation differences	-0.4	-1.6	–	–	-2.0
CLOSING IMPAIRMENT	**-12.6**	**-76.2**	**-2.8**	**-36.0**	**-127.7**
CARRYING VALUE	**276.1**	**4,503.4**	**132.8**	**363.0**	**5,275.4**
Of which carrying amount. Sweden	190.3				

Impairment testing of tangible assets

The recoverable amount for cash-generating units is determined by calculating the value in use. These calculations use estimated future cash flows which are based the budget and long-term business plans (five years) that have been approved by management and the board.

The cash-flows after the 5-year planning period are extrapolated using an estimated growth rate with a residual value at the end.

Significant assumptions used to calculate the value in use:

	2019	2018
Gross margin, %*	2.5	2.5
Rate of growth, %**	2.0	2.0
Discount rate, %***	9.0	8.5

* Budgeted gross margin.
** Weighted average rate of growth used to extrapolate cash flows outside budget period.
*** Pre-tax discount rate used in present value calculation of projected future cash flows.

An impairment loss of SEK 1,217 million has been recognized for the Group, mainly due to NSP refinery assets value in use was higher than net realizable value, the impairment loss valuation is based on future discounted cash flows (based on a WACC at 9 per cent) according to the business plan. The impairment loss of SEK 1,217 million is accounted for under cost of sales.

If the business plan should not be fulfilled or an increase in the assumed WACC, future substantial impairment losses could be foreseen.

NOTES

Note 14. Shares in Group companies

	2019	2018
Opening cost	2.876.9	2.876.9
Contribution in cash [1]	–	–
Liquidation	-0.3	
Impairment of shares in subsidary	–	–
CLOSING COST	**2.876.6**	**2.876.9**

1) No contribution has been made during 2019 and 2018.

GROUP COMPANIES: (SEK thousands)	**Reg. no**	**Reg'd office**	**Number of shares**	**% Holding**	**Currency**	**Carrying amount**
Nynas UK AB. Sweden	556431-5314	Stockholm	1,000	100	SEK	625,176
Nynas Oil Import AB	556726-8841	Stockholm	1,000	100	SEK	100
Nynäs AB [1]	556366-1957	Stockholm	1,000	100	SEK	100
Nynas Ltd. UK	02359113	London	7,647,888	100	GBP	92,323
Nynas Insurance Company Ltd. Bermuda	#11005	Hamilton	91,800	100	SEK	8,349
Nynas A/S. Denmark	A/S 66679	Copenhagen	1,000	100	DKK	36,461
Nynas A/S. Norway	962022316	Drammen	5,400	100	NOK	50,017
AS Nynas. Estonia	10028991	Tallinn	13,600	100	EEK	5,891
Nynas SA. France	328o31232ooo49	Bobigny	10,994	99.95	EUR	2,872
Nynas Petroleo SA. Spain	esa78474475	Madrid	49,916	100	EUR	4,534
Nynas Srl. Italy	1249541	Milan	50,000	100	EUR	1,850
Nynas GmbH. Germany	121304433	Düsseldorf	1	100	EUR	2,105
Nynas Pty Ltd. Australia	ACN076.139.029	Brisbane	10,000	100	AUD	54
Nynas Sp. z o.o.. Poland	KRS:0000106219	Szczecin	430	100	PLN	1,614
Nynas (South Africa) (Pty) Ltd. South Africa	97/13041-07	Johannesburg	100	100	ZAR	–
Nynas do Brasil Ltda. Brasilia	02331563/0001	Sao Paolo	10,000	100	BRL	584
Nynas Canada Inc. Canada	870209335	Toronto	10,000	100	CAD	1,001
Nynas Naphthenics Yaglari Ticaret Ltd Sti. Turkey	632 011 3964	Istanbul	38,489	100	TRL	4,808
Nynas Mexico SA. Mexico	NME010316RF1	Mexico City	50,000	100	MXN	2,910
Nynas Servicios SA. Mexico	NSE010316NM1	Mexico City	50,000	100	MXN	115
Nynas Argentina SA. Argentina	30707778209	Buenos Aires	15,000	100	ARS	181
Nynas Technol Handels GmbH. Austria	FN219950	Graz	1	100	EUR	323
Nynas Petroleum Shanghai Co.. Ltd. China	315137	Shanghai	1	100	CNY	2,071
Nynas Baltic Sweden AB. Sweden	556625-4511	Stockholm	1,000	100	SEK	37
Nynas Belgium AB. Sweden	556613-4473	Stockholm	1,000	100	SEK	–
Nynas NV. Belgium	893.286.262	Zaventem	1	0.01	EUR	–
Nynas PTE. Ltd. Singapore	200723567N	Singapore	36,720	100	SGD	217
Nynas AG. Switzerland	CH-170.3.025.994-5	Zug	79,998	99.99	CHF	–
Nynas Inc. USA	800197875	Delaware	100	100	USD	36,693
Nynas OY. Finland	1834987-6	Vantaa	100	100	EUR	125
PT Nynas Indonesia. Indonesia	21.069.383.4-417.000	Jakarta	150,000	100	IDR	1,258
Nynas Naphthenics Private Ltd. India	US1109MH2009FTLI95149	Mumbai	1,000,000	100	INR	753
Nynas Colombia S.A.S	NIT 901.011.627-3	Bogotá	1,000,000	100	COP	2,770
Nynas Germany AB	556858-4170	Stockholm	500	100	SEK	1,991,297
TOTAL INVESTMENTS IN GROUP COMPANIES						**2,876,590**

1) Dormant

Con't. Note 14

INDIRECT HOLDINGS IN OPERATING GROUP COMPANIES	Reg. no	Reg'd office	Number of shares	% Holding	Currency
Nynas Naphthenics Ltd, UK	2450786	Guildford	10,000	100	GBP
Nynas Limited Liability Company	1087746838464	Moscow	10,000	100	SEK
Nynas NV, Belgium	893.286.262	Zaventem	11,090	99.99	EUR
Nynas Bitumen Limited	982640	Cheshire	1,000,000	100	GBP
Highway Emulsions Limited	2643238	Cheshire	2	100	GBP
Nynas Verwaltungs GmbH	HRA 117766	Hamburg	25,000	100	EUR
Nynas GmbH & Co KG	HRA 114916	Hamburg	1	100	EUR

Nynas UK AB has a branch in the UK. During 2017 Nynas NV closed its branches in Germany and France.

Note 15. Investments in joint ventures

GROUP	Reg. no	Reg'd office	Number of shares	Holding %	Currency	Carrying amount
Eastham Refinery Ltd, UK	2205902	London	5,000,000	50	GBP	129.8
Share in equity of Eastham Refinery Ltd						
accounted for using equity method						59.1
TOTAL INVESTMENTS IN ASSOCIATES AND JOINT VENTURES						188.9

GROUP'S INTEREST IN THE ASSOCIATES AND JOINT VENTURES ERL	Assets	Liabilities	Income	Profit
Eastham Refinery Ltd, UK	254.6	62.5	145.9	19.8

	2019	2018
Opening balance	129.8	93.9
Profit for the year	20.1	21.5
Dividend and capital contribution	36.8	-1.4
Translation differences	2.2	15.8
CLOSING BALANCE	188.9	129.8

Note 16. Other long-term receivables

	2019	2018
Opening balance	3.9	3.6
Amounts to be received	10.7	0.4
CLOSING BALANCE	14.6	3.9

Note 17. Inventories

	2019	2018
Raw materials	1,124.6	1,508.8
Semi-finished products	525.7	517.9
Finished products	2,746.1	2,977.4
TOTAL	4,396.4	5,004.1

Amounts relating to impairment losses on inventories are reported under costs of goods sold and are SEK 0 (0) million.

Inventories are stated at the lower of cost and net realisable value, with due consideration of obsolenscence.

Impairment of inventory value per end of 2019 have been done, no need for write down exists.

Note 18. Accounts receivable

	2019			2018		
	Gross	Loss allowance	Net carrying amount	Gross	Loss allowance	Net carrying amount
Current receivables	940.3	-1.1	939.3	861.2	-0.9	860.3
Past due 1–30 days	292.1	-10.1	282.0	263.5	-0.6	262.9
Past due 31–90 days	217.6	-41.9	175.7	87.5	-0.6	86.9
Past due 91–180 days	89.0	-13.3	75.7	61.4	-2.7	58.7
Past due 181–360 days	38.3	-15.0	23.3	55.6	-2.2	53.5
Past due over 360 days	82.4	-73.0	9.5	9.4	-6.2	3.2
Bankrupcy	0.0	-3.5	-3.5	0.0	-1.7	-1.7
TOTAL ACCOUNTS RECEIVABLES	**1,659.8**	**-157.8**	**1,502.0**	**1,338.6**	**-14.8**	**1,323.8**

Performance obligation

Revenue is recognized when control passes to the customer. A customer obtains control when they have the ability to direct the use of the asset (goods / products) and to obtain substantially all of the benefits embodied in the same. In most cases this will be the same point in time as when risks and rewards passes and therefore there will be no change in the timing of revenue recognition.

Factoring

The Group have applied factoring for a limited part of the invoicing.

At year-end 2019, the part used as Factoring is approximately 12 percent and has been accounted for as off balance sheet.

Loss allowance

Nynas has moved from an incurred loss model to an expected loss model with an earlier recognition of impairment. Nynas applies the simplified approach for trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The average credit period on sales of goods is 36.5 days. No interest is charged on outstanding trade receivables. Nynas always measure the loss allowance for trade receivables at an amount equal to lifetime ECL. The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over 365 days past due, whichever occurs earlier.

Accounts receivable not covered by insurance amounts to 25 % during end of 2018 (28 %). Since approx. 68 % of all sales in the group during the year is covered by the credit insurance Nynas will only determine an expected credit loss model on sales that is uninsured.

Note 19. Prepayments and accrued income

	2019	2018
Rent	9,1	6,3
Charter hire	37,2	38,7
Pension premiums	5,2	5,5
Software licences	13,8	11,2
Prepayment crude purchase	171,7	–
Other prepayments	124,1	95,1
TOTAL	**361,1**	**156,8**

Note 20. Cash and cash equivalents

	2019	2018
Cash and bank balances	1,668.7	844.5
Restricted cash account	27.3	0.0
CASH AND CASH EQUIVALENTS RECOGNISED	**1,696.0**	**844.5**

The Group's cash & cash equivalents comprise its deposits in the Group's common bank accounts and other bank accounts, including currency accounts and funds in transit.

Note 21. Equity

SPECIFICATION OF EQUITY ITEM 'RESERVES', TRANSLATION RESERVE AND CURRENCY HEDGES	**2019**	**2018**
Opening translation reserve and currency hedges of net investments	-209.0	-199.8
Translation reserve and currency hedges of net investments for the year	26.3	-9.2
CLOSING TRANSLATION RESERVE AND CURRENCY HEDGES OF NET INVESTMENTS	**-182.7**	**-209.0**
TOTAL RESERVES		
Opening reserves	-103.5	-607.5
Changes in reserves during the year	-523.9	504.0
CLOSING RESERVES	**-627.4**	**-103.5**

Reserves

Translation reserve

The translation reserve covers all exchange differences arising on the translation of the financial statements of foreign entities which are presented in a currency other than the Group's presentation currency.

The Parent Company and Group present their financial statements in Swedish kronor.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of a cash flow hedging instrument attributable to hedged transactions that have not yet occurred.

Retained earnings

Retained earnings and net profit for the year include accumulated net profits of the Parent Company and its subsidiaries and associates.

Share capital

In accordance with Nynas AB's articles of association, share capital shall amount to a minimum of SEK 52,000,000 and a maximum of SEK 208,000,000. All shares are fully paid and carry equal voting power and an equal share in the Company's assets.

Two classes of share are issued - A shares, maximum SEK 103,999,000. and B shares, maximum SEK 104,001,000.

Share capital comprises SEK 33,765,000 in A shares and SEK 33,767,000 in B shares. For more information see page 37, Corporate Governance.

The par value per share is SEK 1.000.

DISTRIBUTION OF SHARE CAPITAL	**2019**	**2018**
CHANGE IN TOTAL NUMBER OF SHARES		
Opening number	67,532	67,532
Change during the year	0	0
CLOSING NUMBER	**67,532**	**67,532**

	2019		**2018**	
Class of share	**Number of shares**	**%**	**Number of shares**	**%**
Class A	33,765	50	33,765	50
Class B	33,767	50	33,767	50
TOTAL	**67,532**	**100**	**67,532**	**100**

Con't. Note 21

A dividend is proposed by the Board in accordance with the Swedish Companies Act and is adopted by the annual general meeting. The proposed, but not yet adopted, dividend for 2019 is SEK 0 (0) per share. Based on the number of shares at December 31, 2019, this represents a total dividend of SEK 0 million.

Capital management

The Group's equity, which is defined as total recognised equity, amounted to SEK 46 (3,250) million at the end of the year. The return on equity was -162.6 (-23.4) per cent.

Nynas has defined a financial goal of securing long-term growth and maximising the value of its assets. The Board has given the Nynas management group scope for growth and development according to Nynas's strategy by means of self-financing and payment of dividends to shareholders as adopted by the annual general meeting.

Note 22. Provisions for pensions

The Group's employees, former employees and their survivors may be covered by defined contribution and defined benefit plans relating to post-employment benefits. The defined benefit plans cover retirement pension and survivors' pension.

For the defined contribution plans, continous payments to authority and to independent bodies is done therefore they take over the obligations towards the employees.

The obligation reported in the balance sheet is derived from the defined benefit plans. The largest plans are in Sweden, the United Kingdom, Belgium and Germany. The plans are covered by a re-insured provision in the balance sheet and by pension benefit plans and funds. The calculations are based on the projected unit credit method using the assumptions shown in the table on page 87.

Calculations of defined benefit plans have been done by an independent external actuary.

Nynas's forecast payment of pensions in relation to defined benefit plans, both funded and unfunded, amounts to SEK 72.8 (42.5) million for 2020.

The pension cost and other defined benefit remunerations is to be found in the income statement under the headings Cost of Goods Sold 76.7 MSEK (55.4 MSEK), sales cost 19.3 MSEK (22.0 MSEK) and administration cost 23.5 MSEK (30.0 MSEK). The interest part in the pension cost together with the part of the return on plan assets that not is accounted for in Other comprehensive income will be shown in the financial income/expenses.

Sweden

Labourer comprise by the SAF / LO plan which is a defined contribution pension plan based on collective agreements and is comprehended by several employers within several brances. White-collar workers is comprises by the ITP plan, which also is based on collective agreements and comprise several employers within several branches.

The ITP plan have two parts, the ITP1, a defined contribution pension plan which is valid for employees born 1979 or later, as well as ITP2, a defined contribution pension plan which is valid for employees born before 1979. The major part of the ITP2 plan is managed by Nynas i their own management within the FPG/PRI system.

The financing take place through a provision which is safeguarded by a credit insurance in Försäkringsbolaget PRI Pension guarantee. One part of the ITP2 plan is safeguarded through an insurance within Alecta (see below).

In Nynas AB, there is in excess of above obligations other defined benefit obligations applied to individual pensions agreements to earlier employees and pensions to senior executives.

Some of the white-collar workers in Sweden is safeguarded by the ITP2 plan defined benefit pension obligations for age- and family pension (alternative family pension) through an insurance by Alecta. According to a statement from Swedish Financial Reporting Board, UFR 10 the classification for ITP plans, which is financed by insurance by Alecta, is this a defined benefit plan that comprise several employers. For the financial year 2019 (as in 2018) the company did not have access to all information to be able to disclose their proportional share of the obligation of the plan, the plan assets and the cost of adminstration, which result in that it has not been possible to account for the plan as a definded benefit plan. The pension plan ITP2 which is safeguarded through an insurance by Alecta is therefore accounted as a defined contribution plan. The premium for the defined benefit age- and family pension is individual and calculated based on salary, earlier earned pension and expected remaining period of service.

Expected fee for next reporting period for ITP2 insurances that is effected in Alecta amount to 0 MSEK (11.7 MSEK).

The collective consolidation level consist of the market value on the assets in Alecta, in per cent of insurance obligations calculated in accordance with the insurance technical methods and assumptions by Alecta, which not correspond with IAS 19. The collective consolidation level shall normally be allowed to vary between 125 and 155 per cent.

If the collective consolidation level in Alecta will be below 125 per cent or exceed 155 per cent shall action be taken in purpose to make assumptions so the consolidation level will revert to the normal interval. At low consolidation level one action can be to increase the agreed fee for new take out and / or increase of existing benefits.

At high consolidation level one action can be to implement premium reductions.

At the end of the year, Alecta's surplus, in the form of a collective consolidation level, was 148 (142) per cent.

UK

The Nynas UK Pension Scheme is a career average defined benefit plan which is a registered pension scheme under the Finance Act 2004.

The Scheme operates under trust law and is administered by the Trustees on behalf of the members in accordance with the terms of the Trust Ded and Rules and relevant legislation. The Scheme´s assets are held by the trust.

Annual increases on benefits in payment are dependent on inflation so the main uncertainties affecting the level of benefits payable under the Scheme are future inflation levels (including the impact of inflation on future salary increases) and the actual longevity.

NOTES

Con't. Note 22

The main risk the Company runs in respect of the Scheme is that additional contributions are required if the investment returns are not sufficient to pay for the benefits (which will be influenced by the factors mentioned above). The level of equity returns will be a key determinant of overall investment return; the investment portfolio is also subject to a range of other risks typical of the asset classes held, in particular credit risk on bonds.

Germany

For Nynas Germany there are five pension plans in place, all closed for new entrants.

The claim is not funded externally in any way, all claims go against the company directly.

The present value of the whole liability is calculated according to German/International actuarial standards and shown as such in the balance sheets.

Plan DSPR

Pensionable incidents: Pension for old age, early retirement according to social security regulations, in case of invalidity and for spouses in case of death (60%)

Claim depends on years of service and final pay - per year of service a determined percentage is granted (between 1,9% and 2,5%). The sum of all percentages at the pensionable incident determines along with the last salary the total claim.

In case of invalidity all theoretical years until reaching the pension age are granted for determining the claim at any given time of invalidity.

The total claim thereby amounts up to 75% of the last salary, social security pension lessens the claim flush.

Plan DSPS

Pensionable incidents: Pension for old age, early retirement according to social security regulations, in case of invalidity and for spouses in case of death (60%).

The claim depends on years of service and final pay - per year of service determined percentages are granted for the parts of the salary below (0,65%) and above the social security ceiling (1,7%).

The sum of all percentages at the pensionable incident determines along with the last salary the total claim.

In case of invalidity all theoretical years until reaching the pension age are granted for determining the claim at any given time of invalidity.

The total claim thereby amounts up to 22,75% for the part of the salary below the social security ceiling and up to 59,5% beyond.

Plan RO 1979

Pensionable incidents: Pension for old age, early retirement according to social security regulations, in case of invalidity and for spouses in case of death (60%).

To get a claim, the pensionable incident has to be at least 10 years after receiving the pension promise.

The claim depends on years of service and final pay - per year of service determined percentages are granted for the parts of the salary below (0,5%) and above the social security ceiling (1,7%). The sum of all percentages at the pensionable incident determines along with the last salary the total claim.

In case of invalidity all theoretical years until reaching the age 60 are granted for determining the claim at any given time of invalidity.

The total claim is limited to 75% of the last salary.

Plan RO 1989

Pensionable incidents: Pension for old age, early retirement according to social security regulations, in case of invalidity and for spouses in case of death (60%).

To get a claim, the pensionable incident has to be at least 10 years after receiving the pension promise.

The claim depends on years of service and final pay - per year of service determined percentages are granted for the parts of the salary below (0,5%) and above the social security ceiling (1,7%). The sum of all percentages at the pensionable incident determines along with the last salary the total claim.

In case of invalidity all theoretical years until reaching the age 60 are granted for determining the claim at any given time of invalidity.

The total claim thereby amounts up to 17,5% for the part of the salary below the social security ceiling and up to 59,5% beyond.

DSPO

Pensionable incidents: Pension for old age, early retirement according to social security regulations, in case of invalidity and for spouses in case of death (60%).

Per each year of service a determined claim is granted. The amount of the claim depends on each years salary and a conversion table.

Every individual claim is saved per year to accumulate to the final claim when a pensionable incident happens.

In case of invalidity all theoretical years until reaching the pension age are granted for determining the claim at any given time of invalidity.

	2019				
REPORTED AS PROVISIONS FOR PENSIONS IN THE STATEMENT OF FINANCIAL POSITION	**Sweden**	**UK**	**Belgium**	**Germany**	**Total**
Present value of funded obligations	14.6	1,094.1	75.5	0.0	1,184.2
Fair value of plan assets	-21.3	-1,241.4	-60.0	–	-1,322.7
Deficit/(surplus)of funded plans	-6.7	-147.3	15.5	–	-138.5
Present value of unfunded obligations	522.1	–	0.0	729.5	1,251.6
Total deficit/(surplus) in defined benefit plans	515.4	-147.3	15.5	729.5	1,113.1
Effects of minimum funding requirements/asset ceilieng	–	–	–	–	0.0
NET LIABILITY RECOGNISED IN STATEMENT OF FINANCIAL POSITION	**515.4**	**-147.3**	**15.5**	**729.5**	**1,113.1**
Portion of pension liability recognised as provisions for pensions	515.4	–	15.5	729.5	1,260.4
Portion recognised as financial fixed asset	–	-147.3	–	–	-147.3

NOTES

Con't. Note 22

					2018
	Sweden	UK	Belgium	Germany	Total
Present value of funded obligations	14.3	952.7	62.4	–	1,029.4
Fair value of plan assets	-22.9	-1,031.8	-59.2	–	-1,113.8
Deficit/(surplus)of funded plans	-8.5	-79.1	3.2	–	-84.4
Present value of unfunded obligations	456.4	–	0.1	557.1	1,013.7
Total deficit/(surplus) in defined benefit plans	447.9	-79.1	3.4	557.1	929.3
Effects of minimum funding requirements/asset ceilieng	–	–	–	–	0.0
NET LIABILITY RECOGNISED IN STATEMENT OF FINANCIAL POSITION	**447.9**	**-79.1**	**3.4**	**557.1**	**929.3**
Portion of pension liability recognised as provisions for pensions	447.9	–	3.4	557.1	1,008.4
Portion recognised as financial fixed asset	–	-79.1	–	–	-79.1

CHANGE IN PRESENT VALUE OF DEFINED BENEFIT OBLIGATION	2019	2018
Present value of defined benefit obligation at beginning of year	2,043.1	1,949.9
Current service cost	57.4	58.0
Interest cost/(credit)	51.0	49.8
(Gain)/loss on part service cost, curtailment and settlement	-9.7	2.3
Special payroll tax in income	7.1	6.4
(Gain)/loss on changes in demograpic assumptions	0.0	-57.5
(Gain)/loss on changes in financial assumptions	288.4	17.9
Experience (gain)/loss	-16.6	-7.5
Acquisition	0.0	0.0
Special payroll tax related to remeasurements	8.3	7.6
Employee contributions	2.8	2.7
Benefits paid	-70.1	-38.5
Payments of special payroll tax	-5.4	-4.6
Exchange rate (gain)/loss	78.4	56.6
PRESENT VALUE OF DEFINED BENEFIT OBLIGATION AT END OF YEAR	**2,434.8**	**2,043.1**

COSTS RECOGNISED IN INCOME STATEMENT	2019	2018
Defined benefit pension plans:		
Current service cost	57.4	58.0
Interest cost/(credit)	15.6	16.9
(Gain)/loss on part service cost, curtailment and settlement	-9.7	2.3
Special payroll tax	7.1	6.4
Other	2.4	2.3
TOTAL COST OF DEFINED BENEFIT PAYMENTS RECOGNISED IN INCOME STATEMENT	**72.9**	**86.0**
Defined contribution pension plans:		
Costs for defined contribution plans	46.6	38.5
TOTAL PENSION EXPENSE RECOGNISED IN INCOME STATEMENT	**119.5**	**124.5**

EXPENSES RECOGNISED IN OTHER COMPREHENSIVE INCOME	2019	2018
Return on plan assets in excess of the amount included in interest cost/(credit)	-151.3	60.8
(Gain)/loss on changes in demograpic assumptions	0.0	-57.5
(Gain)/loss on changes in financial assumptions	288.4	17.9
Experience (gain)/loss	-16.6	-7.5
Change in assets ceiling in excess of the amount included in interest cost/(credit)	0.0	-12.8
Special payroll tax related to remeasurements	8.3	7.6
TOTAL EXPENSES FOR DEFINED BENEFIT REMUNERATION RECOGNISED IN OTHER COMPREHENSIVE INCOME	**128.9**	**8.5**

NOTES

Con't. Note 22

The main actuarial assumptions used (in %) are as follows:

	2019				2018			
	Sweden	**UK**	**Belgium**	**Germany**	**Sweden**	**UK**	**Belgium**	**Germany**
Discount rate	1.6	2.0	0.6	1.2	2.4	3.1	1.8	2.0
Future salary increases	2.0	N/A	2.8	2.5	2.4	N/A	2.8	2.5
Future pension increases	1.8	2.9	1.8	1.8	2.0	3.5	1.8	1.8
Expected remaining service period	10.0	N/A	16.0	20.0	10.0	N/A	17.0	19.0

Life expectancy	Swedish DUS14 w-c	UK Mortality table PCA00 CMI2017 with long term rates of improvement of 1.5% for Males and 1.0% for Females	Belgian Mortality table MR/FR	German Mortality table Richttafeln Heubeck 2018 G (statutory)	Swedish DUS14 w-c	UK Mortality table PCA00 CMI2017 with long term rates of improvement of 1.5% for Males and 1.0% for Females	Belgian Mortality table MR/FR	German Mortality table Richttafeln Heubeck 2018 G (statutory)
Duration	22	18	12	30	22	19	12	29

CHANGE IN FAIR VALUE OF PLAN ASSETS DURING THE YEAR	**2019**	**2018**
Fair value of plan assets at beginning of year	1,113.8	1,124.4
Interest cost/(credit)	35.4	32.8
Past service cost, curtailment and settlement gain or losses	0.0	0.0
Return on plan assets in excess of the amount included in interest cost/(credit)	151.3	-60.8
Administrative costs	-2.4	-2.3
Employer contributions	9.7	10.5
Employee contributions	2.8	2.7
Benefits paid	-62.0	-31.1
Exchange rate (gain)/loss	74.2	37.6
FAIR VALUE AT END OF YEAR	**1,322.7**	**1,113.8**

PLAN ASSETS	**2019**	**2018**
Shares and participating interests	769.3	687.9
Interest-bearing securities	431.4	325.3
Property Sweden	2.3	2.4
Insurance	60.0	59.2
Cash and cash equivalents, bank deposit	59.7	39.0
FAIR VALUE OF PLAN ASSETS	**1,322.7**	**1,113.8**

Plan assets do not include any securities issued by Nynas AB or assets used by Nynas AB.

CHANGE OF ASSETS CEILING	2019	2018
Opening balance, assets ceiling	0.0	12.2
Interest cost/(credit)	0.0	0.0
Change in assets ceiling, other than Interest cost/(credit)	0.0	-12.8
Exchange rate (gain)/loss	0.0	0.5
CLOSING BALANCE, ASSETS CEILING	**0.0**	**0.0**

ACTUAL RETURN	2019	2018
Actual return on plan assets	186.7	-28.0

Con't. Note 22

SENSITIVITY ANALYSIS IMPACT OF THE BENEFIT OBLIGATION, 2017 (+Increase/-Decrease), per country

Significant actuarial assumptions		Sweden Present Value	Sweden %	UK Present Value	UK %	Belgium Present Value	Belgium %	Germany Present Value	Germany %
Discount rate, %	+0,5 %	477.1	-11	1,000.7	-9	75.4	0	631.5	-13
Discount rate, %	-0,5 %	604.0	13	1,200.9	10	75.4	0	847.3	16
Life expectancy	+1 year	563.5	5	1,130.9	3	75.4	0	754.9	3

Sensitivity analysis have been done on above actuarial changes since the Group consider that the changes can have major impact on the benefit obligation.

Further more it is very most likely that the changes of the assumptions occures. Estimations have been done by analysing every changes separately. If there should be any relation between the assumptions, the estimations have not been taken this into consideration.

Note 23. Other provisions

	Provision for envrionmental obligation	Provision for other obligations	Total
Balance at December 31, 2018	164.6	3.6	168.2
Provisions made during the year	–	0.3	0.3
Provisions used during the year	-3.5	-0.2	-3.7
Translation differences	0.2	0.1	0.4
BALANCE AT DECEMBER 31, 2019	**161.4**	**3.9**	**165.3**
of which current	11.1	–	11.1
of which non-current	150.3	3.9	154.2

Other provisions

Other provisions relates mainly to the take over of the Harburg refinery, committed consideration but not paid and to its amount preliminary and subject to fulfilment of terms and conditions by the parties and future tax provision relating to Nynas foreign operations arising in the ordinary course of a global business.

Environmental related provisions

Envrionmental related provisions inlcude provisions for envrionmental remediation measures related to the Group's sites, mainly in Sweden (Nynäshamn), Wandre in Belgium, Köge in Denmark and Dundee in Scotland.

The provision in Nynäshamn consists of three parts – the Land Farm (SEK 16 million), E2 (SEK 13 million) and J3/J4 (SEK 194 million), the amounts being the nominal values not present values.

The Land Farm

Remediation of the Land Farm area was completed at December 31, 2010. Final covering of the permanent land fill is dependent on subsidence in the area but is expected to be completed by 2021.

The remaining cost for covering the land fill has been estimated at 16 MSEK.

Lagoon/Catch basins

Dredging of the lagoon and catch basins started in 2017 and was completed in 2018. The contaminated sediments are now being dewatered. The technique for final treatment of the contaminated dewatered sediments has not yet been decided by the Land and Environment Court. Nynas will report its recommendation on the technique to be used to the court by 2020-12-31,however Nynas will request an extension of 6 months due to change of project manager.

J3/J4

The J3 and J4 areas contain acid tar. Similar materials are also found at a number of old refineries in Europe and around the world. They are difficult to deal with due to their high acid content. The established method involves collection, neutralization and transportation for disposal. The method is not problem-free, as, even after processing, the materials are unlikely to be released from regulatory control. Nynas will report its recommendation on the technique to be used for remediation of J3/J4 to the Land and Environment Court by December 31, 2020 however Nynas will request an extension of 6 months due to change of project manager. The remaining cost has been estimated at 194 MSEK.

NOTES

Con't. Note 23

E2
E2 is a well-defined area with contaminated sediments on the seabed outside the refinery. The Land and Environment Court has decided that no physical remediation is to be done on the deeper parts of E2 and that the shallower parts are to be capped. Capping requires another decision by the Land and Environment Court and coordination with Turnaround activities, which occur every four years, and is therefore planned for 2027. As the County Administrative Board has decided that a full environmental review is required for the capping, it will be impossible to have a permit for the capping ready for the turnaround in 2023.

The remaining cost has been estimated at 13 MSEK.

Note 24. Liabilities to credit institutions

In April 2016, a five-year syndicated multi-currency revolving credit facility of EUR 650 million was signed.

In June 2018 Nynas redeemed the unsecured four year corporate bond of 1,100 million SEK launched in 2014 and the shareholders each provided a three-year shareholder loan of EUR 55 million.

In the end of 2019 the syndicated loan was provided under a stand-still agreement. On December 12, 2019 the lenders elected not to extend the loan and Nynas AB subsequently filed for reorganization the on December 13.

In May 2020, the Company has agreed with the lenders to extend the maturity of the syndicated loan until June 30, 2021.

LONG-TERM LIABILITIES	2019	2018
Shareholder loan	–	1,137.1
Loans from credit institutions	–	5,430.6
Non-current lease liability	1,047.9	
TOTAL	1,047.9	6,567.7
CURRENT LIABILITIES		
Shareholder loan	1,230.5	–
Loans from credit institutions	5,137.6	256.4
Overdraft facilities	–	44.5
Current lease liability	300.9	–
TOTAL	6,668.9	300.9
GRAND TOTAL	6,668.9	6,868.6

2019 CURRENT LIABILITIES Year issued/maturity	Description of loan	Interest, %	Currency	Nominal amount (local currency)	Recognised amounts in SEK million
Variable-rate loans					
2019/2020	Shareholder loan	6.00	EUR	58.9	615.2
2019/2020	Shareholder loan	6.00	EUR	58.9	615.2
2019/2020	Stand-by credit line (€ 650)	4.50	EUR	491.8	5,137.6
TOTAL					6,368,0

2018 LONG-TERM LIABILITIES Year issued/maturity	Description of loan	Interest, %	Currency	Nominal amount (local currency)	Recognised Amounts in SEK million
Variable-rate loans					
2019/2021	Shareholder loan	6.00	EUR	55.4	568.5
2019/2021	Shareholder loan	6.00	EUR	55.4	568.6
2016/2021	Stand-by credit line (€ 650)	4.50	EUR	120.0	1,218.1
2016/2021	Stand-by credit line (€ 650)	4.50	EUR	80.0	812.1
2016/2021	Stand-by credit line (€ 650)	4.50	EUR	110.0	1,116.6
2016/2021	Stand-by credit line (€ 650)	4.50	EUR	80.0	812.1
2016/2021	Stand-by credit line (€ 650)	4.50	EUR	45.0	456.8
2016/2021	Stand-by credit line (€ 650)	4.50	EUR	20.0	203.0
2016/2021	Stand-by credit line (€ 650)	4.50	EUR	75.0	761.3
2016/2021	Stand-by credit line (€ 650)	4.50	EUR	5.0	50.6
TOTAL					6,567.7

Con't. Note 24

2018 CURRENT LIABILITIES Year issued/maturity	Description of loan	Interest, %	Currency	Nominal amount (local currency)	Recognised amounts in SEK million
Variable-rate loans					
2016/2018	Stand-by credit line (€ 650)	4.5	EUR	20.0	256.4
2016/2017	Overdraft				44.5
TOTAL					**300.9**

MATURITY OF EXTERNAL INTEREST-BEARING LIABILITIES AT 31 DEC 2019	
2020-12-31	6,368.0
2021 and thereafter	–
TOTAL	**6,368.0**

MATURITY OF EXTERNAL INTEREST-BEARING LIABILITIES AT 31 DEC 2018	
2020-12-31	300.9
2020 and thereafter	6,567.7
TOTAL	**6,868.6**

THE GROUP HAS THE FOLLOWING UNUSED CREDIT FACILITIES:	2019	2018
Variable interest		
Uncommitted	–	104.7
Committed		
expires within one year	–	89.6
expires after one year	–	717.8
TOTAL	**–**	**912.1**

Note 25. Accrued liabilities and deferred income

	2019	2018
Purchases of raw materials, semi-finished and finished goods	1,741.7	788.9
Accrued salaries/holiday pay	127.7	134.8
Accrued interest	192.0	42.2
Shipping costs	54.4	51.7
Accrued investment costs	9.3	1.1
Accrued maintenance costs	0.1	3.3
Customer provision	43.2	42.3
Accrude energy costs	27.5	16.8
Other	142.3	134.0
TOTAL	**2,338.2**	**1,215.0**

Note 26. Financial assets and liabilities

Financial assets and liabilities in the statement of financial position are measured at fair value, apart from loans and receivables and other financial liabilities not designated as hedged items. Loans and receivables and other financial liabilities not designated as hedged items, are measured at amortised cost.

Fair value disclosures are not required when the carrying amount is an acceptable approximation of the fair value. This applies to other items in the categories loans and receivables and other financial liabilities.

The Group's long-term credit liabilities carry variable interest rates. Accordingly, the fair value corresponds to the carrying amount.

Fair value measurement

Fair value is determined based on a three-level hierarchy.

Level 1 is based on quoted prices in active markets for identical assets or liabilities.

Level 2 is based on inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 is based on inputs for the asset or liability that are not based on observable market data.

For Nynas, all financial instruments are measured according to Level 2.

Measurement of fair value

Listed holdings

The fair value of instruments quoted in an active market is measured on the basis of the price of the holdings at the reporting date.

Derivative instruments

The fair value of foreign exchange contracts and oil contracts is measured on the basis of quoted prices where available. If quoted prices are not available, the fair value is measured by discounting the difference between the contracted forward rate and the forward rate that can be subscribed for on the reporting date for the remaining contract period. This is done using the risk-free rate of interest based on government bonds.

The fair value of interest rate swaps is measured by discounting the estimated future cash flows according to the contract's conditions and due dates based on the market rate.

Interest-bearing liabilities

The fair value is measured by discounting future cash flows of principal and interest using the current market interest rate for the remaining term.

Current receivables and liabilities

For current receivables and liabilities with a remaining term of less than 12 months, the carrying amount is considered to represent a reasonable approximation of the fair value. Current receivables and liabilities with a term of more than 12 months are discounted when the fair value is measured.

The fair values and carrying amounts of financial assets and liabilities are shown in the table:

2019	**Derivatives used in hedge accounting**	**Derivatives held at fair value through income statement**	**Financial assets valued to amortised cost**	**Financial liabilities valued to amortised cost**	**Total carrying amount**	**Non-financial assets and liabilities**	**Total balance sheet**	**Fair value**
Accounts receivable	–	–	1,502.0	–	1,502.0	–	1,502.0	1,502.0
Long-term dervivatives	–	1.1	–	–	1.1	–	1.1	1.1
Short-term derivatives	–	0.4	–	–	0.4	–	0.4	0.4
Other current receivables		–	–	–	0.0	487.3	487.3	487.3
Prepaid expenses and accrued income	–	–	–	–	0.0	361.1	361.1	361.1
Cash and cash equivalents	–	–	1,696.0	–	1,696.0	–	1,696.0	1,696.0
FINANCIAL ASSETS	**0.0**	**1.5**	**3,198.0**	**0.0**	**3,199.5**	**848.4**	**4,047.9**	**4,047.9**
Long-term interest bearing liabilities	–	–	–	1,047.9	1,047.9	–	1,047.9	1,047.9
Short-term interest bearing liabilities	–	–	–	6,668.9	6,668.9	–	6,668.9	6,668.9
Accounts payable	–	–	–	2,507.6	2,507.6	–	2,507.6	2,507.6
Joint venture liabilities	–	–	–	10.3	10.3	–	10.3	10.3
Other current liabilities	–	–	–	–	0.0	225.0	225.0	225.0
Accrued liabilities and deferred income	–	–	–	1,881.3	1,881.3	456.9	2,338.2	2,338.2
FINANCIAL LIABILITIES	**0.0**	**0.0**	**0.0**	**12,116.0**	**12,116.0**	**681.9**	**12,797.9**	**12,797.9**

Con't. Note 26

2018	Derivatives used in hedge accounting	Derivatives held at fair value through income statement	Financial assets valued to amortised cost	Financial liabilities valued to amortised cost	Total carrying amount	Non-financial assets and liabilities	Total balance sheet	Fair value
Accounts receivable	–	–	1,323.8	–	1,323.8	–	1,323.8	1,323.8
Long-term dervivatives	–	1.9	–	–	1.9	–	1.9	1.9
Short-term derivatives	520.9	29.1	–	–	550.0	–	550.0	550.0
Other current receivables		–	–	–	0.0	450.0	450.0	450.0
Prepaid expenses and accrued income	–	–	–	–	0.0	156.8	156.8	156.8
Cash and cash equivalents	–	–	844.5	–	844.5	-	844.5	844.5
FINANCIAL ASSETS	520.9	31.0	2,168.3	0.0	2,720.2	606.8	3,327.0	3,327.0
Long-term liabilities to credit institutions	–	–	–	6,567.7	6,567.7	–	6,567.7	6,567.7
Short-term liabilities to credit institutions	–	–	–	300.9	300.9	–	300.9	300.9
Accounts payable	–	–	–	794.6	794.6	–	794.6	794.6
Joint venture liabilities	–	–	–	11.9	11.9	–	11.9	11.9
Short-term derivatives	20.5	65.7	–	–	86.2	–	86.2	86.2
Other current liabilities	–	–	–	–	0.0	550.9	550.9	550.9
Accrued liabilities and deferred income	–	–	–	503.4	503.4	711.6	1,215.0	1,215.0
FINANCIAL LIABILITIES	20.5	65.7	0.0	8,178.5	8,264.7	1,262.5	9,527.2	9,527.2

Note 27. Financial risk management, supplementary information

LIQUIDITY AND REFINANCING RISK

Liquidity and refinancing risk is the risk of difficulty in refinancing loans maturing, and the risk that payment obligations cannot be fulfilled as a Consequence of insufficient funds.

EXPOSURE

Average terms to maturity of outstanding loans, size of programme and remaining maturity, nominal SEK (excluding leases).

2019	Currency	Recognised liabilities	Programme size	Average remaining credit time (years)
Shareholder Loan	EUR	1,231	1,231	–
Syndicated stand-by credit line	EUR	5,138	5,138	–
TOTAL BORROWING		6,368	6,368	–

2018	Currency	Recognised liabilities	Programme size	Average remaining credit time (years)
Shareholder Loan	EUR	1,137	1,137	2.3
Syndicated stand-by credit line	EUR	5,687	6,461	2.3
Other bank loans	Miscellaneous	44	–	–
TOTAL BORROWING		6,869	7,598	2.3

Con't. Note 27

COMMENT

At the turn of the year approximately 49 per cent (approx. 48) of the Group's assets were financed with external loans. To reduce financing risk, most of Nynas' known credit requirement was covered by credit facilities and a shareholder loan. Dependence on individual financing sources is actively reduced and a conservative approach on counter parties for placement of any surplus liquidity is applied. For more information see the Board of Directors' report, page 8.

In June 2018 Nynas redeemed the unsecured four-year corporate bond of SEK 1,100 million and at the same time Nynas´ shareholders each provided a three-year shareholder loan of EUR 55 million.

Nynas submitted in December 2018 a request to its lenders, a bank syndicate of 6 banks, to exempt non-recurring sanctions impact when calculating covenants for Q4, 2018. The banks did not respond to this request, instead a waiver was given in April 2019 for testing interest coverage for Q4, 2018. A second request to banks was submitted concerning Q1 2019 covenants, approved by the lenders March 29, 2019, subject to a request for extensive financial reporting. In addition, lenders requested a confirmation of working capital support to Nynas by the shareholders, but no capital support was confirmed.

Towards the end of 2019 the Syndicated Loan was provided under a stand-still agreement. On December 12 the lenders elected not to extend the loan and Nynas AB subsequently filed for reorganization the on December 13.

CURRENCY RISK

Currency risk concerns the fluctuations in exchange rates that, in different ways, affect the result for the year, other comprehensive income, and the company's competitiveness:

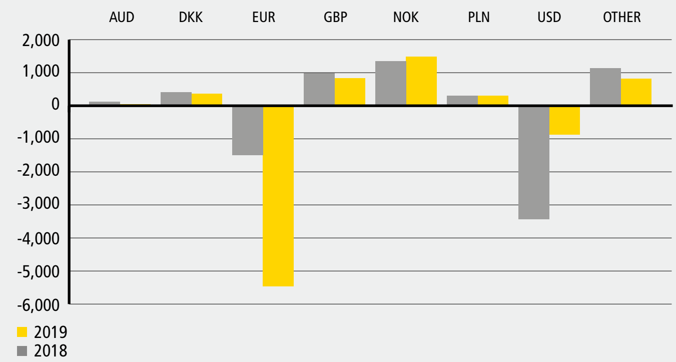
- The result for the year is affected when sales and purchases are denominated in different currencies (transaction risk).
- The result for the year is affected when assets and liabilities are denominated in different currencies (conversion risk).
- The result for the year is affected when subsidiaries' results denominated in different currencies are converted to Swedish kronor (conversion risk).
- Other comprehensive income is affected when subsidiaries' net assets denominated in different currencies are converted to Swedish kronor (conversion risk).

Nynas handles the currency risks occurring in accordance with the descriptions given in the following sections. Due to limited availability of credit facilities, the currency risk has been hedged with futures contracts to lesser extent than previous years.
On December 31, 2019 Nynas AB had no outstanding currency futures contracts.

CURRENCY RISK TRANSACTION RISK

Nynas' transaction exposure, i.e. the Group's net currency flows, amounted to SEK -2 319 million in 2018 (-601).

EXPOSURE



COMMENT, TRANSACTION RISK

Nynas has significant foreign currency payments, primarily in USD, EUR and NOK. For example, the Group buys crude oil in EUR and sells products primarily in EUR but also in SEK and in other local currencies, and is thereby exposed to fluctuations in exchange rates. It is in the nature of the oil industry that changes in exchange rates are passed on in the prices charged to customers. This reduces the currency risk, albeit with a certain time lag. This also applies to Nynas.

Cont. Note 27

CURRENCY RISK CONVERSION RISK

The equity of Nynas' foreign subsidiaries must not normally entail any significant conversion risk as the objective is to balance the subsidiary's assets and liabilities in foreign currencies. The result of a foreign subsidiary is converted to Swedish kronor on the basis of the average exchange rate for the period in which the result was achieved, which means that the Group's result is exposed to conversion risk.

The net assets, i.e. usually the subsidiary's own capital, are converted to Swedish kronor at the exchange rate on the balance sheet date.

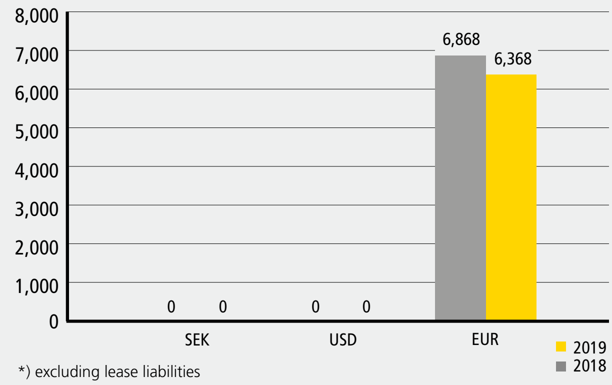
On December 31 the Group's net assets in subsidiaries denominated in foreign currency totalled SEK 46 million (SEK 3,250 million).

EXPOSURE

Net assets in foreign currency, SEK million.

NET ASSETS IN FOREIGN CURRENCY	2019	2018
GBP	847	909
CHF	3	3
USD	161	155
SGD	285	268
BRL	19	47
PLN	23	14
DKK	8	5
NOK	84	123
EUR	2,398	2,404
Övriga	-3,728	-678
TOTAL	**46**	**3,250**

The Group's borrowing by currency *



*) excluding lease liabilities

COMMENT, CONVERSION RISK

In order to avoid conversion risk in the subsidiaries' balance sheets they are financed in the local currency via the internal bank. The currency risk incurred by the internal bank as a consequence is handled with the help of various derivatives, in order to minimise the conversion risk. Nynas' policy is in significant respects to hedge net assets in foreign subsidiaries, excluding the tax effect. Forward foreign exchange contracts and equity loans are predominantly used to hedge net assets. Any impairment is recognised in the result of the year.

CURRENCY RISK CURRENCY SENSITIVITY

In order to gain the full picture of how currency fluctuations affect the Group's operating result, consideration should be taken to both the transaction risk and the subsidiaries' operating results in the respective currencies, and the actual hedging. The Group's other comprehensive income has a currency exposure that relates to the size of the net assets. In addition to the net assets, other comprehensive income is affected by currency risk since certain derivative contracts are subject to hedge accounting, which entails that the changes in the market value of these contracts are carried directly to other comprehensive income, instead of to the result for the year.

EXPOSURE

The most obvious exposure is in the inventory. The value of the specific inventory varies with the dollar price and in 2019 the inventory value on average was approximately SEK 4,902 million (4,541), with the main part in Nynas AB. A currency fluctuation in the SEK/USD rate by SEK 0.10 would therefore affect the result by approximately +/- SEK 49 million.

NOTES

Cont. Note 27

COMMENT, CURRENCY SENSITIVITY

Defined currency exposure can be hedged with currency futures contracts. Due to limited availability of credit facilities, the currency risk has been hedged to lesser extent than previous years.

On December 31, 2019 Nynas AB had no outstanding currency futures contracts.

INTEREST RATE RISK

Interest rate risk is the risk that changes in market interest rates that will adversely affect the Group's net interest income. How quickly an interest rate change affects net interest depends on the liabilities' fixed interest period. Nynas measures the interest rate risk as the change in the next 12 months on a 1 per cent change in interest rates.

EXPOSURE

At the close of the financial year varying rate borrowing totalled SEK 6,486 million (6,868) including lease liability. A 1 per cent change in interest rates would therefore change the pre-tax profit/loss by +/- SEK 65 million (69).

Fixed interest rate and fixed interest periods, SEK million.	**Excluding effects of derivatives**		**Including effects of derivatives**		
2019	**Effective interest rate, %**	**Fixed interest period, month**	**Effective interest rate, %**	**Fixed interest period, month**	**Recognised liabilities**
Shareholder Loan	6.1	16	6.1	16	1,231
Syndicated stand-by credit line	5.5	1	5.5	1	5,138
Other bank loans	–	–	–	–	–
Interest rate swaps	–	1	–	1	–
TOTAL BORROWING	**5.6**	**4**	**5.6**	**4**	**6,369**
2018					
Shareholder Loan	6.1	28	6.1	28	1,137
Syndicated stand-by credit line	4.6	2	4.6	2	5,687
Other bank loans	4.6	1	4.6	1	44
Interest rate swaps	–	–	0.4	18	–
TOTAL BORROWING	**4.8**	**6**	**5.0**	**14**	**6,868**

COMMENT, INTEREST RATE RISK

The Group's interest rate risk arises mainly from borrowing. Nynas' policy is that average fixed interest period for the Group's debt portfolio should be between 6 and 36 months Interest rate swap agreements can be used to achieve the targeted fixed interest periods. As the table shows, the average fixed interest period for Nynas' borrowing was 4 months (14) at the close of the financial year, taking due account of the derivatives used. The Group's average interest rate, including other loans and the effects of interest rate swap agreements, was 5.6 per cent (5.0 2018). Hedge accounting is applied when there is an effective link between hedged loans and interest rate swaps. Changes in market interest rates can therefore also affect other comprehensive income. Loans in foreign currency can be hedged with currency interest rate swaps, which are classified as cash flow hedges. The derivatives that are cash flow hedges are subject to terms that match those of the loans, so that the cash flow effects of the loans and derivatives occur in the same period and cancel each other out. Changes in the fair value of cash flow hedges are recognised directly in other comprehensive income. Any impairment is recognised in the result for the year.

CREDIT RISK

The Group's commercial and financial transactions entail credit risks in relation to Nynas' counterparties. Credit risk or counterparty risk is the risk of losses if the counterparty defaults on its obligations.

The credit risk to which Nynas is exposed can be divided into two categories:

- Financial credit risk
- Credit risk in accounts receivable

EXPOSURE

SEK MILLION	**2019**	**2018**
Accounts Receivable	1,502.0	1,323.8
Cash and cash equivalents	1,696.0	844.5
Non-realised gains and losses on derivatives	1.5	463.8
TOTAL	**3,199.5**	**2,632.1**

NOTES

Con't. Note 27

COMMENT, CREDIT RISK

With regard to the financial credit risk, Nynas has concluded an agreement with the Company's most important banks concerning, among other things, the right to set off assets and liabilities arising as a consequence of financial transactions, called an ISDA agreement. This entails that the Company's counterparty exposure to the financial sector is limited to the non-realised positive and negative result occurring in derivative contracts. At the close of the financial year the current net value of these contracts totalled SEK 2 million (462) and approximatly 0 per cent (80) of the outstanding value was secured through margin call since allmost all open derivatives at the end of the year was closed due to the reorganisation.

Via its ongoing sales Nynas is exposed to credit risk in outstanding accounts receivable. This risk is reduced with the help of credit insurance. The terms of the credit insurance require well-established routines to determine credit limits, follow-up and reporting of late payments. There are established internal routines to determine limits that are not granted by the insurance company. No deliveries take place before a limit has been approved. On average, approximately 75 per cent of outstanding accounts receivable are covered by credit insurance. Historically, losses on accounts receivable have, on an overall basis, been low. The total gross value of outstanding accounts receivable as of December 31 was SEK 1,660 million (1,324). These were written down by a total of SEK -158 million (-15). Age analyses of accounts receivable as of December 31 are presented in Note 18.

COMMODITY PRICE RISK

Nynas' financial risks on commodities are mainly crude oil price, fixed price agreements and electricity. The price risk on this is normally to an extent hedged by taking out financial contracts.

The oil price fluctuated during the year from an initial month-average Brent price of USD 60/bbl, to a high of USD 71/bbl in April and USD 67/ bbl at year-end.

EXPOSURE

The Group purchases crude oil at current market price. It is in the nature of the oil industry that changes in world market prices for oil are passed on in the prices charged to customers, which reduces the oil price risk, albeit with a certain time lag. This also applies to Nynas.

Average terms to maturity of outstanding loans, size of programme and remaining maturity, nominal SEK (excluding leases).

	Inventory volume, ktonnes per month		Inventory value, SEK million per month	
	2019	**2018**	**2019**	**2018**
January	1,165	989	5,334	3,929
February	1,182	1,000	5,392	4,075
March	1,174	1,146	5,399	4,551
April	1,166	1,107	5,428	4,536
May	1,090	1,037	5,225	4,546
June	1,104	974	5,182	4,490
July	948	1,021	4,687	4,838
August	896	972	4,414	4,849
September	1,038	918	4,831	4,757
October	900	804	4,298	4,395
November	908	851	4,237	4,526
December	912	1,043	4,396	5,004
AVERAGE	**1,040**	**989**	**4,902**	**4,541**

COMMENT, COMMODITY PRICE RISK

Inventory of oil products totalled 912 ktonnes at the close of the financial year (1,043 ktonnes). A USD 20 tonne price change would thus affect the profit/loss by approximately +/- SEK 193 million. Nynas' risk policy stipulates that a large proportion of the inventory should be hedged with financial contracts. Due to limitations of available credit lines, the oil price risk has been hedged to a lesser extent than previous years. On December 31, 2019 Nynas AB had no outstanding oil forwards contracts. At the end of the year 0 ktonnes (469) were classified as hedge accounting and 0 ktonnes (0) were not classified as hedge accounting, with a total mark-to-market valuation of SEK 0 million (500). Nynas also concludes fixed price contracts with customers. These fixed price contracts are hedged with oil price swaps and are classified as hedge accounting.

At year-end the fixed price hedging totalled 0 ktonnes (118) and the mark-to market valuation of the derivative contracts was SEK 0 million (-19).

Note 28. Derivatives and hedging

The table below show the fair value of all outstanding derivatives grouped by their treatment in the financial statement:

	2019		2018	
DERIVATIVES AND HEDGING	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Cash flow hedges				
Currency forwards	–	–	4.0	–
Oil price forward	–	–	499.7	19.1
TOTAL	–	–	503.7	19.1
Hedging of net investments				
Currency forwards	–	–	17.3	1.4
TOTAL	–	–	17.3	1.4
Other derivatives - changes in fair value recognised in income statement				
Interest rate swaps, finance net	1.5	–	1.9	0.7
Currency forwards, currency swaps finance net	–	–	12.2	65.0
Oil price swaps, costs of goods sold	–	–	16.8	–
TOTAL	1.5	–	30.9	65.7
TOTAL DERIVATIVES	1.5	–	551.9	86.2

CALCULATION OF FAIR VALUE

Oil and currency forwards and interest rate swaps are measured at fair value based on observed forward prices for contracts with equivalent maturities at the balance sheet date.

CASH FLOW HEDGES

For the hedges of highly probable forecast sales and purchases, as the critical terms (i.e. the notional amount, life and underlying) of the forward foreign exchange and oil contracts and their corresponding hedged items are the same, Nynas performs a qualitative assessment of effectiveness and it is expected that the value of the forward contracts and the value of the corresponding hedged items will systematically change in opposite direction in response to movements in the underlying oil price and exchange rates. Nynas applies hedge accounting to derivatives instruments used in the risk management activities relating to oil and currency price risk, see further note 27.

All derivatives are classified as hedging instruments in cash flow hedges accounted for at fair value in the balance sheet. Changes in fair value are initially recognised in the hedging reserve in equity and reversed to the income statement when the hedged cash flows are recognised in the income statement. SEK 19.5 (-29.5) million has been recognised in the income statement as a result of ineffective hedging and terminated hedge relationship in 2019. The main source of hedge ineffectiveness in these hedging relationships is the effect of the timing of purchase of inventory, which is not reflected in the fair value of the hedged item attributable to changes in oil price and foreign exchange rates.

No other sources of in effectiveness emerged from these hedging relationships. All expected cash flows that were hedged in 2019 still qualify for hedge accounting.

CHANGE IN HEDGING RESERVES	2019	2018
Opening hedging reserve before tax	419.2	-243.8
Change in value during the year, currency swap	-4.0	-1.3
Change in value during the year, oil forwards	-480.6	719.5
Realised oil hedge parked in equity	-27.7	-55.2
Closing hedging reserves before tax	-93.1	419.2
Deferred tax, hedging reserves	–	-101.5
Closing hedging reserves after tax	-93.1	317.6

Accumulated hedging gains and losses from cash flow hedges which were recognised in the hedging reserve as at December 2018 and are expected to be recovered in the income statement (before tax) are SEK 424.1 million for 2019 and SEK -4.9 million after 2020.

Note 29. Pledged assets and contingencies

	2019	2018
Guarantees	50.7	673.6
Other guarantees and contingent liabilities	4.1	3.8
TOTAL	**54.8**	**677.4**

A future closure of operations within the Group may involve a requirement for decontamination and restoration works. However, this is considered to be well into the future and the future expenses cannot be calculated reliably.

Legal Proceedings

Overview

Nynas conducts domestic and international operations and is occasionally involved in disputes and legal proceedings arising in the course of these operations. These disputes and legal proceedings are not expected to have significant negative impact on Nynas' operating profits or financial position.

Disputes

Tax dispute Nynas UK AB

Nynas UK AB received a decision from the Swedish Tax Authority December 1, 2014 that pensions payments made to Nynas UK Pension Scheme during financial year 2008 do not qualify as pension cost and cannot be seen as tax deductible.

The decision was appealed to the Swedish Administrative Court, and a negative decision by the Administrative Court was received on March 3, 2016.

Nynas appealed the negative decision by the Administrative Court to the Administrative Court of Appeal on April 8, 2016.

Nynas received a negative verdict also from the Administrative Court of Appeal, decision received on December 20, 2017.

Nynas appealed the negative decision by the Administrative Court of Appeal to the Supreme Administrative Court and was granted leave to appeal on June 20, 2018. Supreme Administrative Court ruled in favour of Nynas UK AB in the end of 2019, safeguarding of pension commitment by a UK Trust should not disqualify for treating the pension cost as deductible, therefore the tax provision of 25 MSEK was dissolved during 2019.

Tax disputes, Brazil

Nynas is involved in tax disputes in Brazil relating to IPI (excise tax) and ICMS (state sales tax). The different disputes have been appealed to relevant administrative levels. Nynas assessment is that Nynas will be successful in the outcome of the tax disputes, and has therefore made no provision.

Transformer claim, Dominican Republic

AES Andrés B.V. claimed damages from Nynas companies and others in the amount of 24.9 MUSD and Seguros Universal S.A. claimed damages from Nynas companies and others in the amount of 11.9 MUSD, both relating to the failure of a transformer in December 2008. The lawsuit has been pending since February 2011.

In December 2015 the court of first instance in the Dominican Republic ruled on the merits in favour of Nynas and others. The decision was appealed to the Court of Appeal who rendered a decision on May 5, 2017 affirming the trial court's decision in Nynas' favour. The decision of the court of Appeal was appealed to the Supreme Court by the plaintiffs and has been pending for over two years.

There is limited economical effect on Nynas as the claim is covered by insurance.

Shell Bitumen cartel

In relation to the bitumen cartel in the Netherland in which Nynas was fined in 2006, Shell was sued by a former bitumen customer and filed recourse actions against Nynas and others. Settlement has been reached by all parties involved.

Bitumen cartel, Netherlands

In May 2019 Nynas received a claim from the Dutch State holding Nynas jointly and severally liable for damages the Dutch State alleges to have suffered in relation to the bitumen cartel in which Nynas was fined in 2006, in the amount of EUR 25 036 869 plus statutory interest accrued totaling EUR 62 352 057. Nynas has responded it contests liability for any damages alleged by the Dutch State.

Note 30. Related party disclosures

Information on remuneration of the Board and key management personnel can be found in note 5.

Petroleos de Venezuela S.A. (PdVSA) from May 6, 2020 indirectly holds approximately 14,999 per cent (previously approximately 50,001 per cent) of the shares in Nynas AB. Nynas has until October 17, 2019 acquired crude deriving from oil wells in Venezuela, in which PdVSA has an interest. PdVSA is not a contractual party to Nynas but has been acting trade agent on behalf of a crude supplier.

Purchased crude during 2019 amounts to SEK 4 617 million and the outstanding principal debt to the crude supplier, as per 31 December 2019, is approximately EUR 323 million (excluding accrued interest).

	2019	2018*
Purchases, crude	–	–
Purchases, base oils	–	52.2
Sales revenue	6.5	42.1
Shareholder loan	615.2	568.6
Accounts receivable	–	78.9
Accounts payable	–	–

* 2018 numbers have been corrected.

Neste Oyj (Neste) is the ultimate owner of 50 per cent of the shares in Nynas AB. The Nynas Group purchases bitumen and other oil products from Neste. Nynas sells fuel and services to Neste. All transactions are conducted at current market prices.

	2019	2018
Purchases, bitumen	739.1	887.6
Purchases, base oils	24.6	43.6
Purchases, fuel/distillates	0.0	0.1
Purchases, leasing/services	36.8	4.1
Sales revenue	657.8	687.2
Shareholder loan	615.2	568.5
Accounts receivable	0.5	0.5
Accounts payable	7.5	45.7

Eastham Refinery Ltd (ERL) acts as a tolling unit and the ownership of crude, bitumen and destillates remains within Nynas UK AB. Nynas UK AB pays a tolling fee to ERL for this service based on a contractual price. Nynas UK AB also provides administration and weighbridge operation services to ERL, which are charged at cost.

NYNAS UK AB	2019	2018
Purchases, leasing/services	150.3	147.6
Service revenue	3.8	3.5
Accounts receivable	0.4	0.3
Accounts payable	10.3	11.9

Note 31. Supplementary information to the cash flow statement

	2019	2018
NON CASH ITEMS		
Share of profit/loss of associates and joint ventures	-24.2	-24.3
Dividends assoociates	–	1.4
Depreciation and impairment of assets	1,856.4	657.5
IFRS 16 Leasing effect	35.6	0.0
Unrealised exchange differences and oil forward contracts	15.3	43.9
Provisions for pensions	50.4	51.2
Other provisions	-4.2	-35.2
TOTAL	**1,929.3**	**694.4**

	2018	Proceeds from borrowings	Amorti-sation	Exchange rate differences	Non cash changes	2019
Long term borrowings	6,567.7	–	–	–	-6,567.7	–
Short term borrowings	300.9	419.5	-921.6	1.5	6,567.7	6,368.0
TOTAL LIABILITIES FROM FINANCING ACTIVITIES	**6,868.6**	**419.5**	**-921.6**	**1.5**	**0.0**	**6,368.0**

	2017	Proceeds from borrowings	Amorti-sation	Exchange rate differences	Non cash changes	2018
Long term borrowings	3,829.7	2,994.4	–	–	-256.4	6,567.7
Short term borrowings	1,349.6	–	-1,305.1	–	256.4	300.9
TOTAL LIABILITIES FROM FINANCING ACTIVITIES	**5,179.3**	**2,994.4**	**-1,305.1**	**–**	**–**	**6,868.6**

Note 32. Significant events after the fiscal year

- On January 7, 2020, the Banks produced an additional unilateral set-off statement and approximately SEK 0.3 billion standing to the credit on some of Nynas AB's accounts held by the Banks was applied towards partial payments of the Bank's receivables.
- On January 24, 2020, the Court decided at the Creditor meeting that the reorganization should continue according to plan until March 13, 2020.
- On March 20, 2020, the Court approved an extension of Nynas company reorganisation for another three months, until June 15.
- On March 31, 2020, the shareholders converted the outstanding shareholder loan of EUR 119 million to equity.
- On April 3, 2020, OFAC extended the General License GL 13E until May 14, 2020.
- On May 12, 2020, OFAC announced that Nynas is no longer being blocked pursuant to the Venezuela Sanctions Regulations. As a result of a corporate restructuring of the ownership of Nynas AB sanctions are lifted, and US persons and companies no longer require an authorization from OFAC to engage in transactions or activities with Nynas AB. As a consequence, general license GL 13E was removed.
- On May 29, 2020, the Company has agreed with the major creditors; the banks and the largest crude supplier to extend the maturity of their receivables until June 30, 2021.
- On May 29, 2020, the board of Nynas AB (the "Company") resolved to prepare a second control balance sheet based on going concern value and have it reviewed the Company's auditor.
- On May 29, 2020 a second shareholders control meeting was held that decided to continue business operations.
- On June 15, 2020, the Court approved an extension of Nynas company reorganisation for another three months, until September 15, 2020.
- During 2020, the effects of Covid-19 have had a significant negative impact on the Company's ongoing business operations mainly related to reduced sales volumes and production at the ERL refinery. If the Covid-19 effects continues for a long period of time, the effects of it would continue to have a negative impact on the Group's operations, financial position and earnings and it may become more difficult to raise capital, obtain loans or other financings or service existing debt.
- On May 29, 2020, Nynas AB booked impairment losses in the ordinary accounting as per 2020-03-31 of SEK 694 million related to tangible assets (based on a WACC of 9 per cent). An impairment gain of SEK 800 million was adjusted for in the control balance sheet dated May 29, 2020 related to investments in subsidiaries.
- On May 29, 2020, Nynas AB booked impairment losses in the ordinary accounting as per 2020-03-31 of 328 MSEK due to significant decrease in crude oil prices compared to December 2019.

Notes to the financial statements – Parent Company

Note 33. Information by geographical market and sales revenues

SALES REVENUES BY GEOGRAPHICAL MARKET	2019	2018
Sweden	2,017.5	1,896.6
Rest of Nordics	3,349.8	3,734.3
Rest of Europe	6,904.9	6,635.9
Americas	832.2	787.0
Other	1,600.2	2,002.3
TOTAL	**14,704.5**	**15,056.3**

TOTAL ASSETS BY GEOGRAPHICAL MARKETS	2019	2018
Sweden	12,329.0	12,663.7
TOTAL	**12,329.0**	**12,663.7**

PURCHASES AND SALES GROUP COMPANIES		
Purchases, %	5	5
Sales, %	24	25

Note 34. Costs itemised by nature of expense

	2019	2018
Raw materials	11,229.9	10,874.6
Transport and distribution costs	1,683.9	1,717.5
Manufacturing expenses	1,081.4	1,670.7
Costs for employee benefits (note 36)	460.8	477.1
Depreciation, amortisation, impairment (notes 43,44)	376.8	384.9
Other income and value changes	16.8	-42.2
Other expenses	553.1	293.6
TOTAL	**15,402.7**	**15,376.2**

During 2019 no realised gains and losses from cash flow hedges (oil) were re-classified to raw materials in the Income statement.

Other income and value changes consists of unrealized gain and losses from oil and currency derivatives of -16,8 (42,2).

NOTES

Note 35. Other operating income and expenses

	2019	2018
OTHER OPERATING INCOME		
Exchange gains on operating receivables/liabilities	272.4	275.9
Other service revenue	14.7	13.7
TOTAL	**287.1**	**289.7**
OTHER OPERATING EXPENSES		
Exchange losses on operating receivables/liabilities	-287.8	-272.9
TOTAL	**-287.8**	**-272.9**

Note 36. Employees, personnel expenses and remuneration of senior executives

The average number of employees, with wages, salaries, other remuneration, social security contributions and pension costs, is shown in the tables below.

	2019			2018		
AVERAGE NUMBER OF EMPLOYEES	**Men**	**Women**	**Total**	**Men**	**Women**	**Total**
PARENT						
Sweden	327	145	472	329	138	467
TOTAL PARENT	**327**	**145**	**472**	**329**	**138**	**467**

WAGES, SALARIES AND SOCIAL SECURITY CONTRIBUTIONS	**Senior Executives (8 individuals)**	**Other Employees**	**Total**	**Senior Executives (7 individuals)**	**Other Employees**	**Total**
PARENT						
Sweden						
Salaries and other benefits	14.2	285.9	300.2	18.5	294.3	312.8
(of which bonuses)	0.4	6.5	6.9	3.1	6.9	10.0
Social security contributions	10.0	150.6	160.6	13.1	151.2	164.3
(of which pension costs)	5.5	51.3	56.8	6.2	47.0	53.2
TOTAL PARENT	**24.3**	**436.5**	**460.8**	**31.6**	**445.5**	**477.1**

GENDER DISTRIBUTION IN MANAGEMENT PARENT	**2019**	**2018**
Board, female rep., %	41.2	22.2
Executive Board, female rep., %	22.2	12.5

See note 5 as regards to remuniration to senior executives and CEO.

Note 37. Depreciation and amortisation of tangible and intangible assets

	Intangible		Tangible	
DEPRECIATION AND AMORTISATION BY FUNCTION	**2019**	**2018**	**2019**	**2018**
Cost of sales	3.2	3.2	334.2	338.3
Distribution costs	0.7	0.7	14.9	16.1
Administrative expenses	17.8	21.0	5.9	8.0
TOTAL	**21.8**	**24.9**	**355.0**	**362.4**

DEPRECIATION AND AMORTISATION BY TYPE OF ASSET	**2019**	**2018**
Computer software	21.8	24.9
Buildings	8.8	13.0
Land improvements	4.1	5.1
Plant and machinery	318.4	319.0
Equipment	23.7	25.3
TOTAL	**376.8**	**387.3**
Difference between recognised depreciation and regular depreciation:	–	–
TOTAL RECOGNISED DEPRECIATION	376.8	387.3

Note 38. Auditors' fees and other remuneration

AUDIT FEES	**2019**	**2018**
ERNST & YOUNG AB		
Annual audit	2.9	2.7
Other audit services	6.2	0.3
Tax advicory service	2.5	2.2
Other services	1.3	–

Note 39. Fees for operating leases

PAYMENTS UNDER NON-CANCELLABLE OPERATING LEASES	**2019**	**2018**
Payments during the financial year	213.6	272.6
AGREED FUTURE PAYMENTS		
Within one year	205.2	202.2
2–5 years	794.6	713.7
6 years and thereafter	228.1	397.4

At end of 2019 Nynas AB had one bitumen carrier on bareboat, one bitumen carrier on time charter and two special oil carriers on time charters.

The Parent Company does not have any material agreements classified as finance leases.

NOTES

Note 40. Net financial items

	2019	2018
Interest income, bank deposit[1]	20.9	2.7
Interest income, derivative instruments (actual interest rates and changes in value)	1.7	15.1
Sales and liquidation of shares in subsidaries	0.2	–
Dividends from Group companies	365.8	214.5
TOTAL FINANCE INCOME	**388.6**	**232.3**
Of which total interest income attributable to items carried at amortised cost	20.9	2.7
Interest expense, loans and bank overdrafts[2]	-385.9	-338.4
Interest expense, derivative instruments (actual interest rates and changes in value)	-10.1	-17.5
Interest expense, interest bearing accounts payable	-174.2	–
Interest expense, PRI pension obligations	-7.9	-7.3
Net exchange differences	-222.1	-233.4
Impairment of shares in subsidiary	–	–
Other finance costs	-115.8	-77.1
TOTAL FINANCE COSTS	**-915.9**	**-673.6**
Of which total interest expense attributable to items carried at amortised cost	-568.0	-345.7
TOTAL NET FINANCIAL ITEMS	**-527.3**	**-441.3**

1) Parent's interest income from Group companies is 1.7 (0.8)
2) Parent's interest expense to Group companies is -0.5 (-1.7)

Note 41. Appropriations

APPROPRIATIONS	2019	2018
Difference between recognised depreciation and regular depreciation	–	0.2
Group Contribution	-0.3	-0.3
TOTAL	**-0.3**	**-0.1**
UNTAXED RESERVES		
Accumulated accelerated depreciation	–	4.2
Inventory obsolescence reserve	–	–
TOTAL	**0.0**	**4.2**

Note 42. Taxes

	2019	2018
Current tax	–	–
Current tax, prior years	0.1	0.2
Deferred tax	-42.4	-134.2
TOTAL	-42.2	-134.0

Tax on the Parent Company's profit before tax differs from the theoretical figure that would have resulted from a weighted average rate for the results in the consolidated companies as follows:

	2019	2018
Result before tax	-1,226.5	-744.5
Tax according to Parent Company's applicable tax rate	262.5	163.8
Tax effect of:		
Dividends from subsidiaries	78.3	47.2
Change in valuation of deferred tax assets	-14.0	–
Other non-deductible expenses	-69.2	0.0
Other non-taxable income	23.2	14.1
Effect of future changed coporate income tax in Sweden	0.0	-14.3
Increase and change in loss carry-forwards without corresponding capitalisation of deferred tax	-323.0	-345.7
Other	–	0.9
Recognised tax expense	**-42.2**	**-134.0**
Standard rate of income tax, %	21.4	22.0
Effective tax rate, %	-3.4	-18.0

DEFERRED TAX ASSETS AND LIABILITIES	Assets		Liabilities		Net	
	2019	2018	2019	2018	2019	2018
Other operating receivables/liabilities	0.0	42.1	0.3	97.6	-0.3	-55.5
Tax loss carryforwards	–	14.0	–	–	–	14.0
TOTAL	0.0	56.1	0.3	97.6	-0.3	-41.5

CHANGE IN DEFERRED TAX ON TEMPORARY DIFFERENCES DURING YEAR	Opening balance	Recognised in income statement	Recognised directly in equity	Exchange differences	Closing balance
Other operating receivables/liabilities	-55.5	-28.4	83.6	–	-0.3
Tax loss carryforwards	14.0	-14.0	–	–	–
TOTAL	-41.5	-42.4	83.6	–	-0.3

Tax losses in the parent company are from fiscal year 2013-2019.

Note 43. Intangible assets

2019	Goodwill	Computer software	Other intang. assets/trademarks	Total intangible assets
Opening cost	14.2	468.0	1.5	483.7
Acquisitions	–	10.4	–	10.4
Reclassifications	–	7.3	–	7.3
CLOSING COST	**14.2**	**485.5**	**1.5**	**501.2**
Opening regular depreciation	-10.9	-375.9	-1.5	-388.3
Amortisation for the year	–	-21.8	–	-21.8
CLOSING REGULAR DEPRECIATION	**-10.9**	**-397.7**	**-1.5**	**-410.1**
Opening impairment	-3.3	-26.7	–	-30.0
CLOSING IMPAIRMENT	**-3.3**	**-26.7**	**–**	**-30.0**
CLOSING RESIDUAL VALUE	**0.0**	**61.2**	**0.0**	**61.2**

2018	Goodwill	Computer software	Other intang. assets/Trademarks	Total intangible assets
Opening cost	14.2	447.2	1.5	462.9
Acquisitions	–	-0.6	–	-0.6
Reclassifications	–	21.5	–	21.5
CLOSING COST	**14.2**	**468.0**	**1.5**	**483.7**
Opening regular depreciation	-10.9	-350.9	-1.5	-363.3
Depreciation for the year	–	-24.9	–	-24.9
CLOSING REGULAR DEPRECIATION	**-10.9**	**-375.9**	**-1.5**	**-388.3**
Opening impairment	-3.3	-26.7	–	-30.0
CLOSING IMPAIRMENT	**-3.3**	**-26.7**	–	**-30.0**
CLOSING RESIDUAL VALUE	**0.0**	**65.5**	**0.0**	**65.5**

Note 44. Tangible assets

2019	Buildings	Plant and machinery	Equipment	Construction in progress	Total tangible assets
Opening cost	376.2	6,486.6	332.2	233.9	7,428.9
Acquisitions	0.3	336.6	0.6	122.6	460.1
Disposals	–	–	–	–	–
Reclassifications	2.0	120.5	2.4	-132.1	-7.3
CLOSING COST	**378.4**	**6,943.7**	**335.2**	**224.5**	**7,881.8**
Opening regular depreciation	-175.2	-4,277.4	-233.0	–	-4,685.6
Depreciation for the year	-12.9	-318.4	-23.7	–	-355.0
CLOSING REGULAR DEPRECIATION	**-188.1**	**-4,595.7**	**-256.7**	**–**	**-5,040.6**
CLOSING RESIDUAL VALUE	**190.3**	**2,348.0**	**78.4**	**224.5**	**2,841.2**
Opening impairment	0.0	-24.9	0.0	-13.3	-38.2
CLOSING IMPAIRMENT	0.0	-24.9	0.0	-13.3	-38.2
CLOSING RESIDUAL VALUE	**190.3**	**2,323.1**	**78,424**	**211.2**	**2,802.9**
Of which carrying amount, Sweden	190.3				

2018	Buildings	Plant and machinery	Equipment	Construction in progress	Total tangible assets
Opening cost	371.9	6,274.5	310.8	247.1	7,204.4
Acquisitions	1.9	36.6	7.9	202.1	248.4
Disposals	–	–	-0.1	–	-0.1
Reclassifications	2.4	175.5	13.5	-215.3	-23.9
CLOSING COST	**376.2**	**6,486.6**	**332.2**	**233.9**	**7,428.9**
Opening regular depreciation	-156.9	-3,959.4	-209.3	–	-4,325.7
Disposals	–	–	0.1	–	0.1
Depreciation for the year	-18.3	-318.0	-23.8	–	-360.0
CLOSING REGULAR DEPRECIATION	**-175.2**	**-4,277.4**	**-233.0**	0.0	**-4,685.6**
CLOSING RESIDUAL VALUE	**201.0**	**2,209.2**	**99.1**	**233.9**	**2,743.3**
Opening impairment	–	-24.9	–	-13.3	-38.2
CLOSING IMPAIRMENT	–	-24.9	–	-13.3	-38.2
CLOSING RESIDUAL VALUE	**201.0**	**2,184.3**	**99.1**	**220.6**	**2,705.0**
Of which carrying amount, Sweden	201.0				

Accumulated accelerated depreciation is accounted for under untaxed reserves in the Parent Company.

Note 45. Shares in group companies

	2019	2018
Opening cost	2,876.9	2,876.9
Contribution in cash	–	–
Liquidation	-0.3	–
Impairment of shares in subsidary	–	–
CLOSING COST	**2,876.6**	**2,876.9**

List of Group Companies, see note 14.

Note 46. Inventories

	2019	2018
Raw materials	1,093.2	1,462.4
Semi-finished products	525.7	517.9
Finished products	1,914.7	2,064.1
TOTAL	**3,533.6**	**4,044.4**

Amounts relating to impairment losses on inventories are reported under costs of goods sold and are SEK 0 (0) million.

Inventories are stated at the lower of cost and net realisable value, with due consideration of obsolenscence.

Impairment of inventory value per end of 2019 have been done, no need for write down exists.

Note 47. Accounts receivable

	2019			2018		
	Gross	Loss allowance	Net carrying amount	Gross	Loss allowance	Net carrying amount
Current receivables	536.1	-0.3	535.8	455.5	-0.2	455.2
Past due 1–30 days	138.7	-9.5	129.1	136.6	-0.2	136.4
Past due 31–90 days	95.6	-39.0	56.6	31.3	-0.1	31.1
Past due 91–180 days	9.6	-1.4	8.2	44.9	-2.4	42.6
Past due 181–360 days	18.0	-12.7	5.2	45.4	-0.6	44.7
Past due over 360 days	66.6	-68.3	-1.7	4.1	-3.5	0.6
Bankrupcy	–	-3.0	-3.0	–	–	–
TOTAL ACCOUNTS RECEIVABLES	**864.5**	**-134.3**	**730.2**	**717.7**	**-7.0**	**710.7**

Performance obligation

Revenue is recognized when control passes to the customer. A customer obtains control when they have the ability to direct the use of the asset (goods / products) and to obtain substantially all of the benefits embodied in the same. In most cases this will be the same point in time as when risks and rewards passes and therefore there will be no change in the timing of revenue recognition.

Factoring

The Group have applied factoring for a limited part of the invoicing. At year-end 2019, the part used as Factoring is approximately 14 percent and has been accounted for as off balance sheet.

Loss allowance

Nynas has moved from an incurred loss model to an expected loss model with an earlier recognition of impairment. Nynas applies the simplified approach for trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The average credit period on sales of goods is 30,5 days. No interest is charged on outstanding trade receivables. Nynas always measure the loss allowance for trade receivables at an amount equal to lifetime ECL. The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over 365 days past due, whichever occurs earlier.

Accounts receivable not covered by insurance amounts to 24 % during end of 2019 (23 %). Since approx. 75 % of all sales in the group during the year is covered by the credit insurance Nynas AB will only determine an expected credit loss model on sales that is uninsured.

NOTES

Note 48. Prepayments and accrued income

	2019	2018
Rent	4.8	2.3
Charter hire	37.2	38.7
Pension premiums	5.1	5.1
Software licences	12.3	9.3
Prepayment crude purchase	171.7	–
Other prepayments	50.2	26.0
TOTAL	**281.3**	**81.3**

Note 49. Cash and cash equivalents

	2019	2018
Cash and bank balances	731.5	463.7
Restricted cash	–	–
CASH AND CASH EQUIVALENTS RECOGNISED	**731.5**	**463.7**

The Parent Company's cash & cash equivalents comprise its deposits in the Group's common bank accounts and its own bank accounts.

Note 50. Equity

DISTRIBUTION OF SHARE CAPITAL	2019	2018
CHANGE IN TOTAL NUMBER OF SHARES		
Opening number	67,532	67,532
Change during the year	0	0
CLOSING NUMBER	**67,532**	**67,532**

	2019		2018	
CLASS OF SHARE	Number of shares	%	Number of shares	%
Class A	33,765	50	33,765	50
Class B	33,767	50	33,767	50
TOTAL	**67,532**	**100**	**67,532**	**100**

Restricted reserves

Restricted reserves may not be reduced by distribution of dividends.

Unrestricted equity

Retained earnings comprises the previous year's unrestricted equity after transfers to the statutory reserve and dividend payments. Retained earnings, net profit for the year and the fair value reserve (if applicable) constitute total unrestricted equity, in other words the amount available for distribution to shareholders.

For more information see page 38, Corporate Governance.

Proposed distribution of profit

The Board proposes that the available profits of SEK 191,634,137 in the Parent Company be distributed as follows:

Total dividend	0
Carried forward	191,634,137
SEK	191,634,137

Note 51. Provisions for pensions

The Parent Company's employees, former employees and their survivors may be covered by defined contribution and defined benefit plans relating to post-employment benefits. The defined benefit plans cover retirement pension, survivor's pension and healthcare.

The obligation reported in the balance sheet is derived from the defined benefit plans. The plans are covered by a re-insured provision in the balance sheet and by pension benefit plans and funds. The calculations are based on the projected unit credit method using the assumptions shown in the table below.

The main differences from IAS 19 relate to determination of the discount rate and the fact that the defined benefit obligation is based on the present salary level, without taking into account future salary increases, and that all actuarial gains and losses are recongnised immediately in profit or loss. Defined benefit pension plans are calculated by an independent external actuary.

In the case of a multi-employer defined benefit plan, sufficient information cannot be obtained to calculate the Parent Company's share in this plan, and the plan has been reported as a defined contribution plan. In the Parent Company's case, this relates to the ITP pension plan which is administered via Collectum. However, the majority of the Swedish plan for salaried employees (ITP) is funded by pension provisions, which are covered by credit insurance with Försäkringsbolaget Pensionsgaranti (FPG) and managed by a Swedish multi-employer institution, Pensionsregistreringsinstitutet (PRI).

The Parent Company's forecast payment of pensions in relation to defined benefit plans, both funded and unfunded, amounts to SEK 7.8 (7,4) million for 2019.

The Parent Company's provisions for pensions mainly consist of ITP, and are covered via Försäkringsbolaget Pensionsgaranti (FPG) or other insurance institutions. Payments have also been made to endowment insurance policies. The value of these insurance policies at the end of the year was SEK 95.1 (92.2) million, which corresponds to the value of the obligations.

RECONCILIATION OF REVISED PENSION LIABILITY	**2019**	**2018**
Present value of pension obligations, wholly or partly funded	–	–
Fair value of pension benefit plan assets	–	–
Surplus in pension benefit plan	–	–
Present value of obligations relating to unfunded pension plans	205.3	190.5
Unrecognised surplus in pension benefit plan	–	–
NET LIABILITY RECOGNISED	**205.3**	**190.5**

The amount allocated to the pension provision is calculated in accordance with the Swedish Pension Obligations Vesting Act. This method differs from the IFRS project unit credit method, mainly in that it does not take into account expected salary or pension increases; instead, the calculation is based on the salary or pension level on the reporting date. The discount rate according to PRI is 4.0% (4.0%).

CHANGE IN NET DEBT	**2019**	**2018**
Net debt at beginning of year	190.5	180.7
Cost recognised in income statement	22.2	16.7
Pension payments	-7.4	-6.9
NET DEBT AT END OF YEAR	**205.3**	**190.5**

Payments relating to defined benefit plans are expected to amount to SEK 7.4 million in 2019.

PENSION EXPENSE FOR THE PERIOD	**2019**	**2018**
Book reserve pensions	6.9	7.2
Interest expense (calc. discount effect)	7.9	7.3
COST OF BOOK RESERVE PENSIONS	**14.8**	**14.5**
Pensions through insurance:		
Insurance premiums	67.5	58.9
RECOGNISED NET COST ARISING FROM PENSIONS EXCL. TAX	82.3	**73.4**
Dividend tax on pension funds	0.0	0.1
Payroll tax on pension costs	15.5	15.2
PENSION EXPENSE FOR THE YEAR	**97.8**	**88.7**
Percentage return on pension benefit plan assets. %	0.0	0.0

Interest income is reported under net financial items. while other costs are reported under operating expenses.

Note 52. Other provisions

	Provision for environmental obligation	Provision for restructuring	Provision for other obligations	Total
Balance at December 31,2018	152.5	0.0	0.0	152.5
Provisions used during the year	-2.8	0.0	0.0	-2.8
BALANCE AT DECEMBER 31, 2019	**149.7**	**0.0**	**0.0**	**149.7**
of which current	11.1	–	–	11.1
of which non-current	138.6	–	–	138.6

Environmental realted provisions

The provision in Nynäshamn consists of three parts – the Land Farm (SEK 16 million), E2 (SEK 13 million) and J3/J4 (SEK 194 million). See note 23 for description. All costs associated with the remediation project have been calculated using the present value method.

Note 53. Liabilities to credit institutions

In June 2018 Nynas redeemed the unsecured four-year corporate bond of SEK 1,100 million and at the same time Nynas´ shareholders each provided a three-year shareholder loan of EUR 55 million. Towards the end of 2019 the Syndicated Loan was provided under a stand-still agreement. On December 12 the lenders elected not to extend the loan and Nynas AB subsequently filed for reorganization the on December 13.

	2019	2018
LONG-TERM LIABILITIES		
Shareholder loan	–	1,137.1
Loans from credit institutions	–	5,430.6
TOTAL	–	**6,567.7**
CURRENT LIABILITIES		
Shareholder loan	1,230.5	–
Loans from credit institutions	5,137.6	256.4
TOTAL	**6,368.1**	**256.4**
GRAND TOTAL	**6,368.1**	**6,824.1**

NOTES

Con't. Note 53

2019
CURRENT LIABILITIES

Year issued/maturity	Description of loan	Interest, %	Currency	Nominal amount (local currency)	Amounts in SEK millions
Variable-rate loans					
2019/2020	Shareholder loan	6.00	EUR	58.9	615.2
2019/2020	Shareholder loan	6.00	EUR	58.9	615.2
2019/2020	Stand-by credit line (€ 650)	4.50	EUR	491.8	5,137.6
TOTAL					**6,368.1**

2018
LONG-TERM LIABILITIES

Year issued/maturity	Description of loan	Interest, %	Currency	Nominal amount (local currency)	Recognised amounts in SEK million
Variable-rate loans					
2019/2021	Shareholder loan	6.00	EUR	55.4	568.5
2019/2021	Shareholder loan	6.00	EUR	55.4	568.6
2016/2021	Stand-by credit line (€ 650)	4.50	EUR	120.0	1,218.1
2016/2021	Stand-by credit line (€ 650)	4.50	EUR	80.0	812.1
2016/2021	Stand-by credit line (€ 650)	4.50	EUR	110.0	1,116.6
2016/2021	Stand-by credit line (€ 650)	4.50	EUR	80.0	812.1
2016/2021	Stand-by credit line (€ 650)	4.50	EUR	45.0	456.8
2016/2021	Stand-by credit line (€ 650)	4.50	EUR	20.0	203.0
2016/2021	Stand-by credit line (€ 650)	4.50	EUR	75.0	761.3
2016/2021	Stand-by credit line (€ 650)	4.50	EUR	5.0	50.6
TOTAL					**6,567.7**

CURRENT LIABILITIES

Year issued/maturity	Description of loan	Interest, %	Currency	Nominal amount (local currency)	Amounts in SEK million
Variable-rate loans					
2016/2019	Stand-by credit line (€ 650)	4.5	EUR	25.0	256.4
TOTAL					**256.4**

Note 54. Accrued liabilities and deferred income

	2019	2018
Purchases of raw materials, semi-finished and finished goods	1,736.9	784.8
Accrued salaries/holiday pay	79.8	86.7
Accrued interest	192.0	42.2
Shipping costs	42.3	45.5
Accrued investment costs	4.3	46.2
Customer provision	33.3	33.0
Accrued energy costs	11.4	0.0
Other	34.4	3.7
TOTAL	**2,134.3**	**1,042.2**

Note 55. Financial assets and liabilities

See note 26 for a description of the measurement and calculation of fair value.

2019	Derivatives used in hedge accounting	Derivatives held at fair value through income statement	Financial assets valued to amortised cost	Financial liabilities valued to amortised cost	Total carrying amount	Non-financial assets and liabilities	Total balance sheet
Accounts receivable	–	–	730.2	–	730.2	–	730.2
Receivables from Group companies	–	–	1,135.2	–	1,135.2	–	1,135.2
Long-term derivatives	–	1.1	–	–	1.1	–	1.1
Short-term derivatives	–	0.4	–	–	0.4	–	0.4
Other current receivables	–	–	–	–	–	161.6	161.6
Prepaid expenses and accrued income	–	–	–	–	–	266.3	266.3
Cash and cash equivalents	–	–	731.5	–	731.5	–	731.5
FINANCIAL ASSETS	**–**	**1.5**	**2,596.9**	**–**	**2,598.4**	**427.9**	**3,026.3**
Long-term liabilities to credit institutions	–	–	–	–	0.0	–	0.0
Short-term liabilities to credit institutions	–	–	–	6,368.1	6,368.1	–	6,368.1
Long-term liabilities to Group companies	–	–	–	0.2	0.2	–	0.2
Current i-b liabilities to Group companies	–	–	–	76.1	76.1	–	76.1
Current non-i-b liabilities to Group companies	–	–	–	539.6	539.6	–	539.6
Accounts payable	–	–	–	2,323.2	2,323.2	–	2,323.2
Short-term derivatives	–	–	–	–	–	–	–
Other current liabilities	–	–	–	–	–	132.5	132.5
Accrued liabilities and deferred income	–	–	–	1,881.3	1,881.3	253.0	2,134.3
FINANCIAL LIABILITIES	**–**	**–**	**–**	**11,188.5**	**11,188.5**	**385.5**	**11,574.0**

NOTES

Con't. Note 55

2018	Derivatives used in hedge accounting	Derivatives held at fair value through income statement	Financial assets valued to amortised cost	Financial liabilities valued to amortised cost	Total carrying amount	Non-financial assets and liabilities	Total balance sheet
Accounts receivable	–	–	710.7	–	710.7	–	710.7
Receivables from Group companies	–	–	909.7	–	909.7	–	909.7
Long-term derivatives	–	1.9	–	–	1.9	–	1.9
Short-term derivatives	520.9	29.1	–	–	550.0	–	550.0
Other current receivables	–	–	–	–	–	176.4	176.4
Prepaid expenses and accrued income	–	–	–	–	–	81.3	81.3
Cash and cash equivalents	–	–	463.7	–	463.7	–	463.7
FINANCIAL ASSETS	520.9	31.0	2,084.1	–	2,636.0	257.7	2,893.7
Long-term liabilities to credit institutions	–	–	–	6,567.7	6,567.7	–	6,567.7
Short-term liabilities to credit institutions	–	–	–	256.4	256.4	–	256.4
Long-term liabilities to Group companies	–	–	–	0.2	0.2	–	0.2
Current i-b liabilities to Group companies	–	–	–	808.5	808.5	–	808.5
Current non-i-b liabilities to Group companies	–	–	–	365.7	365.7	–	365.7
Accounts payable	–	–	–	612.4	612.4	–	612.4
Short-term derivatives	20.5	65.7	–	–	86.2	–	86.2
Other current liabilities	–	–	–	–	–	488.5	488.5
Accrued liabilities and deferred income	–	–	–	503.4	503.4	538.8	1,042.2
FINANCIAL LIABILITIES	**20.5**	**65.7**	**–**	**9,114.3**	**9,200.5**	**1,027.3**	**10,227.8**

Note 56. Pledged assets and contingencies

	2019	2018
FLOATING CHARGES		
Security for liabilities to credit institutions	–	–
TOTAL	–	–
Securities for Group companies	16,0	124,9
Guarantees	50,7	673,1
Other guarantees and contingent liabilities	4,1	3,8
TOTAL	**70,8**	**801,8**

A future closure of operations within the Group may involve a requirement for decontamination and restoration works. However, this is considered to be well into the future and the future expenses cannot be calculated reliably.

Disputes – for information on ongoing disputes, see note 29 (financial statement for the Group).

Note 57. Related party disclosures

Information on remuneration of the Board and key management personnel can be found in note 5.

Petroleos de Venezuela S.A. (PdVSA) from May 6, 2020 indirectly holds approximately 14,999 per cent (previously approximately 50,001 per cent) of the shares in Nynas AB. Nynas has until October 17, 2019 acquired crude deriving from oil wells in Venezuela, in which PdVSA has an interest. PdVSA is not a contractual party to Nynas but has been acting trade agent on behalf of a crude supplier.

Purchased crude during 2019 amounts to SEK 4 617 million and the outstanding principal debt to the crude supplier, as per 31 December 2019, is approximately EUR 323 million (excluding accrued interest).

	2019	2018*
Purchases, crude	–	–
Purchases, base oils	–	52.2
Sales revenue	6.5	42.1
Shareholder loan	615.2	568.6
Accounts receivable	–	78.9
Accounts payable	–	–

* 2018 numbers have been corrected.

Neste Oyj (Neste) is the ultimate owner of 50 per cent of the shares in Nynas AB. The Nynas Group purchases bitumen and other oil products from Neste. Nynas sells fuel and services to Neste. All transactions are conducted at current market prices.

	2019	2018
Purchases, bitumen	739.1	887.6
Purchases, base oils	24.6	43.6
Purchases, fuel/distillates	–	0.1
Purchases, leasing/services	36.8	4.1
Sales revenue	657.8	687.2
Shareholder loan	615.2	568.5
Accounts receivable	0.5	0.5
Accounts payable	7.5	45.7

Note 58. Supplementary information to the cash flow statement

	2019	2018
Depreciation and impairment of assets	376.8	387.3
Provisions for pensions	14.8	13.2
Other provisions	-2.8	3.3
TOTAL	388.8	403.8

	2018	Proceeds from borrowings	Amortisation	Non cash changes	2019
Long term borrowings, credit institutions and shareholder loan	6,567.7	–	–	-6,567.7	–
Long term borrowings, Group companies	0.2	–	–	–	0.2
Short term borrowings, credit institutions	256.4	465.5	-921.6	6,567.7	6,368.0
Short term borrowings, Group companies	808.5	–	-732.4	–	76.1
TOTAL LIABILITIES FROM FINANCING ACTIVITIES	7,632.8	465.5	-1,654.0	–	6,444.3

	2017	Proceeds from borrowings	Amortisation	Non cash changes	2018
Long term borrowings, credit institutions	3,829.7	2,994.4	–	-256.4	6,567.7
Long term borrowings, Group companies	0.2	–	–	–	0.2
Short term borrowings, credit institutions	1,309.3	–	-1,309.3	256.4	256.4
Short term borrowings, Group companies	1,034.2	–	-225.7	–	808.5
TOTAL LIABILITIES FROM FINANCING ACTIVITIES	6,173.4	2,994.4	-1,535.0	–	7,632.8

Assurance

The Annual Accounts have been prepared in accordance with generally accepted accounting principles in Sweden and that the Consolidated Accounts have been prepared in accordance with EU-approved International Financial Reporting Standards, IFRS.

The Annual Accounts and the Consolidated Accounts give a true and fair view of the Parent Company's and the Group's financial position and results of operations.

The Directors' Report for the Group and the Parent Company give a true and fair overview of the Group's and the Parent Company's operations, position and results and describes the material risks and uncertainties faced by the Parent Company and the companies that make up the Group.

Stockholm, June , 2020

Magnus Wittbom
Chairman of the Board

Jyrki Mäki-Kala

Christian Ståhlberg

Joachim Morath

Fredrik Lundström

Sam Holmberg

Oswaldo Pérez

Roland Bergvik

Pia Ovrin

Bo Askvik
President and CEO

Our Audit Report was submitted on June , 2020
Ernst & Young AB

Rickard Andersson
Authorised Public Accountant

AUDITOR'S REPORT

This is a translation from the Swedish original.

Auditor's report

To the general meeting of Nynas AB (publ), corporate identity number 556029-2509

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Nynas AB for the year 1 January 2019–31 December 2019 with the exception for the corporate governance statement and the statutory sustainability report on pages 21–26 respectively. The annual accounts and consolidated accounts of the company are included on pages 8–20 and 34–99 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2019 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Group as of 31 December 2018 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting adopts the income statement and balance sheet for the parent company and the Group.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the Group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Material uncertainty related to the going concern assumption

We draw attention to the information in the Board of Director´s report and the section 'Going concern assessment' which states that the company's and the Group's continued operations is dependent on successfully implementing planned measures aimed at meeting the continued operations' liquidity and capital requirements. Should the planned measures not be undertaken there are material uncertainties which could lead to significant doubts about the company's and Group's ability to continue its operations. Our opinion is not modified in respect of this matter.

Other Information than the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises pages 1–7 (but does not include the annual accounts, consolidated accounts and our auditor's report thereon).

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.
In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

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

In preparing the annual accounts and consolidated accounts, the Board of Directors and the Managing Director are responsible for the assessment of the company's and the Group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or mistakes, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or mistakes and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

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

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or mistakes, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from mistakes, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.

AUDITOR'S REPORT

- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

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

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Nynas AB for the year 1 January 2019 – 31 December 2019 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

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 organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill 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 undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

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 judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment 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. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

The auditor's opinion regarding the statutory sustainability report

The Board of Directors is responsible for the statutory sustainability report on pages 21–26, and that it is prepared in accordance with the Annual Accounts Act.

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

A statutory sustainability report has been prepared.

Stockholm den 29 juni 2020
Ernst & Young AB

Rickard Andersson
Authorized Public Accountant

Definitions and reconciliations of alternative performance measures

APMs refer to measures used by management and investors to analyse trends and performance of the Group's operations that cannot be directly read or derived from the financial statements. These measures are relevant to assist management and investors in analysing the Group's performance. Investors should not consider these APMs as substitutes, but rather as additions to the financial reporting measures prepared in accordance with IFRS. It should be noted that these APMs as defined, may not be comparable to similarly titled measures used by other companies.

Adjusted EBITDA
Adjusted EBITDA is a measure of earnings before interest, taxes, depreciation, amortisation and impairment charges. Adjusted EBITDA measures the Nynas Group's operating performance and the ability to generate cash from operations, without considering the capital structure of the Group or its fiscal environment. Adjusted EBITDA is defined as operating result before depreciation excluding non-recurring items, for further definition see page 10 in Board of Directors report.

Equity/assets ratio
Equity as a percentage of total assets at year-end.

Last twelve months (LTM)
Last twelve months rolling have been included to assist investors in their analysis of the seasonality that the Nynas Group's business is exposed to.

Net debt
Net debt is a measure to describe the Group's gearing and its ability to repay its debts from cash generated from the Group's ordinary business, if they were all due today. It is also used to analyse whether the Group is over- or underfunded and how future net interest costs will impact earnings. Net debt is defined as long-term interest-bearing liabilities and current interest-bearing liabilities reduced by cash and bank deposits.

Net Debt/equity ratio
Long-term interest-bearing liabilities and current interest-bearing liabilities reduced by cash and bank deposits divided by equity.

Non-recurring items including write down of assets
To assist in understanding Nynas Group's operations, we believe that it is useful to consider certain measures and ratios exclusive of non-recurring items that have a significant impact and are considered to be important for understanding the operating performance when comparing results between periods.

Return on average capital employed (12 months rolling)
EBIT excluding non-recurring items as per cent age of average total assets less non-interest-bearing liabilities, 12 months rolling.

Return on equity
Net income as per cent age of average equity.

Return on capital employed
Profit after net financial items plus interest expense as per cent age of total assets less non-interest-bearing liabilities.

Working Capital
This measure shows the seasonal swings that the Nynas Group is exposed to in the Bitumen business, with a peak in the high season in quarter two and three each year. Working capital is defined as inventories plus current non-interest-bearing receivables, reduced by current on-interest-bearing liabilities.

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