

You'll find the Nynas specialty oils in every other product

Annual Report 2020

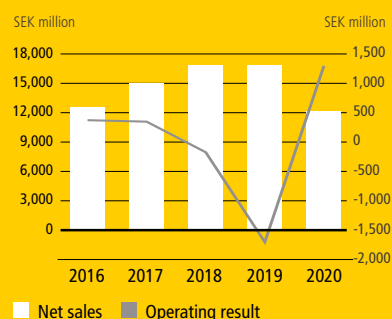


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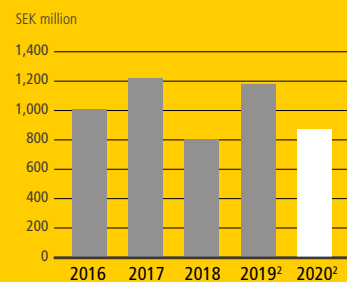
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NET SALES AND OPERATING RESULT

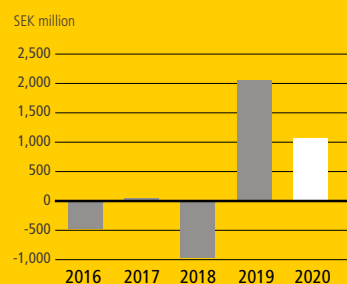


UNDERLYING BUSINESS RESULT (ADJUSTED EBITDA)¹



1) For definition please see Board of Directors' Report p. 10.
2) After IFRS 16.

CASH FLOW FROM OPERATING ACTIVITIES



THE YEAR IN BRIEF

Challenges and successes in 2020

- › Net sales during the year amounted to SEK 12,151 million (16,841) due to a 33 per cent lower oil price, lower customer demand due to the Covid-19 pandemic and supply constraints as a result of sanctions during the first five months and the reorganisation process throughout the year.
- › The positive health and safety performance trend continued at Nynas in 2020, setting a new record after the previous record in 2019. Nynas has focused on safety culture and improvements in this area for many years and we are proud of the result, especially under the extraordinary circumstances in 2020.
- › During 2020 Nynas took great efforts to protect and safeguard at all our operations from Covid-19. We managed to keep our production sites open and shift to remote work for other staff without any disruption to activities. From the very beginning of the pandemic our staff had the digital means to work remotely and in a secure way.
- › Nynas filed for company reorganisation at the District Court on December 13, 2019 when the bank financing was withdrawn because of effects from US sanctions. On January 24, 2020, the Court decided at a creditors' meeting that the reorganisation should proceed according to plan until March 13, 2020. Due to the complexity of the reorganisation, with many different stakeholders and large amounts involved, it was extended by the court in three-month increments in March, June and September.
- › On May 12, 2020, the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) announced that Nynas was no longer blocked pursuant to the Venezuela Sanctions Regulations. After restructuring the ownership of Nynas AB, sanctions were lifted and US persons and companies no longer required authorisation from OFAC to engage in transactions or activities with Nynas AB. This was a crucial step for a successful completion of the reorganisation.
- › On September 16, 2020, Neste announced that it had sold its entire shareholding in Nynas to Bitumina, a global bitumen company active in more than 100 countries. As a result of the ownership changes, Bitumina Industries Ltd is now the largest shareholder in Nynas AB, holding 49.999 per cent of the shares. Nynässtiftelsen owns 35.003 per cent of the shares in Nynas AB and PdVSA 14.999 per cent.
- › On November 30, 2020, the district court decided that the Nynas company reorganisation was complete, following a creditors' meeting where the composition proposal was accepted. The court's decision became effective on January 19, 2021. As a result, Nynas entered 2021 as a financially strong company with secured five-year financing and a healthy balance sheet.
- › A main achievement in 2020 was the successful continuation of the shift to a new blend of feedstock. Several new crudes have been approved and processed following an impressive change programme at the refineries and in our supply chain. Nynas can now run all our refineries with 100 per cent non-Venezuelan feedstock without affecting the strict quality demands on product consistency.
- › In addition to investments to support the crude flexibility programme, we expanded our storage capabilities at the Nynäshamn refinery with 700,000 m³ of crude in our massive caverns – equivalent in size to more than four St Paul's Cathedrals.
- › The successful turnaround project in our Harburg refinery during 2020 was conducted during the Covid-19 pandemic. To ensure the health and safety of our own staff as well as 800 contractors coming to work on the site, we engaged in extensive on-site testing, distancing and safety measures. The testing programme has been implemented at all sites.

MESSAGE FROM THE PRESIDENT

Wrapping up 2020 with good news

Nynas entered 2020 facing sanctions, a reorganisation and enormous challenges that were soon compounded by a global pandemic. I'm happy to report that the sanctions have been lifted and the reorganisation is complete. Nynas has come out of the year much stronger and more agile and we can finally return our full attention to business.

The last few years have been extremely challenging for Nynas, starting in 2017 with the US sanctions on the Venezuelan government and Nynas shareholder, Venezuelan state oil company PDVSA. This led to the company's subsequent reorganisation, filed on December 13, 2019 and continuing throughout 2020.

The US sanctions were finally lifted in May 2020 as a result of PDVSA divesting 35 per cent to the independent Swedish foundation Nynässtiftelsen and retaining only 14.99 per cent of the shares as required by US authorities. In September, another important change in ownership took place when specialty bitumen company Bitumina Industries bought 49.99 per cent of the outstanding share capital in Nynas from Neste.

The reorganisation was successfully completed on January 19, 2021, following approval by all our creditors. Nynas was able to achieve five-year secured financing and a healthy balance sheet with equity of SEK 4.5 billion, and we entered 2021 as a financially strong company.

It has been a marathon in sprinter tempo, but we made it to the finish line thanks to everyone's tireless efforts.

Turnaround and new crudes

During 2020, the organisation did its utmost to manage customer deliveries, but the sanctions and reorganisation impeded our ability to purchase feedstocks, resulting in lost business. Today, however, with the restriction lifted, Nynas can stabilise the new crude slate with long-term contracts, as we move ahead with our crude flexibility programme

that has replaced Venezuelan crude oil with other suitable crudes.

Our change of feedstock was an ongoing activity with many projects at our refineries, coupled with the major and successful turnaround project in our Harburg refinery. This was conducted during the Covid-19 pandemic and to ensure the health and safety of our own staff as well as 800 contractors coming to work on the site, we engaged in extensive on-site testing, distancing and safety measures. We took great efforts to keep Covid-19 out of all of our operations and managed to keep our production sites open and shift to remote work for other staff without any disruption to activities. From the very beginning of the pandemic our staff had the digital means to work remotely and in a secure way. We also executed a number of digitalization projects to improve internal efficiency as well as integration with customers, for example through product life-cycle management, a customer portal for Bitumen, and process improvements related to ordering and invoicing within Naphthenics.

Prioritising health and safety

I'm very pleased to say that we had an excellent safety performance in 2020, which is remarkable especially under these extraordinary circumstances. The injury frequency (TRIF) rate was the lowest ever for Nynas and an improvement from the previous record in 2019. This achievement follows many years of working with our safety awareness culture and safety processes.

During 2020 there were several initiatives and investments to increase energy efficiency and reduce climate impact, for example by investing in new heater ovens fired with natural gas at our Gothenburg refinery in preparation for the introduction to biogas as it becomes available.

Development also continued on our sustainable product portfolio with NYTEX® BIO for tyre and rubber applications and NYTRO® BIO transformer fluid, which are made from renewable sources and fully

MESSAGE FROM THE PRESIDENT

biodegradable and recyclable. The ultra-low viscosity and superior heat transfer capacity of NYTRO® BIO 300X, for example, is unique among transformer fluids. We will continue to focus on developing sustainable, next-generation solutions to meet new demands influenced by strong global trends.

Back to profitable growth

With the reorganisation behind us, we can finally look ahead, focus more on product development, recover market share, grow our volumes, and reinforce our strong brand and reputation among customers.

We see potential to grow in Naphthenics in nearly all our customer segments and geographic regions. As the trend to close Group 1 refineries seems to be moving even faster around the world, there is a clear opportunity to grow our volumes. Nynas has already begun fulfilling customer demand with products that are designed to meet the characteristics and performance of the dwindling supply of Group 1 paraffinic oils.

Within the Bitumen segment our focus is to secure a consistent, high-quality supply. We are increasing our sales efforts to take back market share lost during the reorganisation and sanctions, and are moving forward in several markets.

In addition to investments to support the crude flexibility programme, we expanded our storage capabilities at the Nynäshamn refinery with 700,000 m³ of crude in our massive caverns – equivalent in size to more than four St Paul's Cathedrals.

Entering 2021 stronger

I am very grateful to our staff for all their hard work and ingenuity throughout the year, making it possible to successfully finalize the reorganisation. The Nynas spirit has served us well throughout this difficult period and brought us closer together as a team. We have found new ways to operate and to be even more efficient, service-oriented, and agile.



In addition, I would like to thank our loyal customers and suppliers for supporting us through the sanctions and reorganisation. We will again be the hassle-free supplier of choice that is part of the Nynas brand.

We now have full focus on regaining lost market share and delivering profitable growth in accordance with our long-term business plan. It is rewarding to begin 2021 with positive news and renewed energy.

BO ASKVIK
President and CEO

This is how we do it

After more than 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, 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. Nynas has also launched a portfolio of non-mineral-oil based products for different applications.

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.

30

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

4

Refineries

3

Hubs

47

Depots & supply points

32

Sales offices

32

Countries



BOARD OF DIRECTORS' REPORT

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 2020 fiscal year.

COMPANY REORGANISATION

On 13 December 2019, Nynas AB applied for a formal company reorganisation (Swedish: företagsrekonstruktion) and it was approved by the District Court of Södertörn on the same day. After several extensions, a formal public composition of Nynas AB's debts was approved by the court on 30 November 2020 which extends the repayment term for larger claims up to 12 months from the composition effective date and in addition to the formal composition, Nynas AB entered into an agreement with its major creditors, being Skandinaviska Enskilda Banken AB (publ), Deutsche Bank AG, Burlington Loan Management DAC, Foxford Capital L5 DAC, and GPB Energy Services B.V., to restructure its debts, by converting 29% into a subordinated hybrid instrument of SEK 2,5 billion (treated as equity), 35% write-off in the income statement of SEK 3,0 billion and extending the remaining 36% into a five-year EUR term loan (approximately SEK 3,1 billion). The agreement was conditional upon the court decision on the composition becoming effective.

The period during which affected parties could object to elements of the formal public composition expired on 21 December 2020, after which the formal public composition would have been effective if no objection was raised. The Swedish tax authority objected at the end of the objection period. The liability to the tax authority was then paid on 22 December 2020 with the effect that the tax authority had no remaining right to object to the formal public composition becoming effective. The tax authority withdrew its objection on 23 December 2020 and the court of appeals dismissed the case on 28 December on the basis of the withdrawal. The tax authority's objection however delayed the composition effective date with some weeks, and it became effective on 19 January 2021.

Nynas comes out of the reorganisation as a stronger company with 5-year secured financing and a significantly stronger balance sheet where the equity has been restored with a substantial margin.

A measure of special importance during the reorganisation was the establishment of a new ownership structure through the independent trust Nynässtiftelsen, to which the previous majority owner Petróleos de Venezuela S.A. ("PdVSA") sold 35% of its share ownership. This change led the Office of Foreign Assets Control ("OFAC"), on 12 May 2020, to decide that Nynas, by virtue of the changes in ownership structure, would be relieved of the current trade sanctions against Venezuela. This decision was crucial

for Nynas's long-term viability and for carrying out the reorganisation.

Following the ownership changes, Nynas was no longer subject to US sanction regulations which meant that the company could contract crude oil deliveries and to continue financing discussions under more favorable terms.

A main achievement is the successful shift to a new blend of feedstock during the year. This was necessary due to US sanctions against the export of Venezuelan crude, which used to be a major feedstock for the company. Several new feedstocks have now been approved and processed following an impressive change program at Nynas' refineries and supply chain. Nynas can now run its refineries with 100% non Venezuelan feedstock without affecting the strict customer demands of consistent product quality. All necessary permits from the authorities needed for running new feedstocks have been secured. The product recipes have been adapted at record speed and Nynas has the necessary approvals from customers across the world.

After sanctions were removed, Nynas experienced transfers of funds to flow more normally, reducing the amounts of trapped cash and thereby reducing the liquidity requirements in the group.

Furthermore, financing institutions are again providing Nynas with banking services, financing and credit lines. As an example, the leading international investment bank Goldman Sachs, resumed the off-balance sheet crude purchase arrangement for the Nynäshamn refinery directly when sanctions were lifted and is also considering agreeing to put a similar programme in place for the Harburg refinery.

Following the successful exit from the formal reorganization, Nynas has secured further working capital facilities in the form of a 12 months bridge facility and factoring arrangements on both recourse and non-recourse basis for bitumen and NSP customers.

According to the Company's Business Plan, it will be able to meet and pay its liabilities under the formal composition to the creditors with claims exceeding 100,000 SEK (excluding the major lenders and GPB) that will be paid in full within 12 months from the court composition effective date. In addition, Nynas has sufficient liquidity to cover day to day operations, and at assumed crude price levels Nynas can complete planned and necessary purchases of oil to meet demand and maintain production volumes.

GOING CONCERN ASSESSMENT

The Covid-19-pandemic as well as sanctions and reorganization in the parent company had a significant negative impact on the Company's ongoing business operations mainly related to reduced sales volumes and production at the ERL refinery when it comes to

BOARD OF DIRECTORS' REPORT

Covid-19-pandemic. If the the Covid-19-pandemic effects continues for a long period of time it will continue to have a negative impact on the Group's operations. In its assessment of going concern, the Company has considered and assessed the related plans recovering from sanctions, reorganisation and the Covid-19-pandemic impact on the business, assumptions and actions, including the various liquidity sources identified to find additional financing headroom for working capital, as well as the Business Plan. Based on the above-mentioned circumstances taken as a whole, it is the Company's assessment that the financial statements shall be prepared on a going concern basis despite the material uncertainties still 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 2020 amounted to SEK 12.2 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; infrastructure growth, 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 upon 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.

The Covid-19-pandemic triggered a global recession during early second quarter, with world GDP and oil demand collapsing as the world went into partial lockdown. Global GDP decreased by approximately 4% vs the previous year, with the Eurozone and Indian GDP both decreasing by approximately 7%. The US GDP decreased by approximately 3.5% and only China of the major economies posted a positive growth of approximately 2%. Demand for crude oil and base oils slumped by approximately 15%, although demand started to recover during the second half of the year.

Looking at the main industrial oil segments relevant to Nynas, industrial lubricants and tyre and rubber oils were the worst affected segments, decreasing by 15% mainly due to the impact of the Covid-19-pandemic on the auto industry. Demand in the electrical industry decreased by 6%, whilst the chemical industry experienced only a slight decrease in overall base oil demand, with demand in some sub segments actually increasing, e.g. adhesives.

In end of December 2019 Brent prices was at 67 USD/bbl, due to the Covid-19-pandemic the oil price dropped to 18 USD/bbl as lowest point in April and the gradually increased during the rest of the year to end at 50 USD/bbl in December 2020.

The US dollar and British pound weakened versus the Swedish krona during 2020 compared to 2019. For the year, US dollar was on average 2 per cent weaker than last year ending at 8,18 and British pound weakening by 4 per cent compared to 2019 ending at 11,16 versus the Swedish krona. Euro ended at 10,03 and was in average compared to end of 2019 on the same level.

SIGNIFICANT EVENTS DURING 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 reorganisation 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 were lifted, and US persons

BOARD OF DIRECTORS' REPORT

and companies no longer required an authorization from OFAC to engage in transactions or activities with Nynas AB. As a consequence, the general license GL 13E was removed.

- On May 29, 2020, the Company 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 resolved to prepare a second control balance sheet based on going concern valuation per March 31, 2020, it was based on the company's financial situation with purpose to determine/estimate the company's equity and have it reviewed by 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.
- On September 14, Neste announced their decision to close their bitumen production 2021 at Nantalii which supplies bitumen for Nynas' customers in Finland.
- On September 16, 2020, Neste announced that it has sold its entire shareholding in Nynas to Bitumina Industries Ltd. As a result of the ownership change, Bitumina is now the largest shareholder in Nynas AB, holding 49.999 percent of the shares.
- On September 17, 2020, the Court approved an extension of Nynas' company reorganisation for another three months, until December 15.
- October 16, 2020, the Company updated its Business Plan 2021-2024 and shared this under confidentiality with certain stakeholders in the due diligence process.
- On October 21, 2020, the board of Nynas AB resolved to prepare a first control balance sheet at going concern per September 2020 based on the company's financial situation and have it reviewed the company's auditor.
- October 26, 2020, a composition proposal as well as an administrators' report were distributed to the creditors, by Nynas AB and the administrators.
- A formal public composition of Nynas AB's debts was approved by the Swedish court on 30 November 2020 which extended the repayment term for

larger claims up to 12 months from the composition effective date. In addition to the formal composition, Nynas AB has entered into an agreement with its major creditors to restructure its debts, by converting part to a hybrid instrument, writing off an additional part and extending the remaining part into a five-year term loan.

- On December 30, 2020, at shareholders control meeting the shareholders closed the control balance sheet on going principle based on 30 September, 2020. The company's equity was restored by the public composition and the agreements with its major creditors.

PERFORMANCE OF THE GROUP'S OPERATIONS, EARNINGS AND POSITION INCLUDING THE CORONA PANDEMIC

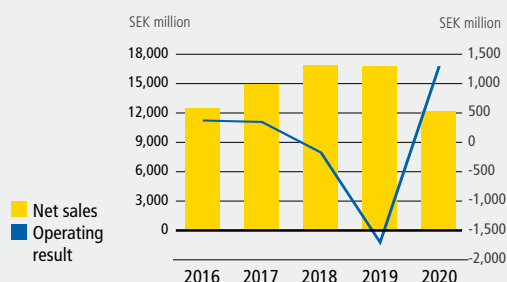
Net sales

Net sales during the year amounted to SEK 12,151 million (16,841). Total product sales volume below last year. The Naphthenics 2020 sales volume decreased by 12 per cent due to the Covid-19-pandemic impacted sales in all areas but also US sanctions was problematic in the beginning of 2020. Bitumen volumes in 2020 decreased with 20% compared to last year mainly due to Venezuela crude supply constraints but also due to the Covid-19-pandemic with a total UK lockdown and the uncertainties of the reorganization process.

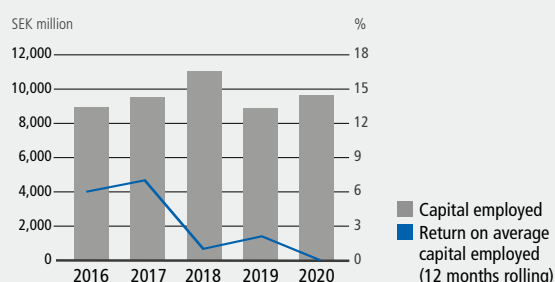
Operating result and underlying business result (adjusted EBITDA) and non-recurring items

Operating income during 2020 amounts to SEK 1,294 million (-1,707). The US sanctions in the beginning of the year in combination of the Covid-19-pandemic, continued to have a detrimental impact on the Nynas underlying result. The inventory losses during the year had a large effect on the result when oil price level completely collapse in the spring due to the Covid-19-pandemic. The underlying business result adjusted for the Covid-19-pandemic, sanctions and reorganization effects amounts to SEK 865 million (1,177) and was driven by low sales of Bitumen in UK due to lock down and low sales in the whole Naphthenics market. Non-recurring affecting the operating result totalled SEK 1,295 million (-1,888), mainly explained by the impacted of:

NET SALES AND OPERATING RESULT



CAPITAL EMPLOYED AND RETURN ON AVERAGE CAPITAL EMPLOYED



BOARD OF DIRECTORS' REPORT

- A formal public composition of Nynas AB's debts was approved by a Swedish court on 30 November 2020, resulting in a composition gain of SEK 2,958 million accounted for in December 2020.
- Brent price dropped from end of December 2019 at 67 USD/bbl to 18 USD/bbl as lowest point in April mainly due to pandemic, caused inventory losses of SEK 923 million
- The effect of the US sanctions on Venezuela, caused non-recurring costs for supply resulting in underutilization at the refineries, higher product costs due to more expensive external sourcing and lack of crude, calculated to approximately SEK 266 million (compared to budget).
- An impairment loss of SEK 200 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.

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

| | 2020 | 2019 |
|---|---------------|---------------|
| Operating result according to income statement | 1,294 | -1,707 |
| Composition gain | -2,958 | - |
| Impairment write-down fixed assets | 200 | 1,217 |
| Sanction related effects, inventory losses | 923 | 471 |
| Lack of crude supply | 266 | - |
| Write off of receivable against PDVSA | - | 125 |
| Resignation and reorganization related costs | - | 43 |
| Maintenance stop Nynäshamn refinery | - | 15 |
| Investment process, advisors | 76 | - |
| Cancelled oil hedge portfolio | 79 | - |
| Reorganization process, advisors | 81 | - |
| Other | 46 | 17 |
| TOTAL ITEMS AFFECTING COMPARABILITY | -1,287 | 1,888 |
| Share of profit joint ventures | 17 | 17 |
| Depreciation and amortization | 573 | 640 |
| Depreciation right of use assets | 277 | 339 |
| UNDERLYING BUSINESS RESULT (ADJUSTED EBITDA) | 873 | 1,177 |

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 2020.

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 quarters. During a rolling twelve-month period ending December 31, 2020, average working capital amounted to SEK 753 (3,116) million. Year-end working capital as of December 31, 2020 of SEK 3,277 million, more representing a normal working capital level than the average extreme low level that was impacted by sanctions and the reorganization.

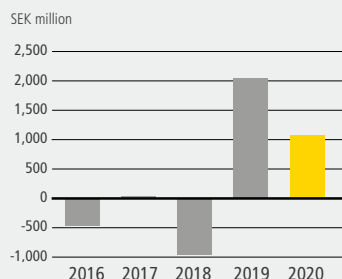
Net financial items

Net financial items for the year amounted to SEK -397 million (-775) of which SEK -535 million (-651) is related to net interest expenses. The lower net financial items are largely explained by reduced average net debt with SEK 700 million and offset by exchange rate gains of SEK 157 million due to the weakening in EUR versus SEK.

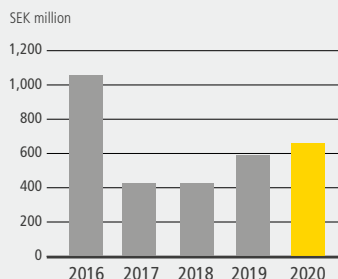
Taxes

The effective tax rate including non-deductible and non-recurring items was 4 per cent (-8). The effective tax rate for 2020 has been affected by the composition agreement not being taxable in the parent company.

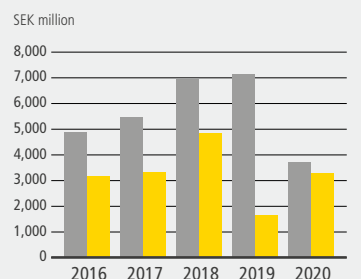
CASH FLOW FROM OPERATING ACTIVITIES



INVESTMENTS



NET DEBT AND WORKING CAPITAL



BOARD OF DIRECTORS' REPORT

Returns

Return on average capital employed (12 months rolling) was 0.0 per cent (2.1), return on average capital employed, calculated excluding non-recurring items and return on equity was 37.2 per cent (-162.6).

PERFORMANCE

Naphthenics

Sales volumes in 2020 decreased by 12 per cent on 2019 actuals fully related to the effect of sanctions, the reorganisation and the Covid-19-pandemic. All regions were impacted, with a significant decrease in sales in second quarter due to the Covid-19-pandemic. Sales started to recover in third quarter, and at the end of 2020 were at a similar level to the equivalent period in 2019. The 2020 full year net sales decreased to SEK 6,401 million (8,210) mainly due to the decreased sales volume. The underlying business result before depreciation (EBITDA) increased to SEK 65 million (435) driven by lower cost of goods.

Bitumen

Volumes 2020 were lower than the previous year, both due the Covid-19-pandemic and supply constraints.

The Nordic region lost volumes mainly due to supply constraints. Finland showed a positive sales development thanks to stimulus spending on infrastructure, but other markets within the region were somewhat negatively affected.

Bitumen volumes in the UK were down by around 40% due to the Covid-19-pandemic. Not only was construction halted for a period due to lockdown but Nynas' inability to offer fixed prices in 2020 also had the effect that when the demand picked up again, supply came from our competitors.

Western Europe had a reasonable result considering the adverse conditions and losing all but a very small amount of bitumen supplies.

During 2020 sales volumes of value-added products have been negatively affected partly due to supply constraints and the Covid-19-pandemic, resulting in a lower share of the total volumes than the previous year. This has affected the gross margin negatively.

2020 full year net sales reached SEK 5,190 million (8,624). The lower net sales are due to both lower volumes and lower oil prices. The latter as an effect of the Covid-19-pandemic. Underlying business result before depreciation (EBITDA) was SEK 499 million (457).

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

2020 was at SEK 3,277 million, an increase of SEK 1,625 million compared to last year. Main driver of the increase is the composition settlement with Nynas crude provider decreasing the accounts payable and accruals with approx. SEK 3,650 million offset by the lower inventory value due to the decrease in oil price with SEK 1,446 million and a decrease in accounts receivable with SEK 483 million both due to the low oil price level but also lower sales compared to last year affecting the working capital level.

Fixed assets

Fixed assets have decreased by SEK 578 million, a decrease due to lower IFRS 16 lease contract of SEK 358 million and by an impairment write-down of SEK 200 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. See further description regarding impairment process note 13.

Capital expenditures

The main investment in 2020 was in relation to the planned turn-around in Harburg. 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 2020 cash capital expenditures totalled SEK 662 million (595) for the full year, with the main portion relating to maintenance investments.

Financing

Net debt decreased by SEK 3,419 million at the end of December compared with last year, primarily reflecting the composition agreement which restructured the debts by writing off some parts and extending the remaining part into a five-year term loan. During the year the shareholder loan was converted into equity given an additional decrease of net debt of SEK 1,320 million.

Equity

Equity at year end amounted to SEK 4,579 million (46), the increase was reflecting by the conversion of the shareholder loan of SEK 1,320 million and the composition agreement where some of the debt was converted into a subordinated hybrid instruments treated as equity of SEK 2,513 million. The equity/assets ratio was increased to 39.5 per cent (0.3).

Cash Flow

Full year cash flow from operating activities amounted to SEK 1,071 million compared to last year's SEK 2,054 million. Operating cash flow in 2020 was negatively affected by the lower underlying profit due to low sales volumes affected by reorganization and Covid-19-pandemic.

BOARD OF DIRECTORS' REPORT

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 2020 was 928 (985).

PARENT COMPANY

Net sales during the year amounted to SEK 10,477 million (14,704), with the decrease mainly explained by the lower oil price level and lower sales volumes. Operating result amounted to SEK -351 million (-699). The parent company's total assets decreased by SEK 2,563 million (from 12,329 million SEK to SEK 9,766 million). Capital expenditures totaled SEK 325 million (471) for the full year. The number of employees in the parent company on December 31, 2020 was 422 (472).

RISK MANAGEMENT

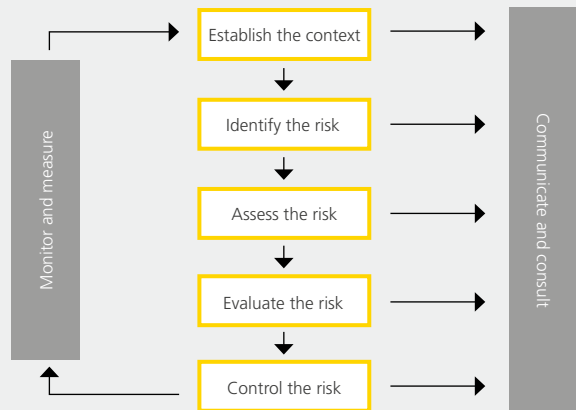
All business operations are exposed to various risks. The purpose of Nynas' risk management activities is to limit, control and manage the risks involved in a proactive manner, to best secure the company's potential opportunities.

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 March 2020, 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:

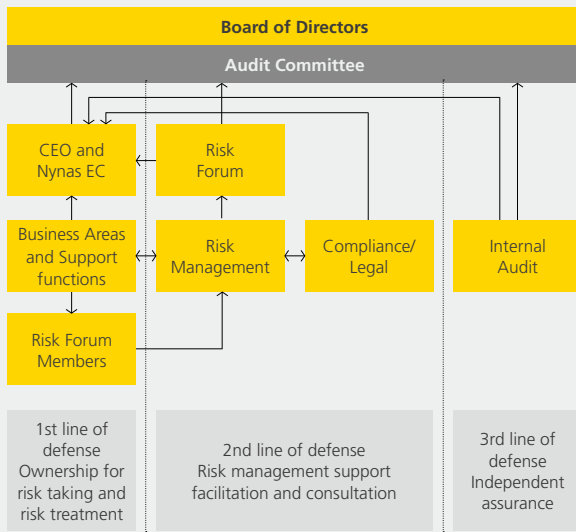
- **Establish the context.** The first step in the enterprise risk management plan is to establish the context of the environment within which the organisation, programme area or department operates. The environment in which Nynas operates is complex and a number of factors need to be considered when 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 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, develop-

BOARD OF DIRECTORS' REPORT



ment 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 & Finance, 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 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 captive 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.

BOARD OF DIRECTORS' REPORT

| 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-pandemic Market risks Customer behaviour Competitor actions Reputational risks Competition and Anti-trust | Production risks Supply Chain risks Products and Services risks Environmental risks Health and Safety risks Legal and Regulatory risks Information Systems and Technology risks Human Resources risks Human and Labour Rights risks Political risks Anti-bribery and Anti-corruption risks | Currency risks Commodity risks Interest rate risks Financing risks Liquidity risks Credit risks Tax risks Financial reporting risks |

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 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, lock downs and restrictions on mobility. A number of central banks and governments have announced financial stimulus packages to reduce 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,

BOARD OF DIRECTORS' REPORT

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 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 22–29.

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 28.

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, political risks including sanctions. 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 22–29.

| 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. | <p>By having multiple sites Nynas is able to be flexible and re-route the production if needed.</p> <p>Production units are subject to continuous inspection programmes and risk management surveys to prevent incidents.</p> <p>Extensive procedures and controls are in place and are audited regularly, in line with refinery industry standards.</p> <p>Third-party sourcing and supply chain management can mitigate supply interruptions and lack of certain products.</p> <p>Property damage and business interruption risks are to a large extent transferred to the insurance and reinsurance markets.</p> |

BOARD OF DIRECTORS' REPORT

| OPERATIONAL RISKS | CONTEXT | MITIGATING ACTIVITIES |
|---|--|--|
| <p>Supply Chain risks</p> | <p>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.</p> <p>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.</p> | <p>The Group is technically prepared to run several different crudes and raw materials to handle variations in the feedstock market and in product demand.</p> <p>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.</p> <p>Business interruption at Nynas due to damage at key suppliers are to a large extent transferred to the insurance and reinsurance markets.</p> |
| <p>Products and Services risks</p> | <p>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.</p> | <p>The Group has extensive quality control including sampling throughout the entire supply chain and testing performed by independent inspectors.</p> <p>Nynas is actively participating in international bodies, setting global standards such as IEC and ASTM.</p> <p>The Group has extensive worldwide product liability and professional liability insurance programmes in place.</p> |
| <p>Environmental risks</p> | <p>The refineries and depots could have a risk of damaging the environment through operations, e.g., spills and emissions.</p> <p>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.</p> <p>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.</p> | <p>The Group's production facilities are designed and constructed in accordance with well-established international technical standards in the refining industry.</p> <p>Nynas ensures adherence to these standards through a system of internal technical standards and minimum requirements that are systematically internally and externally audited.</p> <p>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.</p> <p>Nynas has representatives in international organisations in the HSE field such as CONCAWE, SPBI & IKEM, SQAS and CEFIC and monitors new regulations.</p> <p>Nynas refineries are certified in accordance with the ISO 14001 standard.</p> <p>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.</p> |

BOARD OF DIRECTORS' REPORT

| OPERATIONAL RISKS | CONTEXT | MITIGATING ACTIVITIES |
|--|--|--|
| <p>Health and Safety risks</p> | <p>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.</p> <p>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.</p> | <p>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.</p> <p>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.</p> <p>Nynas learn from all serious incidents and near misses by exhaustive root cause analyses conducted by designated Lead Investigators from Nynas own training programme.</p> <p>The Group sets minimum requirements regarding many HSSE-areas and activities, and the adherence by sites and businesses are regularly audited.</p> <p>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.</p> <p>Safety walks and safety talks are conducted regularly on site by both refinery and company management.</p> <p>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.</p> <p>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.</p> <p>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.</p> |
| <p>Legal and Regulatory risks</p> | <p>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, legislation protecting national security, transfer pricing, excise duty and VAT could result in fines and penalties, trade restrictions, invalidity, personal liability on behalf of Directors and reputational impact.</p> <p>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.</p> <p>There is a risk that present US and/or EU sanctions targeting Venezuela and/ or their state-owned oil company PDVSA affect Nynas' business which could have an adverse effect on the Group's operations, financial position and result.</p> | <p>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.</p> <p>At Group level, Nynas has several functions monitoring legal and regulatory risks such as Legal, HSSE and Product HSE to ensure compliance.</p> <p>The Group has implemented a Trade Compliance Policy including a policy document, training of relevant employees and third-party security screening.</p> <p>Nynas continuously works together with leading international legal advisors and other specialists on analysing and addressing issues to ensure compliance with international sanctions.</p> |

BOARD OF DIRECTORS' REPORT

| OPERATIONAL RISKS | CONTEXT | MITIGATING ACTIVITIES |
|---|--|--|
| <p>Information Systems and Information Technology (ISIT)</p> | <p>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.</p> <p>Errors in the handling of financial systems can affect the Group's reporting of results.</p> <p>Modification or theft of Intellectual Property constitutes a risk to the Group's competitive edge and future business success.</p> <p>Cyber security risks are increasing globally and can have a significant impact on the Group's operations, financial position and result.</p> | <p>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.</p> <p>The system landscape is based on well-proven products and market leading and established service providers.</p> <p>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 2020 risk management efforts were continuously focused on risks associated with the globally increasing attempts on cyber-related crime.</p> |
| <p>Human Resources risks</p> | <p>There is strong competition for qualified employees in high hazard industries where production sites are in geographically remote areas. The oil & gas industry is also becoming less attractive to new recruits. Nynas is dependent on technical experts and engineers for its production facilities as well as its Research & Development departments.</p> <p>Difficulties in recruiting and retaining qualified personnel could result in loss of productivity, loss of competitive edge, increased employee turnover, increased costs and inability to compete effectively.</p> | <p>Nynas offers competitive salaries, career opportunities, international work experiences and training and other career incentives to recruit and retain qualified employees.</p> |
| <p>Human and Labour Rights risks</p> | <p>Risks related to human and labour rights can arise in the entire supply chain, both at Nynas' suppliers and Nynas' own production facilities as well as anywhere else in the workforce worldwide.</p> <p>Breach of human and labour rights could result in reputational impact, fines and penalties and personal liability on behalf of Directors.</p> | <p>The Group has implemented a Code of Conduct and a People and Human Rights Policy which complies with the UN Declaration of Human Rights, to establish a standard the employees should adhere to worldwide.</p> <p>Meetings and collaboration with safety committees, local trade unions and executive management on a regular basis mitigates the risks of breaching human and labour rights.</p> |
| <p>Political risks</p> | <p>The Group has varying commercial interests in emerging markets and countries which may be exposed to political risks. This could have an adverse effect on the Group's financial position and result.</p> | <p>Nynas takes proactive steps to assess the risks and opportunities in its business environment and manage them accordingly.</p> |
| <p>Anti-bribery and Anti-corruption risks</p> | <p>Corruption could exist in markets where the Group conducts business. Monitoring and ensuring compliance with anti-bribery and anti-corruption legislation in the worldwide workforce, requires comprehensive procedures and processes. There is a risk that the Group fails in its measures to prevent bribery and corruption. Non-compliance can result in fines and penalties, contractual default, personal liability on behalf of Directors and reputational impact.</p> | <p>Nynas has an Anti-bribery and Anti-corruption Policy requiring its employees and counterparties to comply with applicable anti-bribery and anti-corruption legislation including the UK Bribery Act and the Foreign Corrupt Practices Act.</p> <p>Nynas conducts regular mandatory training of its employees on how to comply with anti-bribery and anti-corruption laws</p> |

BOARD OF DIRECTORS' REPORT

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 2020 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 environmen-

tal 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 refineries in Nynäshamn and Harburg.

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 2020 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 and the process for application of a permit has started during 2020. Since a full environmental assessment is required, the date for the earliest possible time for performing the capping is set to 2027 as it is turnaround dependent.
- Consultation with the County Administrative Board regarding the technique for monitoring and evaluating the Monitored Natural Recovery has been performed.
- During 2020 the BCA4 cavern from the 1970's was taken into operation. The County Administration Board accepted all information given concerning starting storage in the cavern. The stipulated period for evaluating VOC-emissions has started and is to be reported to the Land and Environment Court by 2021-02-18.

BOARD OF DIRECTORS' REPORT

Gothenburg refinery, Sweden

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

- The environmental permit proceedings which started in 2009 for operating the Gothenburg refinery has been finalised.

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 2020.
- 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 end 2020 or Q1 2021. A new monitoring concept has been prepared in 2020 and submitted to the authority for approval. Approval still pending.
- 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 permit was granted in 2020.
- Emergency response plan still under preparation. The safety reports North has been checked by an external consultant on behalf of the authority.
- Application documents for the permit process, permitting process for the bitumen vapour treatment for storage tanks and truck loading has been finalised and the project was finalised in 2020.
- Permitting process for the replacement of furnace F-5401 in LHT-1 has been agreed with the authority. Application documents have been prepared and submitted to authority.
- Feasibility study for remediation of the PFT contamination in the soil and groundwater of the refinery finalised and submitted to authority. Follow-up actions have been agreed with the authority. The planned groundwater remediations shall start in 2022. For soil contaminations no remediation planned.

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 HSE&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 change of owner structure and Nynas out of the reorganisation Nynas is positive that the company will be able to regain its market position, return to normal trading conditions, secure funding and necessary crude oil purchases going forward.

Significant events after the fiscal year

- In January 19, 2021 the decision to adopt Nynas composition from 30 November 2020 became final in Södertörn District Court This means that Nynas company reorganization is formally completed and that Nynas creditors will be paid in accordance with the composition agreement.
- In February 2021 the Board of Nynas AB has appointed Bo Askvik as President and CEO of Nynas on a continuing basis.
- On March 4, 2021, a EUR 75 million Bridge Facility was signed for financing of the company's working capital with DK and Deutsche Bank
- On March 12, 2021, an Asset Based Lending facility for up to GBP 100 million was signed with Breal Zeta Ltd.

PROPOSED DISTRIBUTION OF PROFIT

The Board proposes that the available profits of SEK 4,305,531,672 in the Parent Company be distributed as follows:

| | |
|-----------------|---------------|
| Total dividend | 0 |
| Carried forward | 4,305,531,672 |
| SEK | 4,305,531,672 |

SUSTAINABLE DEVELOPMENT REPORT

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 and other petroleum feedstocks into high quality bitumen and naphthenic specialty oils that bring long-term value to our customers in a wide variety of applications.

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 and ISO 45001 and in addition ISO 50001 in 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 advises the Nynas Executive Committee on matters of sustainable development.

Materiality topics

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 23). The sustainable development report focuses on the most material topics for Nynas and our stakeholders.

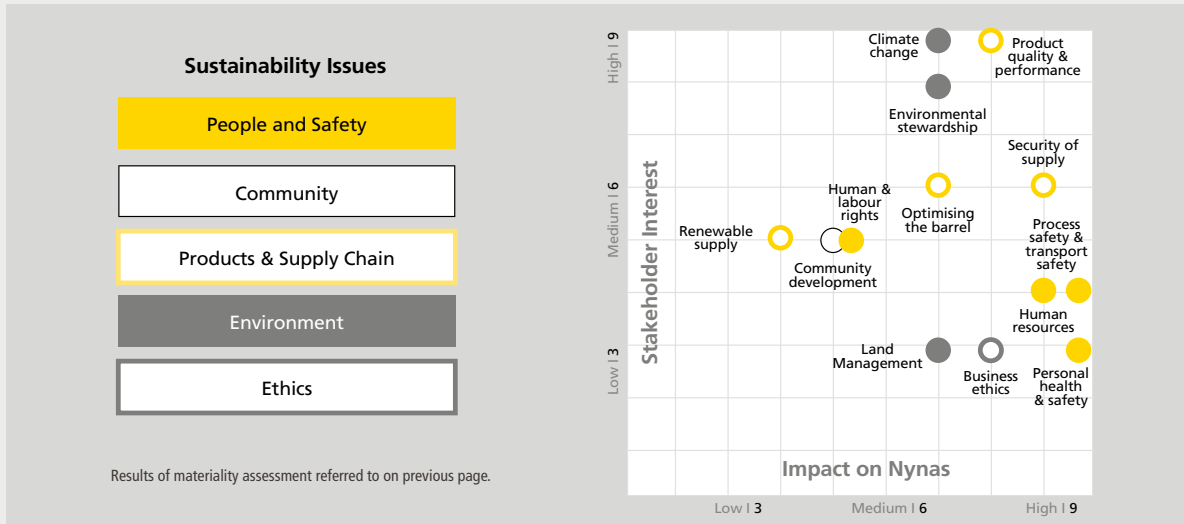
Key development 2020

In Q2 2019 the Nynas network for sustainable development initiated a review of Nynas ambition, focus areas, policy and strategy for sustainable development until 2030. Due to the reorganisation of Nynas, these activities have been put on hold to be continued in 2021.

Sustainable development criteria for selecting and evaluating suppliers have been proposed and a new database for supplier management has been developed. Trials in limited groups have started and a full, company-wide implementation is planned for early 2021.

Nynas has been instrumental in the development and launch of the Road Map for the Swedish Petroleum and Biofuel Institute SPBI (now Drivkraft Sverige),

SUSTAINABLE DEVELOPMENT REPORT



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

within the framework of the Fossil Free Sweden initiative.

On the global arena several policies with relevance for Nynas have been published in the last years.

The European Green Deal, published in 2019, is a roadmap for making the EU's economy sustainable. In 2020 several strategies and action plans under the Green Deal umbrella have been published and will impact Nynas activities going forward. Examples:

- *Climate Law* proposes a legally binding target of net zero greenhouse gas emissions by 2050 and will increase pressure to reduce emissions of greenhouse gases (GHG) from our operations.
- *Circular Economy Action Plan* includes initiatives along the entire life cycle of products promoting circular economy processes, fostering sustainable consumption, and aiming to ensure that the resources used are kept in the EU economy for as long as possible. The focus of circularity is in line with Nynas ambition to assess the whole product life cycle, especially regarding climate impact, lifetime/durability and the possibility to circular product flow.
- *Sustainable financing* includes a proposal for an EU taxonomy regulation, a proposal for a regulation on sustainability disclosures and on developing low-carbon benchmarks. Expected to increased requirements on reporting of non-financial information, with focus on climate change performance.
- *Industrial Strategy* aims at maintaining the EU industry's global competitiveness and a level playing field making Europe climate-neutral by 2050. Refineries are energy-intensive industries and will be in focus for improvement/reductions.
- *Chemicals Strategy for Sustainability*, the Strategy aims at a toxic free environment and increased

protection of human health and the environment against hazardous chemicals. Nynas continuously assess the hazards of our products and try to minimize the impact. We provide guidance for safe use for all our products.

SUSTAINABLE DEVELOPMENT FOCUS AREAS

Environment

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

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. Increased energy efficiency is the most important focus for Nynas operations to impact climate change and several initiatives and investments are ongoing and planned. Moving to energy sources with less climate impact is a stepwise process where the transition to natural gas from oil is ongoing with the next major step to be taken in Gothenburg. Options and possibilities for the use of biogas and blue or green hydrogen will be considered in the years to come.

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

SUSTAINABLE DEVELOPMENT REPORT

the delay in in the transformation process, several new due dates for full compliance have been set in with the different legislations. The requirements for large combustion units (13. BImSchV) and for revised wastewater effluent limits (annex 45 "Abwasserordnung") have been implemented. The implementation of other relevant issues for the smaller furnaces 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 furnace in LHT-1.

Additionally, a revised legislation "TA Luft" (Clean Air Act) is being issued in the first part of 2021, which will have a significant impact on all German industrial units.

The refineries have submitted the application in 2019 for the forthcoming "The fourth period 2021–2030" of free allocation regarding CO₂ within the EU Emission Trading Scheme (ETS) Carbon Market but the authorities have not yet granted the allocation. The refineries have submitted their application documents for the monitoring concepts for the fourth period in 2020.

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 2020:

- 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 2019 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 stipulated investigation 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). During 2020 a methodology for monitoring MNR has been presented to County Administration Board. The County Administration Board has decided that a full environmental review is required for capping the shallow areas, and during 2020 work has started to fulfill the application of a permit to the Land and Environment Court.

Environmental measures at the Gothenburg refinery in Sweden

The refinery in Gothenburg manufactures bitumen and distillates. The following initiatives and actions were taken in 2020:

- The project to replace the fired heaters in the refinery are in final status to be ready for start-up for the 2021 season. The new heaters will be fired with natural gas compared to the current heaters which runs on fuel oil. The higher efficiency and the change of fuel in the new heaters, will reduce the CO₂, SO₂ and NOx emissions from the refinery.
- The baseline report regarding the state of soil and groundwater contamination has been approved by the authorities.
- Energy saving projects have been implemented during 2020. Two older heat exchangers have been replaced with new ones with improved efficiency. There is ongoing work with frequency steering on pumps and increased use of the electrical steam boiler to reduce CO₂, SOx and NOx emissions.

Environmental measures at the Harburg refinery in Germany

The refinery in Harburg manufactures bitumen, naphthenic specialty oils and medical white 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 finalised yet. Despite the lack of an actual environmental contract in place, the following measures were implemented in 2020:

- A feasibility study for the remediation of PFC contamination in the groundwater has been finalised at the end of 2019 and submitted to authority. In 2020 the next steps have been agreed with the authority in order to start groundwater remediation in 2022.
- A bitumen vapour treatment project, to reduce emissions with a strong odour from the bitumen area has been finalised in 2020.
- An insulation has been installed at the tanks Tk-504 and Tk-612. 30% of the costs were funded by a governmental agency (BAFA).
- An optimised cross routing between C-0802/C-0850 has been implemented within the turnaround (TA) for energy saving reasons.
- Tightening of the furnace chamber F-0801 within the turnaround (TA) for energy saving reasons.
- The preparation of baseline report for the southern part of the refinery has started.
- The permitting for a new LHT-1 furnace started. The furnace will have a higher efficiency.
- Implementation of additional fire water pumps in North in order to increase fire water supply.

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

SUSTAINABLE DEVELOPMENT REPORT

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.

Lifetime, efficiency and recyclability are connected to lifecycle value and linked to resource and energy efficiency and circular economy. When looking at any product, the impact over its whole lifecycle, including what happens at the end of the service life, is important. Only looking at the impact from its production or raw material, provides just a part of the picture. The impact contribution from the use phase can be a significant share of the whole depending on the application. If a component can here contribute to substantial lowering of the impact through e.g. energy or raw material use or reduced emissions, this is very valuable from sustainable development point of view. Furthermore, if the product at the end of its service life can be reused or recycled, it's lifecycle impact can be further reduced. It is well established that Nynas products are not burnt in their primary applications, display high performance in their use contexts and are in many cases 100% reusable or recyclable.

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 is included with product quality and performance as it was identified from the materiality assessment 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 2020

We are pleased to see that the awareness and interest in benefits from Nynas' products regarding contribution to sustainable development are continuously increasing. Work and studies to confirm and quantify benefits have continued, both internally and together with customers. Due to the circumstances this year, some of the projects have slowed down.

Naphthenics launched the new process oil NYFLEX®

201B, very suitable e.g. as plasticiser for silicone sealants. It conforms to the US FDA CFR §178.3620 (b) and combines the very high purity with excellent formulation compatibility in its intended applications.

Work has also continued with the bio-based products NYTRO® BIO 300X and NYTEX® BIO 6200 in the electrical and tyre industries, respectively. The NYTRO®BIO 300X has been commissioned in new transformers during the year and appreciation has been expressed by customers for the fully biobased raw material base, the biodegradability and the possibility to recycle the product end of life. The recyclability is unique among bio-based transformer fluids. Further, customer confirmation has also been received regarding the exceptionally good cooling performance of the product. A 10-degree benefit over synthetic esters in tests in real transformers has been confirmed.

NYTEX®BIO 6200 has been welcomed by tyre producers where many, in line with their sustainability objectives, now conduct intense work to find and qualify new sustainable materials. As tyre performance during use is key for traffic emissions reductions, the products performance linked to rolling resistance is also much appreciated.

Nynas Bitumen has this year seen the continuation of several studies that have a focus on positive sustainable development contributions. One such innovation project is conducted within the framework of Sweden's Innovation Agency, Vinnova, and the aim is to develop a method to reduce the carbon footprint of asphalt production and laying to zero. Furthermore, a joint research program with Colas is continuing. The objective is to establish which key bitumen properties contribute to asphalt pavement durability. Improving those key bitumen properties can result in increased asphalt pavement lifetime and therefore reduce the climate impact of asphalt road construction materials. Additionally, Nynas Bitumen is chairing the sustainability initiative in Eurobitume, the European bitumen association.

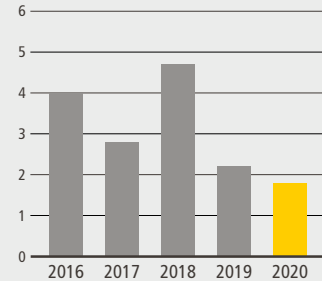
Both the Naphthenics and the Bitumen businesses have continued the R&D work around renewable components and circularity. Bitumen has conducted promising field trials with bitumen containing biogenic carbon components, such as plant-based hydrocarbons. Research work in collaboration with the Ancona University in Italy is contributing to a better understanding of the mechanical performance, durability, and recyclability of this bitumen. There are positive indications that these asphalt road pavements are fully reusable, which is critical in order to not sub-optimize the effort of reducing the climate impact of asphalt. Naphthenics work on several projects assessing potential new sustainable biobased and circular solutions and their applicability in select customer applications.

Both businesses have also updated the lifecycle inventories (LCI) for their products. Bitumen through the LCI published by Eurobitume and Naphthenics through the update of the LCI for products from the

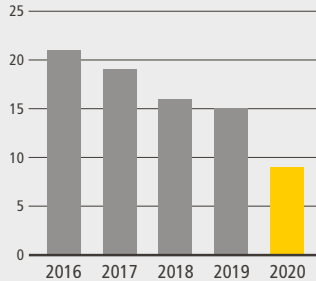
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TOTAL RECORDABLE INJURY FREQUENCY (TRIF)

Total recordable injuries per million working hours

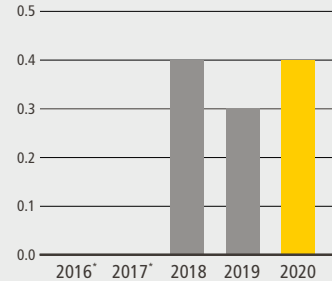


TRANSPORT ACCIDENTS



PROCESS SAFETY ACCIDENTS RATE (PSA)

Process safety accidents per million working hours



*Zero PSAs 2016 and 2017

Nynäshamn refinery. Both LCI's cover the steps of raw material sourcing, transports and production, i.e. cradle-to-gate.

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 as far as possible. 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.

Following the US sanctions against Venezuela's crude export, which used to be a major feedstock for Nynas, we have in the past years done intense work to prepare for a full transition to an alternative crude and feedstock base. This work has been done in tight cooperation between the supply chain, refineries and Nynas technical development teams.

Since late 2019 we have supplied our refineries with 100% non-Venezuelan feedstock. This poses a bigger challenge than before to secure that the feedstock processed is utilised to the maximum in high-value products, while waste and fuel streams are minimized, and intense work to this end has been done in 2020 and will continue in the years to come.

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 2020, the level of demand on the organisation has been maintained through regular updates of the minimum requirements. 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 2020, the focus was to maintain the positive trend on TRI's from 2019 and special focus was put on the Turn Around in Harburg.

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

SUSTAINABLE DEVELOPMENT REPORT

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 2020, Nynas continued to draw benefit from own staff trained as Lead Investigators, being 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 was the best frequency in the history of Nynas. In 2020, the trend was continued and for the second year in a row a new record for TRIF was set, this time the score was 1.8.

During the year there was one Process Safety Accident Tier 1 and one Tier 2 which was according to target for Tier 1 and better than target for Tier 2. In 2020 we also introduced group wide reporting of Process Safety Accidents Tier 3 to further strengthen the positive development regarding process safety. Nynas' strong commitment to working intensely on best practices focused on for example related to the loading and filling of bitumen and oils in transport vehicles. The trend towards fewer Transport Accidents continued in 2020 and the result was better than target. 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.

Covid-19 pandemic

Like the rest of the world, Nynas was impacted by the Covid-19 pandemic during 2020 but through adaptive measures and diligent execution, operations were maintained throughout the year and critical functions continued. In an early stage of the pandemic, a special group wide Covid-19 pandemic group was formed that monitored the situation, met at least weekly, and issued and updated Internal guidelines and FAQs. Due to Nynas global presence and the varying and fluctuating pandemic situation throughout the world, measures and rules had to be defined and applied locally based on general guidelines with the aim to safeguard the wellbeing of Nynas employees and the continuation of Nynas business and operations.

Measures implemented during the year included working from home, separation and splitting of work

teams, restricting access by outside staff, testing schemes as well as enhanced PPE regulations. The greatest effort was done in Harburg in connection with the Turn Around were very extensive measures of distancing, separation between groups, testing and PPE requirements facilitated the execution of the Turn-Around in a safe and controlled manner. The measures and protocols implemented by the refinery were audited by the German health authority (Amt fuer Arbeitsschutz) which were impressed and later used the set-up as a "best practice" protocol when visiting other industries.

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 however postponed to 2021 due to the reorganisation process and the pandemic situation. Under normal circumstances, 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.

SUSTAINABLE DEVELOPMENT REPORT

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 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

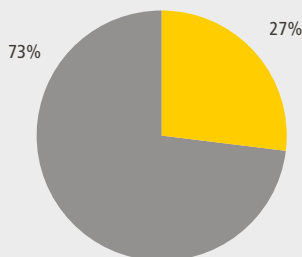
Risks related to the area of Ethics are mainly related to anti-trust, anti-bribery and anti-corruption. These risks are described in the Risk Management section in the Board of Directors’ report.

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.

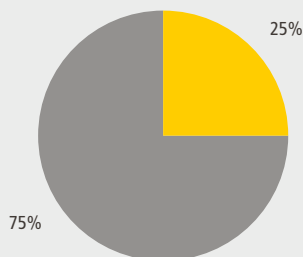
Nynas aims to comply with laws and regulations in every jurisdiction where it operates, including:

- 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 relevant categories of 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 concerned employees have received training and signed the compliance undertaking. The informal whistle-blowing process currently in place with an

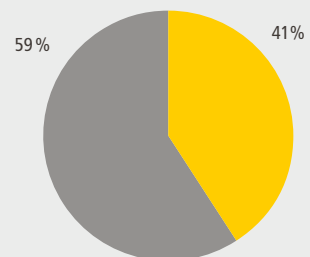
**GENDER DISTRIBUTION
NYNAS GROUP**



**GENDER DISTRIBUTION
NYNAS MANAGERS**



**GENDER DISTRIBUTION
EC-1**



■ Female ■ Male

Data from August 2020

SUSTAINABLE DEVELOPMENT REPORT

external party, for cases of possible non-compliance, is under review due to forthcoming new legislation. 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. On a regular basis Nynas conducts a survey in Nynäshamn to find out how the Nynas refinery is perceived locally. The latest results from 2019 shows 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 sustainabil-

ity 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.

The 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. The refinery also offers a German industry standard training scheme ("Berufsausbildung") for young people to become a qualified chemical operator.

CORPORATE GOVERNANCE

Corporate Governance

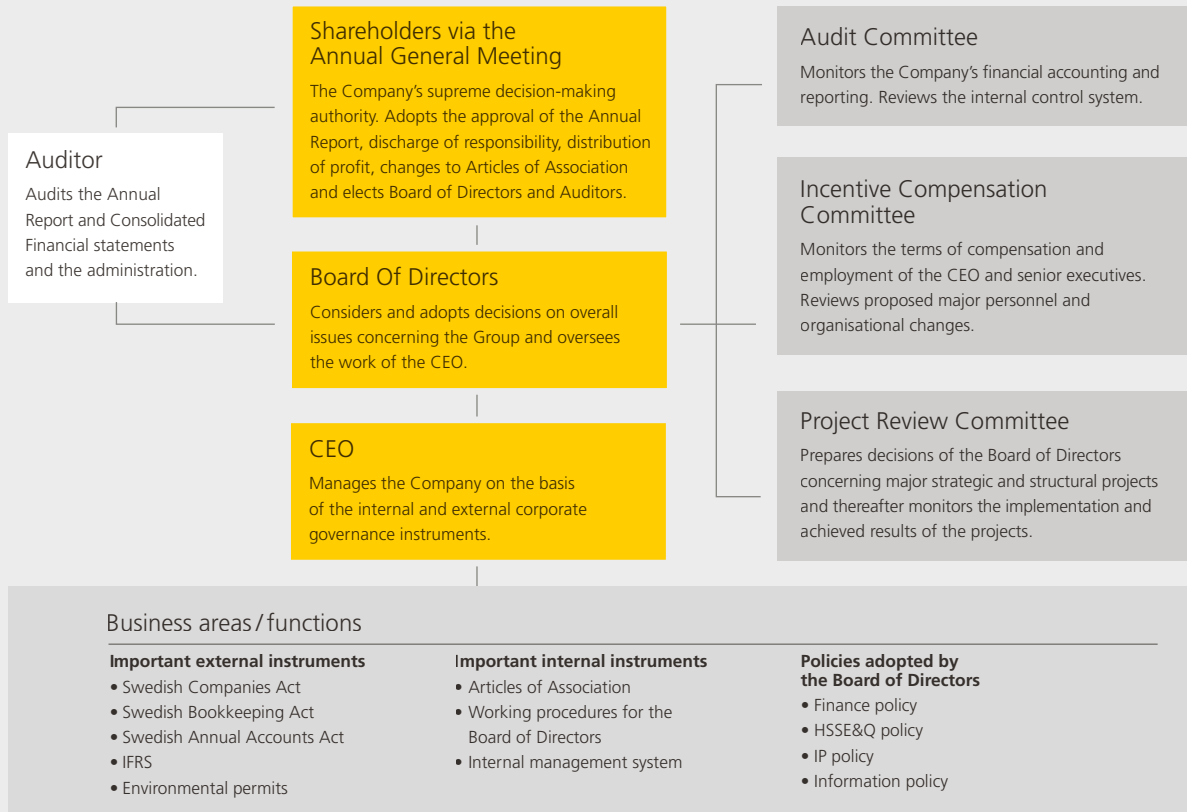
Corporate Governance at Nynas comprises guidelines, structures and processes, through which the Group is managed and controlled. The aim is to ensure efficient and value-creating decision making by clearly specifying the division of roles and responsibilities between the Shareholders, the Board and the 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, is since 16 September 2020 owned 49.999 per cent by Bitumina Industries Ltd, company reg. no. 11929041, domiciled in London, United Kingdom, 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.

Bitumina Industries is a private limited company with seven shareholders, Bernd R. Schmidt being the major shareholder. 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.

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 ordinary members 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 2020 five ordinary Board meetings were held and in addition thereto a vast number of extraordinary meetings. The work in 2020 focused on having US sanctions on the Company lifted and navigating the Company through a complex company reorganization successfully concluded with a composition agreement with the creditors including a five year secured financing.

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. As of 13 May 2020, the duties of the Audit Committee were performed by the entire Board, no separate Audit Committee meetings were held in 2020.
- 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

CORPORATE GOVERNANCE

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 2020, two meetings were held. As of 1 October 2020 the duties of the Incentive Compensation Committee were performed by the entire Board.

- 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. As of 13 May 2020, the duties of the Project Review Committee were performed by the entire Board, the Committee did not hold any separate meetings in 2020.

Auditors

External auditor

At the 2020 Annual General Meeting the authorised public accounting firm Ernst & Young AB was elected as the Company's external auditor up to and including the 2021 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 2020 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 three shareholders independently nominate their respective Board members and any shareholder can nominate candidates as Independent chairman. All three shareholders have internal processes in their own Boards and provide Nynas with

CORPORATE GOVERNANCE

their respective nominees. The three shareholders participate with their appointed representatives at the Annual General Meeting.

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 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. 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 regard 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.

CORPORATE GOVERNANCE

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 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.

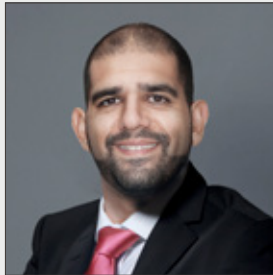
Internal Audit is an independent and objective function that systematically evaluates and proposes improvements for more effective governance, internal control and risk management processes throughout the Nynas Group. The function reports directly to the Audit Committee, and performs its work in accordance 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.

The external auditors continuously examine the level of internal control over financial reporting. They review internal control procedures during the autumn including a more detailed examination of the operations. 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 and consolidated financial statements.

BOARD OF DIRECTORS'



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



RAMÍ FARAH
MD Axis Strategic Partners.
Board member since 2020.
Born: 1977.
Nationality: British



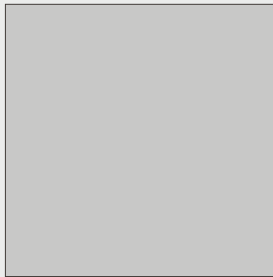
MOHAMED IDRIS
CEO Axis Strategic Partners.
Board member since 2020.
Born: 1972.
Nationality: British.



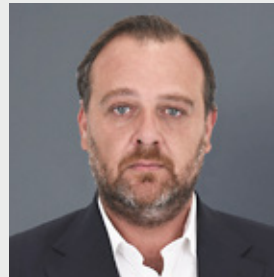
FREDRIK LUNDSTRÖM
Senior Advisor, AB Lundström & Far.
Board member since 2020.
Born: 1964.
Nationality: Swedish.



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



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



BERND SCHMIDT
Group Executive Chairman
Bitumina Industries Ltd.
Board member since 2020.
Born: 1979.
Nationality: German.



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 SSAB, Elekta, Munters and
Pricer.
Born: 1973.
Nationality: Swedish.

GROUP EXECUTIVE COMMITTEE



BO ASKVIK

President & Chief Executive Officer.
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, Kallø, 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.



MIKAEL BLANK

Acting Business Area Director, Bitumen Nordic. Education: Executive Management Program, Stockholm School of Economics. Previous experience: MD Nynas AS, Operations Manager Bitumen Nordic, Mechanical Manager Nynäshamn refinery, various positions in management and sales. Employed since 2009. In current position 2020. Born: 1970. 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.



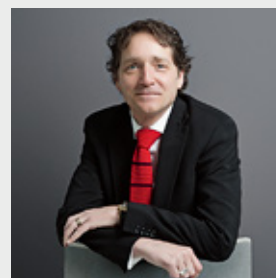
SIMON DAY

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

Acting Chief Financial Officer. 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.

FINANCIAL REPORT

Multi-year overview

GROUP

| SEK million | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---------------|---------------|---------------|---------------|---------------|
| INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME | | | | | |
| Net sales | 12,151 | 16,841 | 16,863 | 14,990 | 12,525 |
| Operating expenses | -10,110 | -16,712 | -16,060 | -14,071 | -11,696 |
| Depreciation and impairment excluding leases | -766 | -1,855 | -647 | -591 | -481 |
| Share of profit/loss of joint ventures | 19 | 19 | 21 | 14 | 21 |
| OPERATING RESULT | 1,294 | -1,707 | -178 | 343 | 368 |
| Net financial items | -397 | -775 | -414 | -328 | -264 |
| NET INCOME BEFORE TAX | 897 | -2,482 | -592 | 15 | 105 |
| Tax | -37 | -198 | -202 | -5 | -30 |
| NET INCOME FOR THE YEAR | 860 | -2,680 | -793 | 10 | 75 |
| STATEMENT OF FINANCIAL POSITION | | | | | |
| Fixed assets | 5,271 | 5,849 | 5,784 | 6,088 | 5,868 |
| Inventories | 2,950 | 4,396 | 5,004 | 3,352 | 3,234 |
| Current receivables | 2,044 | 2,397 | 2,559 | 2,277 | 2,330 |
| Cash & cash equivalents and short-term investments | 1,349 | 1,696 | 845 | 546 | 416 |
| ASSETS | 11,615 | 14,338 | 14,192 | 12,262 | 11,848 |
| Equity | 4,579 | 46 | 3,250 | 3,539 | 3,661 |
| Long-term interest-bearing liabilities | 4,837 | 2,161 | 7,497 | 4,667 | 4,897 |
| Long-term non-interest-bearing liabilities | 243 | 310 | 421 | 386 | 345 |
| Current interest-bearing liabilities | 228 | 6,669 | 301 | 1,350 | 414 |
| Current non-interest-bearing liabilities | 1,729 | 5,152 | 2,723 | 2,320 | 2,531 |
| EQUITY AND LIABILITIES | 11,615 | 14,338 | 14,192 | 12,262 | 11,848 |
| STATEMENT OF CASH FLOWS | | | | | |
| Cash flow from operating activities | -1,198 | -588 | -8 | 415 | 298 |
| Changes in working capital | 2,269 | 2,642 | -955 | -413 | -762 |
| CASH FLOW FROM OPERATING ACTIVITIES | 1,071 | 2,054 | -963 | 2 | -464 |
| Cash flow from investing activities | -662 | -629 | -428 | -464 | -1,161 |
| CASH FLOW AFTER INVESTING ACTIVITIES | 409 | 1,425 | -1,391 | -462 | -1,625 |
| Proceeds from borrowings, repayment of borrowings | -756 | -574 | 1,690 | 592 | 1,091 |
| Dividend | 0 | 0 | 0 | 0 | 0 |
| CHANGE IN CASH & CASH EQUIVALENTS | -347 | 851 | 299 | 130 | -534 |
| CASH & CASH EQUIVALENTS AT END OF YEAR | 1,350 | 1,696 | 845 | 546 | 416 |
| KEY FINANCIAL RATIOS | | | | | |
| Operating result before depreciation (EBITDA) before IFRS 16 ¹ | 560.0 | 816.0 | 805.0 | 1,218.0 | 1,009.0 |
| Operating result before depreciation (EBITDA) after IFRS 16 ¹ | 873.0 | 1,177.0 | | | |
| Net debt | 3,714.7 | 7,134.0 | 6,953.0 | 5,471.0 | 4,895.0 |
| Working capital | 3,276.8 | 1,652.0 | 4,853.0 | 3,341.0 | 3,163.0 |
| Return on average capital employed (12 months rolling), % ¹ | 0.0 | 2.1 | 1.4 | 6.5 | 6.2 |
| Return on average capital employed, % | 15.5 | -18.4 | -2.2 | 3.4 | 3.3 |
| Return on equity, % | 37.2 | -162.6 | -23.4 | 0.3 | 2.0 |
| Net debt/equity ratio | 81.1 | 15,569.6 | 213.9 | 154.6 | 133.7 |
| Equity to assets ratio, % | 39.4 | 0.3 | 22.9 | 28.9 | 30.9 |
| Number of full-time employees | 935.0 | 948.0 | 1,003.0 | 1,016.0 | 1,013.0 |

¹) Excluding non-recurring items, for definition please see Board of Directors' Report page 11.

FINANCIAL REPORT

Income statement and statement of comprehensive income

GROUP

| SEK million | Note | 2020 | 2019 |
|---|---------------------|----------------|-----------------|
| INCOME STATEMENT | | | |
| Net sales | 2 | 12,151.4 | 16,841.2 |
| Cost of sales | 3 | -10,804.2 | -15,433.4 |
| GROSS RESULT | | 1,347.2 | 1,407.8 |
| Other income and value changes | 3 | 0.0 | -16.8 |
| Distribution costs | 3 | -2,544.1 | -2,891.4 |
| Administrative expenses | 3 | -320.6 | -186.0 |
| Share of profit/loss of joint ventures | 15 | 19.0 | 18.8 |
| Other operating income | 4 | 3,308.8 | 277.9 |
| Other operating expenses | 4 | -516.0 | -317.1 |
| OPERATING RESULT | 2, 3, 4, 5, 6, 7, 8 | 1,294.4 | -1,706.8 |
| Finance income | 9 | 10.8 | 31.8 |
| Finance costs | 9 | -408.1 | -806.8 |
| NET FINANCIAL ITEMS | | -397.4 | -775.0 |
| NET INCOME BEFORE TAX | | 897.1 | -2,481.8 |
| Tax | 10 | -36.7 | -198.3 |
| NET INCOME FOR THE YEAR | | 860.4 | -2,680.2 |
| STATEMENT OF COMPREHENSIVE INCOME | | | |
| Net income for the year | | 860.4 | -2,680.2 |
| Items that will be reclassified to the income statement: | | | |
| Translation differences | | -218.8 | 118.2 |
| Currency hedges of net investments | 28 | 0.0 | -116.9 |
| Income tax associated with currency hedges of net investments | | 0.0 | 25.0 |
| Cash flow hedges | 28 | 93.1 | -512.3 |
| Income tax associated with cash flow hedges | | 0.0 | 101.4 |
| TOTAL AMOUNT THAT WILL BE RECLASSIFIED TO THE INCOME STATEMENT | | -125.7 | -384.6 |
| Items that will not be reclassified to the income statement: | | | |
| Actuarial loss/gain pensions | | -53.6 | -128.9 |
| Income tax associated with actuarial loss/gains pensions | | 14.8 | -14.4 |
| Inflation adjustment Argentina according to IAS 29 | | 4.3 | 4.0 |
| TOTAL AMOUNT THAT NOT WILL BE RECLASSIFIED TO THE INCOME STATEMENT | | -34.5 | -139.4 |
| Other Comprehensive Income for the year, net after tax | | -160.3 | -523.9 |
| COMPREHENSIVE INCOME | | 700.1 | -3,204.0 |
| Attributable to equity owners of the Parent | | 700.1 | -3,204.0 |

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 2020 and 2019 was 67,532.

| | 2020 | | | 2019 | | |
|--------------------|---------------------|-------------------|-----------|---------------------|-------------------|-----------|
| | Profit for the year | Numbers of shares | Per share | Profit for the year | Numbers of shares | Per share |
| Earnings per share | 860.4 | 67,532 | 12,740 | -2,680.2 | 67,532 | -39,688 |

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.

FINANCIAL REPORT

Statement of financial position

| | | GROUP | |
|--|--------------|-----------------|-----------------|
| SEK million | Note | 2020-12-31 | 2019-12-31 |
| ASSETS | | | |
| FIXED ASSETS | | | |
| INTANGIBLE ASSETS | | | |
| Goodwill | 12 | 0.0 | 8.1 |
| Computer software | 12 | 64.4 | 61.8 |
| TOTAL INTANGIBLE ASSETS | | 64.4 | 69.8 |
| TANGIBLE ASSETS | | | |
| Land and buildings | 13 | 237.3 | 272.3 |
| Plant and machinery | 13 | 2,881.6 | 3,281.7 |
| Equipment | 13 | 112.5 | 125.6 |
| Construction in progress | 13 | 617.9 | 390.5 |
| TOTAL TANGIBLE ASSETS | | 3,849.3 | 4,070.1 |
| LEASED RIGHT-OF-USE ASSETS | 8, 13 | 950.3 | 1,307.9 |
| FINANCIAL ASSETS | | | |
| Investments in associates and joint ventures | 15 | 192.6 | 188.9 |
| Derivative instruments | | 0.0 | 1.1 |
| Other long-term receivables | 16 | 14.6 | 14.6 |
| Deferred tax assets | 10 | 200.3 | 196.0 |
| TOTAL FINANCIAL ASSETS | | 407.4 | 400.7 |
| TOTAL FIXED ASSETS | | 5,271.4 | 5,848.6 |
| CURRENT ASSETS | | | |
| Inventories | 17 | 2,950.1 | 4,396.4 |
| Accounts receivable | 18, 26 | 1,018.9 | 1,502.0 |
| Receivables from joint ventures | 30 | 0.1 | 0.4 |
| Derivative instruments | 26, 27, 28 | 0.0 | 0.4 |
| Tax receivables | | 27.6 | 46.2 |
| Other current receivables | 26 | 560.3 | 487.3 |
| Prepayments and accrued income | 19, 26 | 437.2 | 361.1 |
| Cash and cash equivalents | 20, 26 | 1,349.4 | 1,696.0 |
| TOTAL CURRENT ASSETS | | 6,343.6 | 8,489.8 |
| TOTAL ASSETS | | 11,615.0 | 14,338.4 |

FINANCIAL REPORT

Statement of financial position

| | | GROUP | |
|---|--------|-----------------|-----------------|
| SEK million | Note | 2020-12-31 | 2019-12-31 |
| EQUITY AND LIABILITIES | | | |
| EQUITY, GROUP | 21 | | |
| Share capital | | 67.5 | 67.5 |
| Reserves | | -401.4 | -518.6 |
| Hybrid Instrument | | 2,512.7 | – |
| Retained earnings, incl net income for the year | | 2,400.0 | 497.1 |
| TOTAL EQUITY | | 4,578.9 | 46.0 |
| INTEREST-BEARING LIABILITIES | | | |
| Liabilities to credit institutions | 24, 26 | 2,990.0 | – |
| Non-current lease liabilities | 8, 24 | 736.6 | 1,047.9 |
| Provisions for pensions | 22 | 1,109.9 | 1,113.1 |
| TOTAL INTEREST-BEARING LIABILITIES | | 4,836.6 | 2,161.0 |
| NON-INTEREST BEARING LIABILITIES | | | |
| Other long-term liabilities | | 21.6 | 72.1 |
| Deferred tax liability | 10 | 71.0 | 84.0 |
| Provisions for pensions | 22 | 0.0 | 0.0 |
| Other provisions | 23 | 150.6 | 154.2 |
| TOTAL LONG-TERM NON-INTEREST-BEARING LIABILITIES | | 243.2 | 310.2 |
| TOTAL LONG-TERM LIABILITIES | | 5,079.7 | 2,471.2 |
| INTEREST-BEARING LIABILITIES | | | |
| Shareholder loan | 24 | 0.0 | 1,230.5 |
| Liabilities to credit institutions | 24, 26 | 0.0 | 5,137.6 |
| Current lease liabilities | 8, 24 | 227.5 | 300.9 |
| TOTAL CURRENT INTEREST-BEARING LIABILITIES | | 227.5 | 6,668.9 |
| NON-INTEREST-BEARING LIABILITIES | | | |
| Accounts payable | 26 | 750.6 | 2,507.6 |
| Liabilities to joint ventures | 30 | 8.3 | 10.3 |
| Tax liabilities | | 22.3 | 60.0 |
| Other current liabilities | 26 | 389.1 | 225.0 |
| Accrued liabilities and deferred income | 25, 26 | 547.1 | 2,338.2 |
| Other provisions | 23 | 11.6 | 11.1 |
| TOTAL CURRENT NON-INTEREST-BEARING LIABILITIES | | 1,729.0 | 5,152.2 |
| TOTAL CURRENT LIABILITIES | | 1,956.5 | 11,821.1 |
| TOTAL EQUITY AND LIABILITIES | | 11,615.0 | 14,338.4 |

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

FINANCIAL REPORT

Statement of changes in equity

GROUP

| SEK million | Equity attributable to owners of the parent | | | | | | | Total Equity |
|--|---|------------------|------------------------------------|---------------------|-------------------|-------------------|-----------------|--------------|
| | Share Capital | Cash flow Hedges | Currency Hedges of Net Investments | Translation Reserve | Hybrid Instrument | Retained Earnings | | |
| OPENING BALANCE JAN 1, 2019 | 67.5 | 317.8 | -310.8 | 101.8 | 0.0 | 3,073.7 | 3,250.1 | |
| Net income for the year | - | - | - | - | 0.0 | -2,680.2 | -2,680.2 | |
| Other comprehensive income | - | -410.9 | -91.9 | 118.2 | 0.0 | -139.4 | -523.9 | |
| COMPREHENSIVE INCOME | 0.0 | -410.9 | -91.9 | 118.2 | 0.0 | -2,819.6 | -3,204.1 | |
| CLOSING BALANCE DEC 31, 2019 | 67.5 | -93.1 | -402.6 | 220.0 | 0.0 | 254.1 | 46.0 | |
| Net income for the year | - | - | - | - | - | 860.4 | 860.4 | |
| Other comprehensive income | - | 93.1 | 0.0 | -218.8 | 0 | -34.5 | -160.2 | |
| Conversion existing Shareholder loan to equity | - | - | - | - | - | 1,320.0 | 1,320.0 | |
| Syndicate Hybrid Instrument | - | - | - | - | 2,512.7 | - | 2,512.7 | |
| COMPREHENSIVE INCOME | - | 93.1 | 0.0 | -218.8 | 2,512.7 | 2,145.9 | 4,532.9 | |
| DIVIDEND PAID | - | - | - | - | - | - | - | |
| CLOSING BALANCE DEC 31, 2020 | 67.5 | 0.0 | -402.6 | 1.2 | 2,512.7 | 2,400.0 | 4,578.9 | |

FINANCIAL REPORT

Cash flow statement

| | | GROUP | |
|--|------|-----------------|----------------|
| SEK million | Note | 2020 | 2019 |
| OPERATING ACTIVITIES | | | |
| Profit after financial items | | 897.1 | -2,481.8 |
| Reversal of non-cash items | 31 | -2,037.2 | 1,929.3 |
| Taxes paid | | -58.2 | -35.5 |
| CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL | | -1,198.3 | -588.1 |
| WORKING CAPITAL | | | |
| Operating receivables | | 247.9 | -365.4 |
| Inventories | | 1,346.5 | 638.1 |
| Operating liabilities | | 674.9 | 2,369.8 |
| CHANGES IN WORKING CAPITAL | | 2,269.3 | 2,642.5 |
| CASH FLOW FROM OPERATING ACTIVITIES | | 1,071.0 | 2,054.4 |
| INVESTING ACTIVITIES | | | |
| Acquisition of intangible assets | | -17.3 | -10.4 |
| Acquisition of tangible fixed assets | | -644.5 | -582.1 |
| Investment in financial assets | | 0.0 | -36.4 |
| CASH FLOW FROM INVESTING ACTIVITIES | | -661.8 | -628.9 |
| FINANCING ACTIVITIES | | | |
| Proceeds from borrowings | 31 | - | 419.5 |
| Amortisations of lease liabilities | | -384.7 | - |
| Amortisations of borrowings | | -273.3 | -921.6 |
| CASH FLOW FROM FINANCING ACTIVITIES | | -658.0 | -502.1 |
| CASH FLOW FOR THE YEAR | | -248.8 | 923.5 |
| CASH & CASH EQUIVALENTS AT BEGINNING OF YEAR | | 1,696.0 | 844.5 |
| Exchange differences | | -97.8 | -71.9 |
| CASH & CASH EQUIVALENTS AT END OF YEAR | 20 | 1,349.4 | 1,696.0 |

FINANCIAL REPORT

Income statement and statement of comprehensive income

| SEK million | Note | PARENT COMPANY | |
|---|----------------------------|----------------|-----------------|
| | | 2020 | 2019 |
| INCOME STATEMENT | | | |
| Net sales | 33 | 10,477.0 | 14,704.5 |
| Cost of sales | 34 | -10,824.7 | -13,432.9 |
| GROSS RESULT | | -347.7 | 1,271.6 |
| Other income and value changes | 34 | 0.0 | -16.8 |
| Distribution costs | 34 | -1,672.7 | -1,831.2 |
| Administrative expenses | 34 | -377.7 | -121.8 |
| Other operating income | 35 | 3,195.2 | 287.1 |
| Other operating expenses | 35 | -445.9 | -287.8 |
| OPERATING RESULT | 34, 35, 36, 37, 38, 39, 40 | 351.1 | -698.9 |
| Finance income | 40 | 192.5 | 388.6 |
| Finance costs | 40 | -340.3 | -916.0 |
| NET FINANCIAL ITEMS | | -147.7 | -527.4 |
| PROFIT/LOSS AFTER FINANCIAL ITEMS | | 203.4 | -1,226.3 |
| Appropriations | 41 | 0.0 | -0.3 |
| NET INCOME BEFORE TAX | | 203.3 | -1,226.5 |
| Tax | 42 | -0.8 | -42.4 |
| NET INCOME FOR THE YEAR | | 202.6 | -1,268.8 |
| STATEMENT OF COMPREHENSIVE INCOME | | | |
| Net income for the year | | 202.6 | -1,268.8 |
| Items that will be reclassified to the income statement: | | | |
| Cash flow hedges | | 78.6 | -409.7 |
| Income tax associated with cash flow hedges | | 0.0 | 83.6 |
| TOTAL AMOUNT THAT WILL BE RECLASSIFIED TO THE INCOME STATEMENT | | 78.6 | -326.1 |
| COMPREHENSIVE INCOME | | 281.2 | -1,594.9 |

FINANCIAL REPORT

Balance sheet

PARENT COMPANY

| SEK million | Note | 2020-12-31 | 2019-12-31 |
|------------------------------------|------------|----------------|-----------------|
| ASSETS | | | |
| FIXED ASSETS | | | |
| INTANGIBLE ASSETS | | | |
| Computer software | 43 | 63.5 | 61.3 |
| TOTAL INTANGIBLE ASSETS | | 63.5 | 61.3 |
| TANGIBLE ASSETS | | | |
| Land and buildings | 44 | 155.0 | 190.3 |
| Plant and machinery | 44 | 1,371.8 | 2,323.1 |
| Equipment | 44 | 59.1 | 78.4 |
| Construction in progress | 44 | 335.2 | 211.2 |
| TOTAL TANGIBLE ASSETS | | 1,921.1 | 2,803.0 |
| FINANCIAL ASSETS | | | |
| Investments in Group companies | 45 | 2,876.6 | 2,876.6 |
| Derivative instruments | | – | 1.1 |
| Other long-term receivables | | 12.9 | 12.9 |
| Deferred tax assets | 42 | 0.0 | 0.0 |
| TOTAL FINANCIAL ASSETS | | 2,889.5 | 2,890.6 |
| TOTAL FIXED ASSETS | | 4,874.1 | 5,754.9 |
| CURRENT ASSETS | | | |
| Inventories | 46 | 2,271.2 | 3,533.6 |
| CURRENT RECEIVABLES | | | |
| Accounts receivable | 47, 55 | 547.8 | 730.2 |
| Receivables from Group companies | 55 | 748.7 | 1,135.2 |
| Derivative instruments | 26, 27, 55 | – | 0.4 |
| Tax receivables | | 0.2 | 0.2 |
| Other current receivables | 55 | 280.9 | 161.6 |
| Prepayments and accrued income | 48, 55 | 369.1 | 281.3 |
| TOTAL CURRENT RECEIVABLES | | 1,946.7 | 2,309.0 |
| CASH & CASH EQUIVALENTS | 49, 55 | 673.5 | 731.5 |
| TOTAL CURRENT ASSETS | | 4,891.5 | 6,574.1 |
| TOTAL ASSETS | | 9,765.6 | 12,329.0 |

FINANCIAL REPORT

Balance sheet

| | | PARENT COMPANY | |
|---|--------|----------------|-----------------|
| SEK million | Note | 2020-12-31 | 2019-12-31 |
| EQUITY AND LIABILITIES | | | |
| EQUITY | 50 | | |
| Share capital | | 67.6 | 67.6 |
| Statutory reserve | | 96.0 | 96.0 |
| TOTAL RESTRICTED EQUITY | | 163.7 | 163.7 |
| Hybrid Instrument | | 2,512.7 | – |
| Retained earnings | | 1,590.3 | 1,460.5 |
| Net income for the year | | 202.6 | -1,268.8 |
| TOTAL UNRESTRICTED EQUITY | | 4,305.5 | 191.6 |
| TOTAL EQUITY | | 4,469.2 | 355.3 |
| UNTAXED RESERVES | 41 | 3.8 | 4.2 |
| LONG-TERM LIABILITIES | | | |
| INTEREST-BEARING LIABILITIES | | | |
| Liabilities to credit institutions | 53, 55 | 2,990.0 | – |
| Liabilities to Group companies | | 0.2 | 0.2 |
| Provisions for pensions | 51 | 207.3 | 205.3 |
| TOTAL LONG-TERM INTEREST-BEARING LIABILITIES | | 3,197.6 | 205.6 |
| NON-INTEREST-BEARING LIABILITIES | | | |
| Other long-term liabilities | | 21.6 | 23.1 |
| Provisions for deferred taxes | 42 | – | 0.3 |
| Other provisions | 52 | 135.9 | 138.6 |
| TOTAL LONG-TERM NON INTEREST-BEARING LIABILITIES | | 157.4 | 162.0 |
| TOTAL LONG-TERM LIABILITIES | | 3,355.0 | 367.6 |
| CURRENT LIABILITIES | | | |
| INTEREST-BEARING LIABILITIES | | | |
| Shareholder loan | 53, 55 | – | 1,230.5 |
| Liabilities to credit institutions | 53, 55 | – | 5,137.6 |
| Liabilities to Group companies | | 73.8 | 76.1 |
| TOTAL CURRENT INTEREST-BEARING LIABILITIES | | 73.8 | 6,444.2 |
| NON-INTEREST-BEARING LIABILITIES | | | |
| Accounts payable | 55 | 583.2 | 2,338.2 |
| Liabilities to Group companies | 55 | 677.7 | 539.6 |
| Tax liabilities | | 1.1 | 2.0 |
| Other current liabilities | 55 | 254.7 | 132.5 |
| Accrued liabilities and deferred income | 54, 55 | 336.0 | 2,134.3 |
| Other provisions | 52 | 11.1 | 11.1 |
| TOTAL CURRENT NON-INTEREST-BEARING LIABILITIES | | 1,863.8 | 5,157.8 |
| TOTAL CURRENT LIABILITIES | | 1,937.7 | 11,602.0 |
| TOTAL EQUITY AND LIABILITIES | | 9,765.6 | 12,329.0 |

FINANCIAL REPORT

Statement of changes in equity

PARENT COMPANY

| SEK million | Restricted Equity | | Unrestricted Equity | | Total Equity |
|--|-------------------|--------------------|---------------------|-------------------|-----------------|
| | Share Capital | Statutory Reserves | Hybrid Instrument | Retained Earnings | |
| OPENING BALANCE JAN 1, 2019 | 67.6 | 96.0 | 0.0 | 1,786.6 | 1,950.3 |
| Net income for the year | – | – | – | -1,268.9 | -1,268.9 |
| Other comprehensive income | – | – | – | -326.1 | -326.1 |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | 0.0 | 0.0 | 0.0 | -1,595.0 | -1,595.0 |
| CLOSING BALANCE DEC 31, 2019 | 67.6 | 96.0 | 0.0 | 191.7 | 355.4 |
| OPENING BALANCE JAN 1, 2020 | 67.6 | 96.0 | 0.0 | 191.7 | 355.4 |
| Net income for the year | – | – | – | 202.6 | 202.6 |
| Other comprehensive income | – | – | – | 78.5 | 78.5 |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | – | – | 0.0 | 281.1 | 281.1 |
| Conversion existing Shareholder loan to equity | – | – | – | 1,320.0 | 1,320.0 |
| Syndicate Hybrid Instrument | – | – | 2,512.7 | – | 2,512.7 |
| CLOSING BALANCE DEC 31, 2020 | 67.6 | 96.0 | 2,512.7 | 1,792.8 | 4,469.2 |

Share capital at 31 Dec 2020 consisted of 67,532 shares, including 33,765 Class A shares, 10,129 Class B shares and 23,638 C shares.
The Board proposes a dividend of SEK 0 (0) per share for the year 2020.

FINANCIAL REPORT

Statement of cash flow

| PARENT COMPANY | | | |
|--|------|-----------------|-----------------|
| SEK million | Note | 2020-12-31 | 2019-12-31 |
| OPERATING ACTIVITIES | | | |
| Profit after financial items | | 203.3 | -1,226.5 |
| Reversal of non-cash items | 58 | -1,747.9 | 388.8 |
| Taxes paid | | -2.0 | 6.9 |
| CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL | | -1,546.5 | -830.9 |
| WORKING CAPITAL | | | |
| Operating receivables | | 441.9 | -315.5 |
| Inventories | | 1,262.5 | 510.7 |
| Operating liabilities | | 381.9 | 2,721.8 |
| CHANGES IN WORKING CAPITAL | | 2,086.3 | 2,917.0 |
| CASH FLOW FROM OPERATING ACTIVITIES | | 539.8 | 2,086.1 |
| INVESTING ACTIVITIES | | | |
| Acquisition of intangible assets | | -24.7 | -10.4 |
| Acquisition of tangible fixed assets | | -297.4 | -460.3 |
| Disposal/reduction of financial assets | | 0.0 | 0.3 |
| CASH FLOW FROM INVESTING ACTIVITIES | | -322.1 | -470.3 |
| FINANCING ACTIVITIES | | | |
| Proceeds from borrowings | 58 | 0.0 | 465.6 |
| Amortizations of borrowings | | -275.6 | -1,654.0 |
| CASH FLOW FROM FINANCING ACTIVITIES | | -275.6 | -1,188.4 |
| CASH FLOW FOR THE YEAR | | -58.0 | 427.4 |
| CASH & CASH EQUIVALENTS AT BEGINNING OF YEAR | | 731.6 | 463.7 |
| Exchange differences | | 0.0 | -159.6 |
| CASH & CASH EQUIVALENTS AT END OF YEAR | 49 | 673.5 | 731.6 |

NOTES TO THE CASH FLOW STATEMENT

The Parent Company received dividends of SEK 186.8 (365.8) million and interest income of SEK 6.0 (22.6) million, while interest expenses amounted to SEK 478.5 million (577.1).

NOTES

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| 10 | Taxes | 61 | 42 | Taxes | 91 |
| 11 | Earnings per share | 62 | 43 | Intangible assets | 92 |
| 12 | Intangible assets | 63 | 44 | Tangible assets | 93 |
| 13 | Tangible assets | 64 | 45 | Shares in group companies | 94 |
| 14 | Shares in Group companies | 66 | 46 | Inventories | 94 |
| 15 | Investments in joint ventures | 67 | 47 | Accounts receivable | 95 |
| 16 | Other long-term receivables | 67 | 48 | Prepayments and accrued income | 95 |
| 17 | Inventories | 67 | 49 | Cash and cash equivalents | 95 |
| 18 | Accounts receivable | 68 | 50 | Equity | 96 |
| 19 | Prepayments and accrued income | 68 | 51 | Provisions for pensions | 96 |
| 20 | Cash and cash equivalents | 69 | 52 | Other provisions | 97 |
| 21 | Equity | 69 | 53 | Liabilities to credit institutions | 98 |
| 22 | Provisions for pensions | 70 | 54 | Accrued liabilities and deferred income | 99 |
| 23 | Other provisions | 74 | 55 | Financial assets and liabilities | 99 |
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NOTES

Notes to the financial statements – Group

(Amount in tables in SEK million unless otherwise stated)

Note 1. Significant accounting judgements, estimates and assumptions

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 Lindetorp svägen 7, SE-121 63 Johanneshov.

Nynas AB, company reg. no. 556029-2509, domiciled in Stockholm, is since September 16, 2020 owned 49.999 per cent by Bitumina Industries Ltd, company reg. no. 11929041, domiciled in London, United Kingdom, 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. Bitumina Industries is a private limited company with seven shareholders, Bernd R. Schmidt being the major shareholder. NyColleagues AB is owned by Nynässiftelsen, 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 annual accounts and consolidated annual financial statements were approved for issue by the Board on May 26, 2021. 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 May 26, 2021.

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.

Going concern assessment

The Covid-19-pandemic as well as sanctions and reorganization in the parent company had a significant negative impact on the Company's ongoing business operations mainly related to reduced sales volumes and production at the ERL refinery when it comes to Covid-19-pandemic. If the Covid-19-pandemic effects continues for a long period of time it will continue to have a negative impact on the Group's operations. In its assessment of going concern, the Company has considered and assessed the related plans recovering from sanctions, reorganisation and the Covid-19-pandemic impact on the business, assumptions and actions, including the various liquidity sources identified to find additional financing headroom for working capital, as well as the Business Plan. Based on the above-mentioned circumstances taken as a whole, it is the Company's assessment that the financial statements shall be prepared on a going concern basis despite the material uncertainties still identified.

Composition gain

A formal company reorganisation was approved by the District Court of Södertörn on the 30 of November 2020. The period during which affected parties could object to elements of the formal public composition expired on 21 December 2020, after which the formal public composition would have been effective if no objection was raised. The Swedish tax authority objected at the end of the objection period. The liability to the tax authority was then paid on 22 December 2020 with the effect that the tax authority had no remaining right to object to the formal public composition becoming effective. The tax authority withdrew its objection on 23 December 2020 and the court of appeals dismissed the case on 28 December on the basis of the withdrawal. The tax authority's objection however delayed the composition

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effective date with some weeks, and it became effective on 19 January 2021.

In relation to the formal composition the lapse of time until the effectiveness is a formality and there is no risk that the court decision on the formal public composition could be rejected. The effectiveness of the formal composition became a formality when Nynas AB made the payment to the Swedish Tax Authority the 22 December 2020, since this payment eliminated the Swedish Tax Authority's rights to object. Therefore Nynas recognised the effects of the formal public composition and the agreement with the major creditors in its financial statements on 22 December 2020.

Basis of consolidation

The consolidated financial statements include the financial statements of the Parent Company and the entities over which controlling influence is exercised by the Group. The Group controls a company when it is exposed to, or has rights to, variable returns from its participation in the company and is able to affect those returns through its influence over the company.

Entities in which the Group has an ownership interest of at least 20% and no more than 50%, or where the Group has significant influence by other means but cannot exercise controlling influence, are affiliated companies. Affiliated companies are accounted for using the equity method.

Non-controlling interests in the net assets of consolidated subsidiaries are recognized in the consolidated balance sheet as a separate component of equity. The Group's earnings and components in other comprehensive income are attributable to the Parent Company's owners and to the non-controlling interests. All intra-Group transactions, balance-sheet items, revenue and expenses are eliminated on consolidation.

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. Nynas has foreign branches in UK and Dubai.

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 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, for example, to goods exported to a customer in another country. Sales revenue contains mainly of goods (bitumen, NSP and fuel) only minor part is related to sales of service. 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

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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 underlying transaction is recognised in other comprehensive income. In these cases, the associated tax effects are recognised in other comprehensive income (or equity). Current tax is the expected tax payable on the taxable income for the year (or equity), 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

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

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 annually for impairment when there is an indication of impairment.

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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 assets

The Group continuously evaluates whether any indications exist of a need for impairment of any tangible and intangible assets with determinable useful lives to identify any potential need for impairment.

The recoverable amount is defined as the higher of an asset's fair value less selling costs and the value in use (VIU). If the estimated recoverable amount of the asset (or the CGU) is lower than its carrying amount, the carrying amount of the asset (or the CGU) is impaired.

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, for further information regarding CGU's and testing procedures please see note 13.

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.

Hybrid bond

In relation to the composition settlement some part of the claim was converted to a hybrid bonds with a total amount of SEK 2,513 million. The hybrid bonds issued being Skandinaviska

Enskilda Banken AB (publ), Deutsche Bank AG, Burlington Loan Management DAC, Foxford Capital L5 DAC, and GPB Energy Services B.V., carry an interest of EURIBOR plus a margin of 800 bps and the nominal amount and the accrued interest is in EUR. The hybrid bonds are subordinated and only senior to the share capital. All hybrids are perpetual and Nynas controls the payment of interest and principal in the instruments. The recognition of the hybrid bonds as equity has the effect that the interest on the bonds becomes a type of preference dividend in accounting terms; i.e. a right to equity-related payments that have preference over ordinary share dividends. The bonds are classified as equity instruments in their entirety according to IAS 32.

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 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

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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 costs

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 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

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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

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.

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.

Nynas AB has issued a parent company guarantee pursuant to Section 479(C) of the UK Companies Act 2006 for the financial year 2020 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.

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Subsidiaries:

- Nynas Ltd (CRN 02359113)
- Nynas Naphthenics Ltd (CRN 2450786)

Leased assets

The Parent Company recognizes all lease contracts according to the rules for operating leases.

SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements and application of accounting policies are often based on management's assessments, or on estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. These estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Changes in estimates are recognized in the period in which the change is made if the change affects only that period, or in the period in which the change is made and future periods if the change affects both the current and future periods. Below is an overall description of the accounting policies affected by such estimates or assumptions that are expected to have the most substantial impact on the Group's reported earnings and financial position. For information about the carrying amount on the closing date, see the balance sheet with accompanying notes.

Composition gain and hybrid bond

The Group has reviewed and made the following classification and judgment regarding the composition gain and hybrid bond. In relation to the formal composition the lapse of time until the effectiveness is a formality and there is no risk that the court decision on the formal public composition could be rejected. The effectiveness of the formal composition became a formality when Nynas AB made the payment to the Swedish Tax Authority the 22 December 2020, since this payment eliminated the Swedish Tax Authority's rights to object. Therefore Nynas recognised the effects of the formal public composition and the agreement with the major creditors in its financial statements on 22 December 2020. All hybrids bonds are perpetual and Nynas controls the payment of interest and principal in the instruments. The recognition of the hybrid bond as equity has the effect that the interest on the bond becomes a type of preference dividend in accounting terms; i.e. a right to equity-related payments that have preference over ordinary share dividends. The bonds are classified as equity instruments in their entirety according to IAS 32.

Impairment of fixed assets

The Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets are impaired. In making the impairment assessment, assets that do not generate independent cash flows are allocated to an appropriate CGU. Management is required to make certain assumptions in estimating the value of the assets, including the timing and value of cash flows to be generated from the assets. The cash-flow projections are based on reasonable assumptions that represent management's best estimate of the set of economic conditions that will exist over the remaining useful life of the asset and are based on the most recent financial plan that management has approved. Due to its subjective nature, these

estimates will likely differ from future actual results of operations and cash flows, and any such difference may result in impairment in future periods. See also note 13.

Provision for future environmental programmes

Nynas has three 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 bitumen 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 Hamburg. 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.

Tax

Significant estimates are made to determine both current and deferred tax liabilities and assets, not least the value of deferred tax assets. The company must then determine the possibility that deferred 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. A change in these estimates could result in a decrease in deferred tax assets in future periods for assets that are currently recognized in the consolidated balance sheet. If future profitability is less than the amount calculated in determining the deferred tax asset, then a decrease in deferred tax assets will be required, with a corresponding charge in profit or loss, except in cases where it is related to items recognized directly in equity. If future profitability exceeds the level that has been assumed in calculating deferred tax assets, an additional deferred tax asset can be recognized, with a corresponding credit in profit or loss.

Nynas has tax litigation cases mainly in South America and ongoing tax audits and 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

Pension assumptions are an important element in the actuarial methods used to measure pension commitments and value assets, and can significantly affect the recognized pension obligation, pension assets and the annual pension cost. The most critical assumptions are the discount rate, inflation and expected salary adjustments.

The measurement to be applied under IAS 19 when measuring defined-benefit plans is known as the projected Unit Credit method. This method requires several assumptions (actuarial parameters) for calculating the present value of the defined-benefit obligation. Actuarial assumptions comprise both demographic and financial assumptions. Since assumptions must be neutral and mutually compatible, they should be neither

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imprudent nor overly conservative. They should reflect the economic relationships between factors such as inflation, rates of salary increase, the return on plan assets and discount rates. This means that they should be realistic, based on known financial relations and reflect Nynas' best assessment of the factors that will determine the ultimate cost of providing post-employment benefits, that is pension costs.

Deviations can arise if the discount rate changes (a lower discount rate increases the present value of the pension liability and the annual pension cost), or if actual inflation levels, salary adjustments and life expectancies deviate from the Group's assumptions. Any change in these assumptions could potentially

result in a significant change to the pension assets, obligations and pension costs in future periods. The actuarial assessment of pension obligations and pension costs is based on the actuarial assumptions which are specified in note 22.

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.

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

| SALES REVENUES BY GEOGRAPHICAL MARKET | 2020 | 2019 |
|--|-----------------|-----------------|
| Sweden | 1,233.0 | 2,023.3 |
| Rest of Nordics | 2,038.1 | 3,364.0 |
| Rest of Europe | 5,754.5 | 8,174.7 |
| Americas | 591.9 | 385.8 |
| Other | 2,534.0 | 2,893.4 |
| TOTAL | 12,151.4 | 16,841.2 |
| TOTAL ASSETS BY GEOGRAPHICAL MARKET | 2020 | 2019 |
| Sweden | 5,032.0 | 6,820.6 |
| Rest of Nordics | 149.9 | 126.2 |
| Rest of Europe | 5,147.4 | 5,607.9 |
| Americas | 582.8 | 756.9 |
| Other | 702.9 | 1,026.8 |
| TOTAL | 11,615.0 | 14,338.4 |
| INVESTMENTS BY GEOGRAPHICAL MARKET | | |
| Sweden | 324.6 | 470.6 |
| Rest of Nordics | 8.2 | 7.9 |
| Rest of Europe | 328.4 | 113.1 |
| Americas | 0.7 | 0.3 |
| Other | 0.0 | 0.1 |
| TOTAL | 662.0 | 592.0 |
| SALES REVENUES BY CATEGORY | | |
| Sale of goods, external | 12,124.7 | 16,759.0 |
| Revenue from services | 26.8 | 82.2 |
| TOTAL | 12,151.4 | 16,841.2 |

NOTES

Note 3. Costs itemised by nature of expense

| | 2020 | 2019 |
|---|-----------------|-----------------|
| Raw materials | 8,258.1 | 11,592.0 |
| Transport and distribution costs | 1,560.4 | 1,707.8 |
| Manufacturing expenses | 1,188.3 | 1,311.7 |
| Costs for employee benefits (note 5) | 978.1 | 1,047.8 |
| Depreciation, amortisation, impairment (note 8, 12, 13) | 765.5 | 1,856.4 |
| Depreciation, amortisation, impairment, Leases (note 8, 12, 13) | 276.5 | 339.2 |
| Other income and value changes | 0.0 | 16.8 |
| Other expenses | 615.0 | 637.1 |
| TOTAL | 13,641.9 | 18,508.9 |

Other income and value changes consists of unrealized gain and losses from oil and currency derivatives of 0.0 (-16.8).

Note 4. Other operating income and expenses

| | 2020 | 2019 |
|--|----------------|---------------|
| OTHER OPERATING INCOME | | |
| Exchange gains on operating receivables/liabilities | 286.9 | 208.6 |
| Composition gain | 2,958.4 | – |
| Other service revenue | 63.5 | 69.3 |
| TOTAL | 3,308.8 | 277.9 |
| OTHER OPERATING EXPENSES | 0.0 | 0 |
| Exchange losses on operating receivables/liabilities | -516.0 | -317.1 |
| TOTAL | -516.0 | -317.1 |

A formal public composition of Nynas AB's debts was approved by a Swedish court on 30 November 2020, given a composition gain was accounted for (SEK 2 958 million) in December 2020, whereof banksyndikate (Skandinaviska Enskilda Banken AB (publ), Deutsche Bank AG, Burlington Loan Management DAC, Foxford Capital L5 DAC) accounted for SEK 2,016 million and GPB Energy Services B.V as crude supplier accounted for 942 SEK million. For further information regarding the composition see Board of Directors report pages 8–11.

NOTES

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.

| AVERAGE NUMBER OF EMPLOYEES | 2020 | | | 2019 | | |
|-----------------------------|------------|------------|------------|------------|------------|------------|
| | Men | Women | Total | Men | Women | Total |
| PARENT | | | | | | |
| Sweden | 296 | 126 | 422 | 327 | 145 | 472 |
| TOTAL PARENT | 296 | 126 | 422 | 327 | 145 | 472 |
| United Kingdom | 39 | 18 | 57 | 39 | 20 | 59 |
| Belgium | 7 | 9 | 16 | 9 | 8 | 17 |
| Poland | 13 | 5 | 18 | 12 | 5 | 17 |
| Estonia | 14 | 3 | 17 | 14 | 3 | 17 |
| Spain | 3 | 2 | 5 | 3 | 2 | 5 |
| Germany | 253 | 30 | 283 | 257 | 31 | 288 |
| France | 4 | 4 | 8 | 4 | 4 | 8 |
| Denmark | 2 | 2 | 4 | 3 | 2 | 5 |
| Finland | 2 | 2 | 4 | 1 | 2 | 3 |
| USA | 1 | 1 | 2 | 1 | 2 | 3 |
| Other countries | 51 | 41 | 92 | 49 | 42 | 91 |
| TOTAL OUTSIDE SWEDEN | 389 | 117 | 506 | 392 | 121 | 513 |
| TOTAL GROUP | 685 | 243 | 928 | 719 | 266 | 985 |

EMPLOYEE BENEFIT COSTS, GROUP (including president and senior executives)

| | 2020 | 2019 |
|--|--------------|----------------|
| Wages, salaries and other benefits | 761.7 | 757.7 |
| Pension costs, defined benefit (see also note 22) | -17.6 | 72.9 |
| Pension costs, defined contribution (see also note 22) | 66.8 | 46.6 |
| Social security contributions | 167.2 | 170.7 |
| TOTAL GROUP | 978.1 | 1,047.8 |

| REMUNERATION AND OTHER BENEFITS. SENIOR EXECUTIVES. GROUP | 2020 | | | 2019 | | |
|--|----------------------|----------------------------|-------------|-----------------------|----------------------------|-------------|
| | President and CEO | Other senior executives | Total | President and CEO* | Other senior executives | Total |
| Basic salary | 3.1 | 10.5 | 13.6 | 5.7 | 11.4 | 17.1 |
| Variable pay | 3.4 | 5.4 | 8.8 | 0.3 | 0.5 | 0.8 |
| Other benefits | 0.1 | 0.6 | 0.7 | 0.0 | 0.5 | 0.5 |
| Social security contributions | 2.1 | 3.8 | 5.9 | 1.9 | 3.1 | 5.0 |
| Pension costs | 1.0 | 4.2 | 5.2 | 2.0 | 4.6 | 6.6 |
| TOTAL | 9.7 | 24.5 | 34.2 | 9.9 | 20.0 | 29.9 |

*) Refers to Gerth Wendroth and Bo Askvik.

Nynas Group Management 2020 (not including CEO),
Rolf Allgulander, Simon Day, Eva Kaijser (acting), Anders Nilsson,
Ewa Beskow, Jim Christie, Mikael Blank, Hans Östlin.

Nynas Group Management 2019 (not including CEO),

Rolf Allgulander, Simon Day, Eva Kaijser (acting), Anders Nilsson,
Ewa Beskow, Jim Christie, Peter Bäcklund, Hans Östlin.

In 2020 1,0 MSEK (0,0) was paid in board member fees.

NOTES

Con't. Note 5

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

| | 2020 | 2019 |
|--------------------------|------|------|
| Female representation, % | | |
| Board | 28.6 | 31.5 |
| Group Management | 22.2 | 22.2 |

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

| DEPRECIATION AND AMORTISATION BY FUNCTION | Intangible | | Tangible | |
|---|-------------|-------------|--------------|----------------|
| | 2020 | 2019 | 2020 | 2019 |
| Cost of sales | 2.5 | 3.3 | 504.3 | 562.2 |
| Distribution costs | 0.8 | 0.8 | 38.9 | 42.9 |
| Administrative expenses | 19.3 | 17.9 | 7.7 | 12.4 |
| TOTAL | 22.6 | 21.9 | 550.9 | 617.5 |
| IMPAIRMENT LOSSES | | | | |
| Cost of sales | 0.8 | – | 191.8 | 1,217.0 |
| TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT BY FUNCTION | 23.4 | 21.9 | 742.7 | 1,834.5 |
| DEPRECIATION AND AMORTISATION OF TANGIBLE AND INTANGIBLE ASSETS BY TYPE OF ASSET | | | 2020 | 2019 |
| Computer software | | | 22.6 | 21.9 |
| Buildings | | | 13.1 | 12.5 |
| Land improvements | | | 6.0 | 6.1 |
| Plant and machinery | | | 500.7 | 561.3 |
| Equipment | | | 31.1 | 37.6 |
| TOTAL AMORTISATION OF TANGIBLE AND INTANGIBLE ASSETS | | | 573.5 | 639.4 |
| IMPAIRMENT LOSSES | | | | |
| Goodwill | | | 8.1 | 0.0 |
| Computer software | | | 0.8 | 0.0 |
| Plant and machinery | | | 191.2 | 1,217.0 |
| TOTAL IMPAIRMENT LOSSES | | | 200.1 | 1,217.0 |
| TOTAL RECOGNISED DEPRECIATION, AMORTISATION AND IMPAIRMENT | | | 765.5 | 1,856.4 |
| DEPRECIATION AND AMORTISATION OF RIGHT OF USE ASSETS | | | | |
| Tank and depots | | | 201.4 | 234.8 |
| Vessels | | | 43.2 | 78.7 |
| Building and office space | | | 23.3 | 14.0 |
| Other | | | 8.6 | 11.7 |
| TOTAL DEPRECIATION AND AMORTISATION OF RIGHT OF USE ASSETS | | | 276.5 | 339.2 |

Information regarding impairment see note 13.

NOTES

Note 7. Auditors' fees and other remuneration

| AUDIT FEES | 2020 | 2019 |
|-----------------------|-------------|-------------|
| ERNST & YOUNG AB | | |
| Annual audit | 12.2 | 6.8 |
| Other audit services | 3.2 | 6.3 |
| Tax advisory services | 0.7 | 2.7 |
| Other services | 10.6 | 1.5 |
| TOTAL | 26.7 | 17.3 |

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 than 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.

For a specification of the right-of-use assets, see Note 13 Tangible assets. For interest expense, see Note 9 Net Financial items. For parent companies part of total future lease payments and lease payments current year, please see not 39.

| LEASE LIABILITY MATURITY STRUCTURE | 2020 | 2019 |
|---|----------------|----------------|
| 2020 | – | 300.9 |
| 2021 | 272.5 | 282.6 |
| 2022 | 226.1 | 247.6 |
| 2023 | 203.3 | 231.4 |
| 2024 | 183.0 | 270.0 |
| 2025 | 126.0 | 228.1 |
| 2026 and later | 92.4 | – |
| TOTAL PAYMENTS | 1,103.3 | 1,560.6 |
| Discounting effect | -139.2 | -211.8 |
| TOTAL LIABILITY ACCORDING TO BALANCE SHEET | 964.1 | 1,348.8 |
| of which current liability | 227.5 | 300.9 |
| of which non-current liability | 736.6 | 1,047.9 |

| LEASE PAYMENTS | 2020 | 2019 |
|---|--------------|--------------|
| Payments of leases entered as liabilities | 312.6 | 360.6 |
| Variable lease payments not included in lease liability | 65.9 | 14.9 |
| TOTAL LEASE PAYMENTS | 378.5 | 375.5 |

NOTES

Note 9. Net financial items

| | 2020 | 2019 |
|---|---------------|---------------|
| Interest income, bank deposits | 9.4 | 30.0 |
| Interest income, associates | 0.0 | 0.1 |
| Interest income, derivative instruments (actual interest rates) | 1.3 | 1.7 |
| TOTAL FINANCE INCOME | 10.8 | 31.8 |
| Of which total interest income attributable to items carried at amortised cost | 9.4 | 30.1 |
| Interest expense, loans and bank overdrafts | -255.5 | -387.6 |
| Interest expense, derivative instruments (actual interest rates and changes in value) | -1.6 | -10.1 |
| Interest expense, interest bearing accounts payable | -210.4 | -174.2 |
| Interest expense, PRI pension obligations | -8.2 | -7.9 |
| Interest expense, lease | -59.6 | -71.2 |
| Sales of shares in subsidiaries | 0.0 | -0.4 |
| Net exchange differences | 157.1 | -26.1 |
| Other finance costs* | -29.9 | -129.4 |
| TOTAL FINANCE COSTS | -408.1 | -806.8 |
| Of which total interest expense attributable to items carried at amortised cost | -474.2 | -395.5 |
| TOTAL NET FINANCIAL ITEMS | -397.4 | -775.0 |

* Mainly relates to up front fee

Note 10. Taxes

| | 2020 | 2019 |
|--------------------------|--------------|---------------|
| Current tax | -43,5 | -111,6 |
| Current tax, prior years | 3,3 | 2,2 |
| Deferred tax | 3,6 | -89,0 |
| TOTAL | -36,7 | -198,3 |

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:

| | 2020 | 2019 |
|--|--------------|---------------|
| Result before tax | 897.1 | -2,481.8 |
| Tax according to Parent Company's applicable tax rate | -192.0 | 531.1 |
| TAX EFFECT OF: | | |
| Other non-deductible expenses | -11.5 | -96.4 |
| Other non-taxable income | 8.9 | 23.0 |
| Effect of different tax rates for foreign subsidiaries | -0.6 | -5.9 |
| Adjustment of current tax in respect of prior years | 3.3 | 2.2 |
| Composition gain | 633.1 | - |
| Increase/decrease in tax carry forwards without corresponding capitalisation of deferred tax | -481.9 | -341.3 |
| Impairment tangible assets | - | -260.4 |
| Change in valuation of tax carry forwards | - | -42.5 |
| Tax attributable to Joint Venture | 4.0 | 5.4 |
| Other | 0.0 | -13.6 |
| RECOGNISED TAX EXPENSE | -36.7 | -198.3 |
| Standard rate of income tax, % | 21.4 | 21.4 |
| Effective tax rate, % | 4.1 | -8.0 |

NOTES

Con't. Note 10

| DEFERRED TAX ASSETS AND LIABILITIES | Assets | | Liabilities | | Net | |
|---|--------------|--------------|-------------|-------------|--------------|--------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Land and buildings | 0.0 | 0.0 | 8.2 | 8.7 | -8.2 | -8.7 |
| Machinery and equipment | 11.2 | 10.7 | 28.4 | 37.5 | -17.2 | -26.8 |
| Inventories | 0.0 | 0.0 | 17.5 | 24.8 | -17.5 | -24.8 |
| Other operating receivables/liabilities | 1.1 | 3.8 | 0.0 | 0.3 | 1.1 | 3.5 |
| Pension liabilities | 185.8 | 163.6 | 16.8 | 12.5 | 169.0 | 151.1 |
| Tax loss carry forwards | 2.1 | 17.8 | 0.0 | 0.0 | 2.1 | 17.8 |
| TOTAL | 200.2 | 195.9 | 70.9 | 83.8 | 129.3 | 112.1 |
| Offsets | 0.1 | 0.1 | 0.1 | 0.1 | - | - |
| TOTAL | 200.3 | 196.0 | 71.0 | 84.0 | 129.3 | 112.1 |

| CHANGE IN DEFERRED TAX ON TEMPORARY DIFFERENCES DURING YEAR 2020 | Opening Balance | Recognised in income statement | Recognised directly in equity | Exchange differences | Closing Balance |
|--|--------------------|--------------------------------------|-------------------------------------|-------------------------|--------------------|
| Land and buildings | -8.7 | 0.5 | - | - | -8.2 |
| Machinery and equipment | -26.8 | 9.6 | - | - | -17.2 |
| Inventories | -24.8 | 7.3 | - | - | -17.5 |
| Other operating receivables/liabilities | 3.5 | -2.1 | -0.3 | - | 1.1 |
| Pension liabilities | 151.1 | 4.1 | 14.8 | -1.0 | 169.0 |
| Tax loss carry forwards | 17.8 | -15.7 | 0.0 | - | 2.1 |
| TOTAL | 112.1 | 3.6 | 14.5 | -1.0 | 129.3 |

2019

| | | | | | |
|---|--------------|--------------|-------------|-------------|--------------|
| 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 | -0.3 | 151.1 |
| Tax loss carry forwards | 66.9 | -49.1 | 0.0 | - | 17.8 |
| TOTAL | 112.6 | -89.0 | 88.8 | -0.3 | 112.1 |

The composition agreement approved by the District Court of Södertörn the 30 of November 2020 was accounted for by Nynas AB as a composition gain of total 2,958 MSEK. The composition gain has been treated as non taxable. As a consequence of the received composition gain, the accumulated tax losses of 2,538 MSEK from 2019 was forfeited.

On the closing date Nynas had unutilized loss carry forwards of just less than MSEK 3,348 (3,327). Based on these loss carry forwards, the Group recognized a deferred tax asset of MSEK 2 (18). Deferred tax assets are recognized to the extent that there are factors indicating that taxable profits will be created. The assessment of the respective Group companies' future profit performance is based on earnings reported in recent years as well as improved profitability prospects. For loss carry forwards

with a corresponding tax value amounting to MSEK 724 (720), no deferred tax asset is recognized due to uncertainty as regards future profit earnings. There are no expiration dates for the loss carry forwards. The Group has neither recognized deferred tax assets of SEK 240 (138) million on tax credits related to non-deductible interest which are limited in time.

Deferred tax liabilities mainly pertain to fixed assets, where fiscal values are lower than accounting values. In the future, a temporary difference pertaining to a fixed asset will change when the carrying amount and fiscal value matches or, alternatively, when the fixed asset is divested and a higher taxable gain arises. Pensions also give rise to deferred tax liabilities or receivables, since accounting and fiscal values are treated differently.

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 2020 and 2019 was 67,532.

| | 2020 | | | 2019 | | |
|--------------------|------------------------|---------------------|-----------|------------------------|---------------------|-----------|
| | Profit for the year | Number of shares | Per share | Profit for the year | Number of shares | Per share |
| Earnings per share | 860.4 | 67,532 | 12,741 | -2,680.2 | 67,532 | -39,688 |

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.

NOTES

Note 12. Intangible assets

| 2020 | Goodwill | Supply contracts/ Customer lists | Computer software | Other intang. assets/ Trademarks | Total Intangible Assets |
|---|-----------------|---|------------------------------|---|------------------------------------|
| Opening cost | 198.7 | 364.0 | 491.6 | 1.6 | 1,055.9 |
| Acquisitions | – | – | 25.2 | – | 25.2 |
| Disposals | – | – | – | – | 0.0 |
| Reclassifications | – | – | 1.0 | – | 1.0 |
| Translation differences | – | – | -1.0 | – | -1.0 |
| CLOSING COST | 198.7 | 364.0 | 516.8 | 1.6 | 1,081.1 |
| Opening regular depreciation | -190.0 | -237.0 | -405.6 | -1.6 | -834.2 |
| Disposals | – | – | – | – | 0.0 |
| Translation differences | – | – | 0.8 | – | 0.8 |
| Amortisation for the year | – | – | -22.6 | – | -22.6 |
| CLOSING REGULAR DEPRECIATION | -190.0 | -237.0 | -427.4 | -1.6 | -856.0 |
| Opening impairment | -0.6 | -127.0 | -24.2 | – | -151.9 |
| Impairment for the year | -8.1 | – | -0.8 | – | -8.9 |
| Translation differences | 0.0 | – | – | – | 0.0 |
| CLOSING IMPAIRMENT | -8.7 | -127.0 | -25.0 | – | -160.8 |
| CARRYING VALUE | 0.0 | 0.0 | 64.4 | 0.0 | 64.4 |
| 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 |

NOTES

Note 13. Tangible assets

| 2020 | Buildings | Plant and machinery | Equipment | Construction in progress | Total tangible assets |
|-------------------------------------|------------------|----------------------------|------------------|---------------------------------|------------------------------|
| Opening cost | 562.5 | 10,351.0 | 585.4 | 426.5 | 11,925.4 |
| Acquisitions | – | 33.2 | 0.8 | 596.3 | 630.3 |
| Disposals | – | -110.8 | -1.6 | -2.5 | -114.9 |
| Reclassifications | 20.1 | 311.3 | 22.3 | -354.7 | -1.0 |
| Translation differences | -14.9 | -257.2 | -12.9 | -11.7 | -296.7 |
| CLOSING COST | 567.7 | 10,327.5 | 594.0 | 653.9 | 12,143.1 |
| Opening regular depreciation | -276.7 | -5,776.1 | -456.7 | 0.0 | -6,509.5 |
| Disposals | – | 110.6 | 1.6 | – | 112.2 |
| Translation differences | 7.0 | 103.3 | 9.5 | 0.0 | 119.8 |
| Depreciation for the year | -19.1 | -500.7 | -31.1 | 0.0 | -550.9 |
| CLOSING REGULAR DEPRECIATION | -288.8 | -6,062.9 | -476.7 | 0.0 | -6,828.4 |
| CLOSING RESIDUAL VALUE | 278.9 | 4,264.6 | 117.3 | 653.9 | 5,314.8 |
| Opening impairment | -13.5 | -1,293.2 | -3.1 | -36.0 | -1,345.8 |
| Impairment for the year | -29.8 | -159.0 | -2.3 | – | -191.1 |
| Translation differences | 1.7 | 69.2 | 0.6 | – | 71.5 |
| CLOSING IMPAIRMENT | -41.6 | -1,383.0 | -4.8 | -36.0 | -1,465.4 |
| CARRYING VALUE | 237.3 | 2,881.6 | 112.5 | 617.9 | 3,849.3 |
| Of which carrying amount, Sweden | 155.0 | | | | |

| 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 |
| 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 | 190.3 | | | | |

NOTES

Con't. Note 13

| 2020 | Tank and depots | Vessels | Building and office space | Other | Total right-of use assets |
|--------------------------------|-----------------|--------------|---------------------------|-------------|---------------------------|
| Opening cost | 854.6 | 383.2 | 32.5 | 37.7 | 1,307.9 |
| Amended and new leases | 103.4 | 68.9 | 12.8 | 2.7 | 187.8 |
| Divested and terminated leases | -42.5 | -171.1 | -17.4 | -0.1 | -231.1 |
| Depreciation for the year | -209.6 | -43.2 | -15.1 | -8.6 | -276.5 |
| Translation differences | -31.7 | -2.8 | -1.3 | -2.0 | -37.8 |
| CARRYING VALUE | 674.2 | 235.0 | 11.5 | 29.7 | 950.3 |

| 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 |

Impairment testing of tangible assets

The value of the tangible assets has been estimated through comparison with the recoverable amount, which is based on the Group's cash-generating value in use based on four-years' cash

flow in the Group's budget and long-term business plan (four year) that have been approved by management and the board. The cash-generating units in the Group consist of Bitumen and NSP segment.

| CARRYING AMOUNT ALLOCATED TO EACH OF THE CGUS: | Naphthenics | | Bitumen | | Group | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Tangible and intangible assets excluding lease | 590.0 | 220.0 | 3,324.0 | 3,920.0 | 3,914.0 | 4,140.0 |
| Working capital excluding debt to crude supplier | 1,710.0 | 3,017.0 | 1,567.0 | 2,306.0 | 3,277.0 | 5,323.0 |
| TOTAL | 2,300.0 | 3,237.0 | 4,891.0 | 6,226.0 | 7,191.0 | 9,463.0 |

The group performs an impairment test when indicators of an impairment exist. The group considers actual performance, both financing and operational performance, among other factors, when reviewing indicators of impairment. As a result, the Group has performed impairment test in December 2020 and 2019 but also in September 2020. The overall decline in the economy due to the ongoing pandemic and the financial performance and uncertainties with the reorganization of the Company are some of the identified indicators. As at 31 December 2020, the value in use of the Group was above the book value, indicating no impairment of fixed assets and impairment of the assets of the operating segments.

Naphthenics CGU

The recoverable amount of the Naphthenics CGU of SEK 2,337 million as at 31 December 2020 has been determined based on a value in use calculation using cash flow projections based on financials budgets and a four-years long-term business plan that have been approved by management and the board in December reflecting the recovery of pandemic and in conjunction with the composition agreement in November 2020. Year 2025 is based on the long-term business plan approved by board in the spring of 2020, with volumes recovered in line with the strategy. The discount rate has been estimated based on a weighted average capital cost of 9,0% (9,0) applied to the cash flow projections and cash flows beyond 2025 are extrapolated using a 2.0% growth rate (2.0). It was concluded for December 2020, that the recoverable amount exceeds the book value, and thereby no impairment need December 2020. An impairment test were made in December 2019 and in September 2020 where the management concluded the need for impairment of SEK 1,217 million

in December 2019 and SEK 200 million September 2020. The impairment charges were primarily a result of uncertainties in the financial outlook due to the ongoing pandemic and the reorganization process. The impairment charge is recorded within cost of goods sold in the statement of profit or loss.

Bitumen CGU

The recoverable amount of the Bitumen CGU of SEK 6,312 million as at 31 December 2020 has been determined based on a value in use calculation using cash flow projections based on financials budgets and a four-years long-term business plan that have been approved by management and the board in December reflecting the recovery of pandemic and in conjunction with the composition agreement in November 2020. Year 2025 is based on the long-term business plan approved by board in the spring of 2020, with volumes recovered in line with the strategy. The discount rate has been estimated based on a weighted average capital cost of 9.0% (9.0%) applied to the cash flow projections and cash flows beyond 2025 are extrapolated using a 2.0% growth rate (2.0%). It was concluded for December 2020, that the recoverable amount exceeds the book value, and thereby no impairment need December 2020. An impairment test were made in December 2019 and in September 2020 where the management concluded no the need for impairment.

Key assumptions used in calculations and sensitivity to changes in assumptions and environment

The projected cash flows are based on assumptions regarding sales volume, unit revenue, operating margins and discount rates, which have been established by the management based on histor-

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ical experience and market data specific on oil price level assumptions and demand trend looking forward. The policies applied in the above assessment are unchanged from the assessment in fiscal year 2020. The discount rate has been estimated based on a weighted average capital cost of 9.0% (9.0) after tax. The same assumptions have been used in the different CGU's. Decreased demand, delayed or not a full recovery from pandemic and years of sanctions and reorganization can lead to a decline in volumes and the operating margin vs plans. A very small decrease in the Naphthenics market or not recapture from pandemic according to

planned volumes and margins would result in further impairment need in the Naphthenics CGU unit the coming years.

Significant assumptions used to calculate the value in use:

| | 2020 | 2019 |
|--------------------|------|------|
| Rate of growth, %* | 2.0 | 2.0 |
| Discount rate, %** | 9.0 | 9.0 |

* 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.

Note 14. Shares in Group companies

| | 2020 | 2019 |
|---------------------|----------------|----------------|
| Opening cost | 2,876.6 | 2,876.9 |
| Liquidation | 0.0 | -0.3 |
| CLOSING COST | 2,876.6 | 2,876.6 |

| 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* | 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 | Køge | 1,000 | 100 | DKK | 36,461 |
| Nynas AS, Norway | 962022316 | Drammen | 5,400 | 100 | NOK | 50,017 |
| AS Nynas, Estonia | 10028991 | Tallinn | 13,600 | 100 | EUR | 5,891 |
| Nynas SA, France | 32803123200049 | 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, Brazil | 02331563/0001 | Sao Paulo | 10,000 | 100 | BRL | 584 |
| Nynas Canada Inc, Canada | 870209335 | Toronto | 10,000 | 100 | CAD | 1,001 |
| Nynas Naphthenics Yagları 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 |

* Dormant

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| 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.

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 | 215.0 |
| Share in equity of Eastham Refinery Ltd accounted for using equity method | | | | | | -22,4 |
| TOTAL INVESTMENTS IN ASSOCIATES AND JOINT VENTURES | | | | | | 192.6 |
| GROUP'S INTEREST IN THE ASSOCIATES AND JOINT VENTURES ERL | | | Assets | Liabilities | Revenue | Profit |
| Eastham Refinery Ltd, UK | | | 252.3 | 73.1 | 129.3 | 18.0 |
| | | | | | 2020 | 2019 |
| Opening balance | | | | | 188.9 | 129.8 |
| Profit for the year | | | | | 18.0 | 20.1 |
| Dividend and capital contribution | | | | | 0.0 | 36.8 |
| Translation differences and IFRS 16 lease | | | | | -14.3 | 2.2 |
| CLOSING BALANCE | | | | | 192.6 | 188.9 |

Note 16. Other long-term receivables

| | 2020 | 2019 |
|------------------------|-------------|-------------|
| Opening balance | 14.6 | 3.9 |
| Amounts to be received | -0.1 | 10.7 |
| CLOSING BALANCE | 14.6 | 14.6 |

Note 17. Inventories

| | 2020 | 2019 |
|------------------------|----------------|----------------|
| Raw materials | 637.7 | 1,124.6 |
| Semi-finished products | 248.1 | 525.7 |
| Finished products | 2,064.3 | 2,746.1 |
| TOTAL | 2,950.1 | 4,396.4 |

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

In March 2020 Nynas booked an impairment loss in inventory of SEK 328 million due to significant decrease in oil price level,

amount reversed when inventory being sold. Impairment of the inventory value per end of 2020 have been done with no need for write down, amounts relating to impairment of inventories are reported under costs of goods sold.

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Note 18. Accounts receivable

| | 2020 | | | 2019 | | |
|-----------------------------------|----------------|----------------|---------------------|----------------|----------------|---------------------|
| | Gross | Loss allowance | Net carrying amount | Gross | Loss allowance | Net carrying amount |
| Current receivables | 824.5 | -1.3 | 823.2 | 940.3 | -1.1 | 939.3 |
| Past due 1–30 days | 116.8 | -0.4 | 116.4 | 292.1 | -10.1 | 282.0 |
| Past due 31–90 days | 49.1 | -0.6 | 48.5 | 217.6 | -41.9 | 175.7 |
| Past due 91–180 days | 8.6 | -0.2 | 8.4 | 89.0 | -13.3 | 75.7 |
| Past due 181–360 days | 18.9 | -6.8 | 12.2 | 38.3 | -15.0 | 23.3 |
| Past due over 360 days | 86.4 | -76.1 | 10.3 | 82.4 | -73.0 | 9.5 |
| Bankruptcy | 0.0 | 0.0 | 0.0 | 0.0 | -3.5 | -3.5 |
| TOTAL ACCOUNTS RECEIVABLES | 1,104.3 | -85.5 | 1,018.9 | 1,659.8 | -157.8 | 1,502.0 |

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 2020, the part used as Factoring is approximately 1 percent and has been accounted for as off balance sheet.

Loss allowance

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 28% during end of 2020 (25%). Since approx. 72% 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

| | 2020 | 2019 |
|---------------------------|--------------|--------------|
| Rent | 5.1 | 9.1 |
| Charter hire | 79.9 | 37.2 |
| Pension premiums | 4.8 | 5.2 |
| Software licences | 13.3 | 13.8 |
| Prepayment crude purchase | 254.0 | 171.7 |
| Other prepayments | 80.3 | 124.1 |
| TOTAL | 437.2 | 361.1 |

NOTES

Note 20. Cash and cash equivalents

| | 2020 | 2019 |
|---|----------------|----------------|
| Cash and bank balances | 1,349.4 | 1,668.7 |
| Restricted cash account | 0.0 | 27.3 |
| CASH AND CASH EQUIVALENTS RECOGNISED | 1,349.4 | 1,696.0 |

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 | 2020 | 2019 |
|---|---------------|---------------|
| Opening translation reserve and currency hedges of net investments | -182.6 | -209.0 |
| Translation reserve and currency hedges of net investments for the year | -218.8 | 26.3 |
| CLOSING TRANSLATION RESERVE AND CURRENCY HEDGES OF NET INVESTMENTS | -401.4 | -182.6 |
| HEDGING RESERVES | | |
| Opening reserves | -93.1 | 317.8 |
| Changes in reserves during the year | 93.1 | -410.9 |
| CLOSING RESERVES | 0.0 | -93.1 |

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.

Hybrid Instrument

In relation to the composition settlement some part of the claim was converted to a Hybrid Instrument with a total amount of SEK 2,513 million.

The Hybrid Instrument issued by being Skandinaviska Enskilda Banken AB (publ), Deutsche Bank AG, Burlington Loan Management DAC, Foxford Capital L5 DAC, and GPB Energy Services B.V., carry an interest of EURIBOR plus a margin of 800 bps and the nominal amount and the accrued interest is in EUR.

The hybrid bonds are subordinated and only senior to the share capital. All hybrids are perpetual and Nynas controls the payment of interest and principal in the instruments. The recognition of the hybrid bond as equity has the effect that the interest on the bond becomes a type of preference dividend in accounting terms; i.e. a right to equity-related payments that have preference over ordinary share dividends.

Retained earnings

Retained earnings and net profit for the year include accumulated net profits of the Parent Company and its subsidiaries and associates. Retained earnings also includes revaluations related to post-employment benefits.

Share capital

In accordance with Nynas AB's articles of association, the share capital shall amount to SEK 67,532,000. The share capital of SEK 67,532,000 is allocated on 33,765 A-shares, 10,129 B-shares and 23,638 C-shares.

The quota value per share is SEK 1,000. All shares are fully paid, carry equal voting power and an equal share in the Company's assets. Other rights pertaining to the shares are set out in the Swedish companies act and the articles of association.

| DISTRIBUTION OF SHARE CAPITAL | 2020 | 2019 |
|--------------------------------------|---------------|---------------|
| CHANGE IN TOTAL NUMBER OF SHARES | | |
| Opening number | 67,532 | 67,532 |
| Change during the year | 0 | 0 |
| CLOSING NUMBER | 67,532 | 67,532 |

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| Class of share | 2020 | | 2019 | |
|----------------|------------------|------------|------------------|------------|
| | Number of shares | % | Number of shares | % |
| Class A | 33,765 | 50 | 33,765 | 50 |
| Class B | 10,129 | 15 | 33,767 | 50 |
| Class C | 23,638 | 35 | – | |
| TOTAL | 67,532 | 100 | 67,532 | 100 |

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 2020 is SEK 0 (0) per share. Based on the number of shares at 31 December 2020, 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 4.579 (46) million at the end of the year. The return on equity was 37.2 (-162.6) 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, continuous 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 73.

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 56.3 (72.8) million for 2021.

The pension cost and other defined benefit remunerations is to be found in the income statement under the headings Cost of Goods Sold 13.2 MSEK (76.7 MSEK), sales cost 17.4 MSEK (19.3 MSEK) and administration cost 18.6 MSEK (23.5 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

The ITP1 plan is a defined contribution pension plan for white collars in Sweden. The ITP1 plan is collectively agreed and covers all salaried employees born in 1979 or later. The ITP2 plan is a defined benefit pension plan for white collars in Sweden. The ITP2 plan is collectively agreed and covers all salaried employees born in 1978 or earlier. Pension commitment covered by ITP2 can be secured through debt recognition in the balance sheet or through premium payments to the insurance company Alecta.

In the ITP plan, employees with a salary in excess of 10 ibb can be offered Alternative ITP ("10-tagg" solution). Alternative ITP

is financed via premium payments to insurance companies other than Alecta.

In addition to above mention mandatory pension commitment, Nynas AB also has a few individually designed defined-benefit pension commitments for former employees and senior executives.

Until 2019, pension commitments within the ITP2 plan have been secured through debt recognition in the balance sheet in accordance with the PRI system (PRI debt). The pension liability is credit insured, which is a prerequisite to ensure tax deductible and constitutes a guarantee for the company's employees with ITP2 pensions. PRI institute closed in December 2019 the agreement with Nynas AB due to a decided corporate reorganization. Since January 2020, Nynas AB has paid premiums to Alecta to secure earnings of old-age pensions for employees covered by the ITP2 plan.

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 (148) per cent.

As in previous years, the ITP plan's family and survivors' pension has been financed via premium payments to Alecta. The ITP plan's family and survivors' pension and is reported as a defined contribution pension plan.

In 2021, Nynas AB will pay premiums to Alecta for all old-age pension commitments within ITP2. For old-age pensions commitments covered by Alternative ITP, premiums will be paid to insurance companies other than Alecta.

The preliminary estimated cost for premium payment for

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earnings of old-age pension in ITP 2 amounts to a total of SEK 11,6 million.

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 Deed 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.

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.

| | 2020 | | | | |
|---|---------------|---------------|----------------|----------------|----------------|
| REPORTED AS PROVISIONS FOR PENSIONS IN THE STATEMENT OF FINANCIAL POSITION | Sweden | UK | Belgium | Germany | Total |
| Present value of funded obligations | 12.9 | 1,093.8 | 71.3 | 0.0 | 1,178.1 |
| Fair value of plan assets | -19.4 | -1,255.6 | -53.8 | - | -1,328.9 |
| Deficit/(surplus)of funded plans | -6.5 | -161.8 | 17.5 | - | -150.8 |
| Present value of unfunded obligations | 459.2 | - | 0.0 | 801.5 | 1,260.7 |
| Total deficit/(surplus) in defined benefit plans | 452.7 | -161.8 | 17.5 | 801.5 | 1,109.9 |
| Effects of minimum funding requirements/asset ceiling | - | - | - | - | 0.0 |
| NET LIABILITY RECOGNISED IN STATEMENT OF FINANCIAL POSITION | 452.7 | -161.8 | 17.5 | 801.5 | 1,109.9 |
| Portion of pension liability recognised as provisions for pensions | 452.7 | - | 17.5 | 801.5 | 1,271.7 |
| Portion recognised as financial fixed asset | - | -161.8 | - | - | -161.8 |

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Con't. Note 22

| | | | | | 2019 | |
|---|---------------|---------------|----------------|----------------|----------------|-------------|
| | 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 ceiling | – | – | – | – | 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 | |
| CHANGE IN PRESENT VALUE OF DEFINED BENEFIT OBLIGATION | | | | | 2020 | 2019 |
| Present value of defined benefit obligation at beginning of year | | | | 2,434.8 | 2,043.1 | |
| Current service cost | | | | 39.7 | 57.4 | |
| Interest cost/(credit) | | | | 35.7 | 51.0 | |
| (Gain)/loss on part service cost, curtailment and settlement | | | | -59.4 | -9.7 | |
| Special payroll tax in income | | | | -12.9 | 7.1 | |
| (Gain)/loss on changes in demographic assumptions | | | | 0.0 | 0.0 | |
| (Gain)/loss on changes in financial assumptions | | | | 228.2 | 288.4 | |
| Experience (gain)/loss | | | | -17.0 | -16.6 | |
| Acquisition | | | | 0.0 | 0.0 | |
| Special payroll tax related to remeasurements | | | | 2.7 | 8.3 | |
| Employee contributions | | | | 2.7 | 2.8 | |
| Benefits paid | | | | -83.3 | -70.1 | |
| Payments of special payroll tax | | | | -2.4 | -5.4 | |
| Exchange rate (gain)/loss | | | | -130.9 | 78.4 | |
| PRESENT VALUE OF DEFINED BENEFIT OBLIGATION AT END OF YEAR | | | | 2,438.0 | 2,434.8 | |
| COSTS RECOGNISED IN INCOME STATEMENT | | | | | 2020 | 2019 |
| <i>Defined benefit pension plans:</i> | | | | | | |
| Current service cost | | | | 39.7 | 57.4 | |
| Interest cost/(credit) | | | | 11.4 | 15.6 | |
| (Gain)/loss on part service cost, curtailment and settlement | | | | -59.4 | -9.7 | |
| Special payroll tax | | | | -12.9 | 7.1 | |
| Administration costs | | | | 3.5 | 2.4 | |
| TOTAL COST OF DEFINED BENEFIT PAYMENTS RECOGNISED IN INCOME STATEMENT | | | | -17.6 | 72.9 | |
| <i>Defined contribution pension plans:</i> | | | | | | |
| Costs for defined contribution plans | | | | 66.8 | 46.6 | |
| TOTAL PENSION EXPENSE RECOGNISED IN INCOME STATEMENT | | | | 49.3 | 119.5 | |
| EXPENSES RECOGNISED IN OTHER COMPREHENSIVE INCOME | | | | | 2020 | 2019 |
| Return on plan assets in excess of the amount included in interest cost/(credit) | | | | -160.4 | -151.3 | |
| (Gain)/loss on changes in demographic assumptions | | | | 0.0 | 0.0 | |
| (Gain)/loss on changes in financial assumptions | | | | 228.2 | 288.4 | |
| Experience (gain)/loss | | | | -17.0 | -16.6 | |
| Special payroll tax related to remeasurements | | | | 2.7 | 8.3 | |
| TOTAL EXPENSES FOR DEFINED BENEFIT REMUNERATION RECOGNISED IN OTHER COMPREHENSIVE INCOME | | | | 53.5 | 128.9 | |

NOTES

Con't. Note 22

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

| | 2020 | | | | 2019 | | | |
|-----------------------------------|-------------------|---|-------------------------------|---|-------------------|---|-------------------------------|---|
| | Sweden | UK | Belgium | Germany | Sweden | UK | Belgium | Germany |
| Discount rate | 1.2 | 1.4 | 0.3 | 0.8 | 1.6 | 2.0 | 0.6 | 1.2 |
| Future salary increases | N/A | N/A | 2.8 | 2.5 | 2.0 | N/A | 2.8 | 2.5 |
| Future pension increases | 1.5 | 2.9 | 1.8 | 1.8 | 1.8 | 2.9 | 1.8 | 1.8 |
| Expected remaining service period | N/A | N/A | 16.0 | 21.0 | 10.0 | N/A | 16.0 | 20.0 |
| 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 | 21 | 18 | 12 | 30 | 22 | 18 | 12 | 30 |

CHANGE IN FAIR VALUE OF PLAN ASSETS DURING THE YEAR

| | 2020 | 2019 |
|--|----------------|----------------|
| Fair value of plan assets at beginning of year | 1,322.7 | 1,113.8 |
| Interest cost/(credit) | 24.3 | 35.4 |
| 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) | 160.4 | 151.3 |
| Administrative costs | -3.5 | -2.4 |
| Employer contributions | 10.6 | 9.7 |
| Employee contributions | 2.7 | 2.8 |
| Benefits paid | -75.1 | -62.0 |
| Exchange rate (gain)/loss | -113.3 | 74.2 |
| FAIR VALUE AT END OF YEAR | 1,328.9 | 1,322.7 |

PLAN ASSETS

| | 2020 | 2019 |
|---|----------------|----------------|
| Shares and participating interests | 658.9 | 769.3 |
| Interest-bearing securities | 558.2 | 431.4 |
| Property Sweden | 31.2 | 2.3 |
| Insurance | 53.8 | 60.0 |
| Cash and cash equivalents, bank deposit | 26.8 | 59.7 |
| FAIR VALUE OF PLAN ASSETS | 1,328.9 | 1,322.7 |

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

ACTUAL RETURN

| | 2020 | 2019 |
|------------------------------|-------|-------|
| Actual return on plan assets | 184.7 | 186.7 |

NOTES

Con't. Note 22

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

| Significant actuarial assumptions | Sweden | | UK | | Belgium | | Germany | | |
|-----------------------------------|---------------|----------|---------------|---------|---------------|-----------|---------------|-----------|-----|
| | Present Value | Sweden % | Present Value | UK % | Present Value | Belgium % | Present Value | Germany % | |
| Discount rate, % | +0.5, | 421.3 | -11 | 993.4 | -9 | 71.3 | 0 | 693.2 | -14 |
| Discount rate, % | -0.5, | 529.3 | 12 | 1,208.8 | 11 | 71.3 | 0 | 932.0 | 16 |
| Life expectancy | +1,year | 496.6 | 5 | 1,138.5 | 4 | 71.3 | 0 | 831.0 | 4 |

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 occurs. 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. The assumption of a decrease in life expectancy is seen as limit and therefore it has not been estimated in the sensitivity analysis.

Note 23. Other provisions

| | Provision for environmental obligation | Provision for other obligations | Total |
|------------------------------------|--|---------------------------------|--------------|
| Balance at 31 December 2019 | 161.4 | 3.9 | 165.3 |
| Provisions made during the year | – | 0.5 | 0.5 |
| Provisions used during the year | -2.8 | 0.0 | -2.8 |
| Translation differences | -0.4 | -0.4 | -0.8 |
| BALANCE AT 31 DECEMBER 2020 | 158.2 | 4.0 | 162.2 |
| of which current | 11.6 | – | 11.6 |
| of which non-current | 146.6 | 4.0 | 150.6 |

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. For further information regarding legal and tax proceedings see note 29.

Environmental related provisions

Environmental related provisions include provisions for environmental remediation measures related to the Group's sites, mainly in Sweden (Nynäshamn), Wandre in Belgium, Køge 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 31 December 2010. Final covering of the permanent land fill is dependent on subsidence in the area but is expected to be completed by 2022.

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 contam-

inated 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 30 June 2021 and the remaining costs are included in the estimation for J3/J4.

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 30 June 2021. The remaining cost has been estimated at 194 MSEK.

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.

NOTES

Note 24. Liabilities to credit institutions

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.

On May 29, 2020, Nynas has agreed with the major creditors, the banks and the largest crude supplier to extend the maturity of their receivables until June 30, 2021.

Nynas exited the reorganization on 21 December 2020 where the submitted composition proposal was accepted, the large creditors, representing the majority of Nynas's liabilities, being Skandinaviska Enskilda Banken AB (publ), Deutsche Bank AG, Burlington Loan Management DAC, Foxford Capital L5 DAC, and GPB Energy Services B.V., have, in addition to accepting the proposed composition, also made further additional special conces-

sions accepting a higher composition of 65%, and a significantly longer credit period meaning that 36% is converted into long-term senior loans with a maturity of 5 years and 29% converted into subordinated hybrid instruments. This lead to a composition gain of SEK 2,958 million in December 2020, whereof banksyndikate (Skandinaviska Enskilda Banken AB (publ), Deutsche Bank AG, Burlington Loan Management DAC, Foxford Capital L5 DAC) accounted for SEK 2,016 million and GPB Energy Services B.V as crude supplier accounted for 942 SEK million. The hybrid loan accounted for SEK 2,513 million divided as SEK 1,775 million towards GPB Energy Services B.V and SEK 738 million towards the bank syndikate and a long term senior loan of SEK 3,122 million, divided as SEK 2,190 million towards bank syndikate and SEK 932 million towards GPB Energy Service B.V.

| LONG-TERM LIABILITIES | 2020 | 2019 |
|------------------------------|----------------|----------------|
| Credit facility | 2,990.0 | – |
| Non-current lease liability | 736.5 | 1,047.9 |
| TOTAL | 3,726.5 | 1,047.9 |
| CURRENT LIABILITIES | | |
| Shareholder loan | – | 1,230.5 |
| Credit facility | – | 5,137.6 |
| Current lease liability | 227.6 | 300.9 |
| TOTAL | 227.6 | 6,668.9 |
| GRAND TOTAL | 3,954.1 | 7,716.8 |

| 2020 LONG-TERM LIABILITIES Year issued/maturity | Description of loan | Interest, % | Currency | Nominal amount (local currency) | Recognised amounts in SEK million |
|--|--------------------------------|--------------------|-----------------|--|--|
| Variable-rate loans | | | | | |
| 2020/2025 | Credit facility | 1.50 | EUR | 216.6 | 2,173.0 |
| 2020/2025 | Credit facility | 1.50 | EUR | 92.1 | 924.5 |
| 2020/2025 | Up front fees | | | | -107,4 |
| TOTAL | | | | | 2,990.0 |

| 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 |

NOTES

Con't. Note 24

MATURITY OF EXTERNAL INTEREST-BEARING LIABILITIES AT 31 DEC 2020

| | |
|---------------------|----------------|
| 2021-12-31 | – |
| 2021 and thereafter | 2,990.0 |
| TOTAL | 2,990.0 |

MATURITY OF EXTERNAL INTEREST-BEARING LIABILITIES AT 31 DEC 2019

| | |
|---------------------|----------------|
| 2020-12-31 | 6,368.0 |
| 2020 and thereafter | – |
| TOTAL | 6,368.0 |

The Group has no unused credit facilities in 2020 (zero in 2019).

Note 25. Accrued liabilities and deferred income

| | 2020 | 2019 |
|--|--------------|----------------|
| Purchases of raw materials, semi-finished and finished goods | 17.6 | 1,741.7 |
| Accrued salaries/holiday pay | 165.0 | 127.7 |
| Accrued interest | 0.7 | 192.0 |
| Shipping costs | 63.9 | 54.4 |
| Accrued investment costs | 5.3 | 9.3 |
| Accrued maintenance costs | 5.1 | 0.1 |
| Customer provision | 33.4 | 43.2 |
| Accrude energy costs | 25.5 | 27.5 |
| Accrued legal fee, reorganization process | 67.8 | – |
| Accrued stamp duty costs | 35.8 | – |
| Other | 127.1 | 142.3 |
| TOTAL | 547.1 | 2,338.2 |

NOTES

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:

| 2020 | 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 | – | – | 1,018.9 | – | 1,018.9 | – | 1,018.9 | 1,018.9 |
| Long-term derivatives | – | – | – | – | – | – | – | – |
| Short-term derivatives | – | – | – | – | – | – | – | – |
| Other current receivables | – | – | – | – | 0.0 | 560.3 | 560.3 | 560.3 |
| Prepaid expenses and accrued income | – | – | 244.2 | – | 244.2 | 193.0 | 437.2 | 437.2 |
| Cash and cash equivalents | – | – | 1,349.4 | – | 1,349.4 | – | 1,349.4 | 1,349.4 |
| FINANCIAL ASSETS | 0.0 | 0.0 | 2,612.5 | 0.0 | 2,612.5 | 753.3 | 3,365.8 | 3,365.8 |
| Long-term interest bearing liabilities | – | – | – | 3,743.0 | 3,743.0 | – | 3,743.0 | 3,743.0 |
| Short-term interest bearing liabilities | – | – | – | 211.1 | 211.1 | – | 211.1 | 211.1 |
| Accounts payable | – | – | – | 750.6 | 750.6 | – | 750.6 | 750.6 |
| Joint venture liabilities | – | – | – | 8.3 | 8.3 | – | 8.3 | 8.3 |
| Other current liabilities | – | – | – | – | 0.0 | 389.1 | 389.1 | 389.1 |
| Accrued liabilities and deferred income | – | – | – | 0.0 | 0.0 | 547.1 | 547.1 | 547.1 |
| FINANCIAL LIABILITIES | 0.0 | 0.0 | 0.0 | 4,713.0 | 4,713.0 | 936.2 | 5,649.2 | 5,649.2 |

NOTES

Con't. Note 26

| 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 derivatives | – | 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 liabilities to credit institutions | – | – | – | 1,047.9 | 1,047.9 | – | 1,047.9 | 1,047.9 |
| Short-term liabilities to credit institutions | – | – | – | 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 |
| Short-term derivatives | – | – | – | – | – | – | – | – |
| 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 |

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).

| 2020 | Currency | Recognised liabilities | Programme size | Average remaining credit time (years) |
|------------------------|----------|------------------------|----------------|---------------------------------------|
| Credit facility | EUR | 2,098 | 2,098 | 5.0 |
| Credit facility | EUR | 892 | 892 | 5.0 |
| Up front fees | | -107 | N/A | N/A |
| TOTAL BORROWING | | 2,990 | 3,097 | – |

| 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 | – |

NOTES

Con't. Note 27

COMMENT

At the turn of the year approximately 34 per cent (approx. 54) of the Group's assets were financed with external loans. To reduce financing risk, most of Nynas' known credit requirement was covered by a credit facilities. 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 12.

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.

On May 29, 2020, Nynas has agreed with the major creditors, the banks and the largest crude supplier to extend the maturity of their receivables until June 30, 2021.

Nynas exited the reorganization on 21 December 2020 where the submitted composition proposal was accepted, the large creditors, representing the majority of Nynas's liabilities, being Skandinaviska Enskilda Banken AB (publ), Deutsche Bank AG, Burlington Loan Management DAC, Foxford Capital L5 DAC, and GPB Energy Services B.V., have, in addition to accepting the proposed composition, also made further additional special concessions accepting a higher composition of 65%, and a significantly longer credit period meaning that 36% is converted into long-term senior loans with a maturity of 5 years and 29% converted into subordinated hybrid instruments.

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).

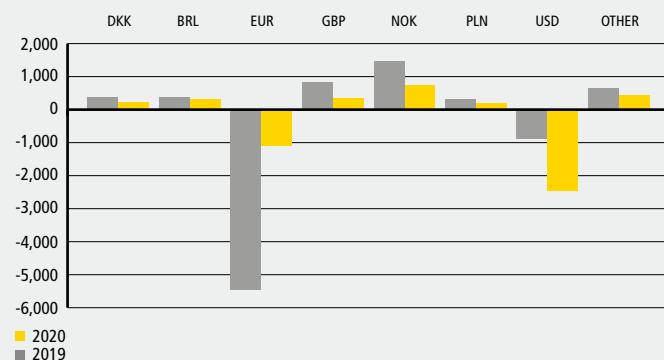
Nynas handles the currency risks occurring in accordance with the descriptions given in the following sections. previous years. Due to limited availability of credit facilities, the currency risk has been hedged with futures contracts to lesser extent than previous years. On December 31, 2020 Nynas AB had no outstanding currency futures contracts.

CURRENCY RISK TRANSACTION 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

Nynas' transaction exposure, i.e. the Group's net currency flows, amounted to SEK -1,133 million in 2020 (-2,319).



COMMENT, TRANSACTION RISK

Nynas has significant foreign currency payments, primarily in USD and EUR. The Group buys crude oil in EUR and USD and sells products primarily in EUR and USD but also 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.

NOTES

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.

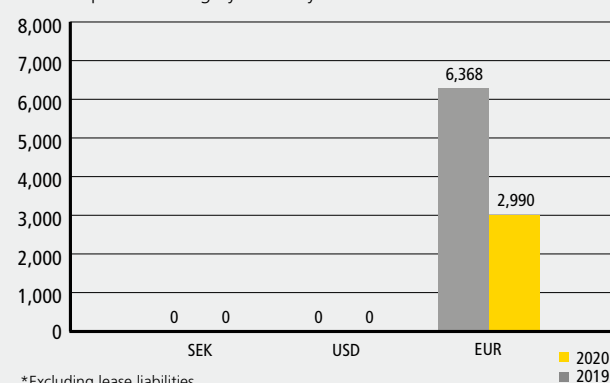
On December 31 the Group's net assets in subsidiaries denominated in foreign currency totalled SEK 4,579 million (SEK 46 million).

EXPOSURE

Net assets in foreign currency, SEK million.

| NET ASSETS IN FOREIGN CURRENCY | 2020 | 2019 |
|--------------------------------|--------------|-----------|
| GBP | 659 | 847 |
| CHF | 5 | 3 |
| USD | 121 | 161 |
| SGD | 163 | 285 |
| BRL | 3 | 19 |
| PLN | 24 | 23 |
| DKK | 8 | 8 |
| NOK | 76 | 84 |
| EUR | 2,234 | 2,398 |
| Other | 1,286 | -3,782 |
| TOTAL | 4,579 | 46 |

The Group's borrowing by currency*



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. Most of the Group's bonds and loans are in EUR, a five percentage points upward change in EUR against SEK would affect the result by approximately SEK -155 million.

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 2020 the inventory value on average was approximately SEK 3,158 million (4,902), 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 32 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, 2020 Nynas AB had no outstanding currency futures contracts.

INTEREST RATE RISK

In 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 3,954 million (6,486) including lease liability. A 1 per cent change in interest rates would therefore change the pre-tax profit/loss by +/- SEK 39 million (65).

Fixed interest rate and fixed interest periods, SEK million.

| | Excluding effects of derivatives | | Including effects of derivatives | | Recognised liabilities |
|---------------------------------|----------------------------------|------------------------------|----------------------------------|------------------------------|------------------------|
| | Effective interest rate, % | Fixed interest period, month | Effective interest rate, % | Fixed interest period, month | |
| 2020 | | | | | |
| Credit facility | 4.6 | 60 | 4.6 | 60 | 2,098 |
| Credit facility | 4.6 | 60 | 4.6 | 60 | 892 |
| Interest rate swaps | – | – | – | – | – |
| TOTAL BORROWING | 4.6 | 60 | 4.6 | 60 | 2,990 |
| 2019 | | | | | |
| Shareholder Loan | 6.1 | 16 | 6.1 | 16 | 1,231 |
| Syndicated stand-by credit line | 5.5 | 1 | 5.5 | 1 | 5,138 |
| Interest rate swaps | – | 1 | – | 1 | – |
| TOTAL BORROWING | 5.6 | 4 | 5.6 | 4 | 6,369 |

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 60 months (4) at the close of the financial year, taking due account of the derivatives used. The Group's average interest rate, including other loans and thefts of interest rate swap agreements, was 4.6 per cent (5.6 2019). 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 | 2020 | 2019 |
|--|----------------|----------------|
| Accounts Receivable | 1,018.9 | 1,502.0 |
| Cash and cash equivalents | 1,349.4 | 1,696.0 |
| Non-realised gains and losses on derivatives | – | 1.5 |
| TOTAL | 2,368.3 | 3,199.5 |

NOTES

Con't. Note 27

COMMENT, CREDIT RISK

With regard to the financial credit risk, Nynas has before the reorganization 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 0 million (2) and approximately 0 per cent (0) of the outstanding value was secured through margin call since all open derivatives at the end of 2019 year was closed due to the reorganisation.

Via its ongoing sales Nynas is exposed to credit risk in out-

standing 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 72 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 31 December was SEK 1,104 million (1,660). These were written down by a total of SEK -85 million (-158). 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 64/bbl, to a low level of USD 18/bbl in April and USD 50/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.

| | Inventory volume, ktonnes per month | | Inventory value, SEK million per month | |
|----------------|--|--------------|---|--------------|
| | 2020 | 2019 | 2020 | 2019 |
| January | 768 | 1,165 | 3,848 | 5,334 |
| February | 730 | 1,182 | 3,722 | 5,392 |
| March | 814 | 1,174 | 3,298 | 5,399 |
| April | 889 | 1,166 | 3,121 | 5,428 |
| May | 896 | 1,090 | 2,960 | 5,225 |
| June | 827 | 1,104 | 2,914 | 5,182 |
| July | 852 | 948 | 3,113 | 4,687 |
| August | 903 | 896 | 3,362 | 4,414 |
| September | 743 | 1,038 | 2,852 | 4,831 |
| October | 810 | 900 | 3,039 | 4,298 |
| November | 689 | 908 | 2,711 | 4,237 |
| December | 767 | 912 | 2,950 | 4,396 |
| AVERAGE | 807 | 1,040 | 3,158 | 4,902 |

COMMENT, COMMODITY PRICE RISK

Inventory of oil products totalled 767 ktonnes at the close of the financial year (912 ktonnes). A USD 20 tonne price change would thus affect the profit/loss by approximately +/- SEK 125 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 not been hedged during 2020 due to no credit lines. On December 31, 2020 Nynas AB had no outstanding oil forwards contracts. At the

end of the year 0 ktonnes (0) 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 (0). 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 (0) and the mark-to-market valuation of the derivative contracts was SEK 0 million (-0).

NOTES

Note 28. Derivatives and hedging

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

| DERIVATIVES AND HEDGING | 2020 | | 2019 | |
|---|--------|-------------|--------|-------------|
| | Assets | Liabilities | Assets | Liabilities |
| Cash flow hedges | | | | |
| Currency forwards | - | - | - | - |
| Oil price forward | - | - | - | - |
| TOTAL | - | - | 0.0 | 0.0 |
| Hedging of net investments | | | | |
| Currency forwards | - | - | - | - |
| TOTAL | - | - | 0.0 | 0.0 |
| Other derivatives - changes in fair value recognised in income statement | | | | |
| Interest rate swaps, finance net | - | - | 1.5 | - |
| Currency forwards, currency swaps finance net | - | - | - | - |
| Oil price swaps, costs of goods sold | - | - | - | - |
| TOTAL | - | - | 1.5 | 0.0 |
| TOTAL DERIVATIVES | - | - | 1.5 | 0.0 |

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 -93.1 (19.5) million has been recognised in the income statement as a result of terminated hedge relationship. The main source of hedge termination was due to that Nynas AB went into reorganisation and therefore financial institutions terminated the existing hedge portfolio.

| CHANGE IN HEDGING RESERVES | 2020 | 2019 |
|--|------------|--------------|
| Opening hedging reserve before tax | -93.1 | 419.2 |
| Change in value during the year, currency swap | 0.0 | -4.0 |
| Change in value during the year, oil forwards | 0.0 | -480.6 |
| Realised oil hedge parked in equity | 93.1 | -27.7 |
| Closing hedging reserves before tax | 0.0 | -93.1 |
| Deferred tax, hedging reserves | - | - |
| Closing hedging reserves after tax | 0.0 | -93.1 |

Accumulated hedging gains and losses from cash flow hedges which were recognised in the hedging reserve as at December 2020 and are expected to be recovered in the income statement (before tax) are SEK 0 million for 2021.

NOTES

Note 29. Pledged assets and contingencies

| | 2020 | 2019 |
|---|-------------|-------------|
| Guarantees | 30.9 | 50.7 |
| Other guarantees and contingent liabilities | 4.1 | 4.1 |
| TOTAL | 35.0 | 54.8 |

In connection with the reorganisation that was formally completed on 19 January 2021, a public composition was made pursuant to which Nynas AB's composition creditors with a claim exceeding SEK 100,000 were offered security for their claims. The security is shared with creditors of certain new financial obligations of the company, see note 24. The security comprises real property mortgages of Nynas AB and all the shares in (or as applicable, interest in) the following subsidiaries: Nynas Germany AB, Nynas UK AB, Nynas GmbH & Co. KG, Nynas Verwaltungs GmbH, Nynas AS, Nynas Limited and Nynas PTE Ltd. Security over business mortgage certificates (or floating charges as applicable) has also been provided by Nynas AB, Nynas Germany AB, Nynas UK AB, Nynas Limited and Nynas PTE Ltd and the following subsidiaries have also granted guarantees: Nynas Limited, Nynas PTE Ltd, Nynas AS, Nynas UK AB and Nynas Germany AB.

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

The Group is involved in various claims and legal proceedings arising in the ordinary course of business. These claims relate to, but are not limited to, the Group's business practices, employment matters, and tax matters. Provisions have been recognized for such matters in accordance with probable and quantifiable loss risks. On the basis of information currently available, those issues not requiring any provisions will not have any material adverse effect on the Group's earnings, nor will they be recognized as contingent liabilities. However, litigation is inherently unpredictable and, even though the provisions were assessed as adequate and/or that the Group has valid defenses in these matters, unfavorable results could occur. This could have a material adverse effect on the Group's earnings in future accounting periods. For information regarding environmental proceedings please see note 23.

Disputes

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 three years.

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

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.

The Dutch state has summoned Shell, Kuwait and Total. Shell has obtained permission from the Dutch court to start contribution claims against Nynas. At this juncture it is not possible to assess whether it is likely that the Dutch State will be successful in its claim against Shell, Kuwait and Total and in case the Dutch State is successful, whether the contribution proceedings against Nynas and others will be successful.

NOTES

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 the autumn of 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. During 2020 no crude have been purchased from oil wells in Venezuela.

| | 2020 | 2019 |
|----------------------|------|-------|
| Purchases, crude | – | – |
| Purchases, base oils | – | – |
| Sales revenue | – | 6.5 |
| Shareholder loan | – | 615.2 |
| Accounts receivable | – | – |
| Accounts payable | – | – |

Neste Oyj (Neste) sold its 49,999 per cent share in Nynas AB the 16 of September 2020 to Bitumina Industries Ltd. The reported figures into Nynas Group of purchases bitumen and other oil products from Neste refers to the period 1 Jan 2020

up to 16 September 2020. 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.

| | 2020 | 2019 |
|-----------------------------|-------|-------|
| Purchases, bitumen | 395.7 | 739.1 |
| Purchases, base oils | 49.2 | 24.6 |
| Purchases, fuel/distillates | 0.0 | 0.0 |
| Purchases, leasing/services | 7.7 | 36.8 |
| Sales revenue | 345.9 | 657.8 |
| Shareholder loan | 0.0 | 615.2 |
| Accounts receivable | 0.0 | 0.5 |
| Accounts payable | 0.0 | 7.5 |

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.

| | 2020 | 2019 |
|-----------------------------|-------|-------|
| Purchases, leasing/services | 139.6 | 150.3 |
| Service revenue | 1.8 | 3.8 |
| Accounts receivable | 0.1 | 0.4 |
| Accounts payable | 9.4 | 10.3 |

NOTES

Note 31. Supplementary information to the cash flow statement

| | 2020 | 2019 |
|---|-----------------|----------------|
| NON CASH ITEMS | | |
| Share of profit/loss of associates and joint ventures | -21.8 | -24.2 |
| Composition gain | -2,958.4 | - |
| Depreciation and impairment of assets | 772.5 | 1,856.4 |
| IFRS 16 Leasing effect | 0.0 | 35.6 |
| Unrealised exchange differences and oil forward contracts | 193.3 | 15.3 |
| Provisions for pensions | -20.3 | 50.4 |
| Other provisions | -2.5 | -4.2 |
| TOTAL | -2,037.2 | 1,929.3 |

| LIABILITIES IN FINANCING ACTIVITIES | Interest bearing liabilities, non-current | | Lease liabilities non-current | | Interest bearing liabilities, current | | Lease liabilities liabilities, current | |
|---|---|----------|-------------------------------|----------------|---------------------------------------|----------------|--|--------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Opening balance | - | 6,567.7 | 1,047.9 | - | 6,368.0 | 300.9 | 300.9 | - |
| Transition to IFRS16 | - | - | - | 1,047.9 | - | - | - | 300.9 |
| Proceeds from borrowing/compositions settlement | 3,122.1 | - | - | - | - | 419.5 | - | - |
| Repayment of borrowings | - | - | -294.9 | - | -273.3 | -921.6 | -89.8 | - |
| Conversion of shareholder loan | - | - | - | - | -1,320.5 | - | - | - |
| Exchange rate difference | -24.7 | - | - | - | -67.2 | 1.5 | - | - |
| Capitalization of interest | - | - | - | - | 237.4 | - | - | - |
| Accrued up front fee | -107.4 | - | - | - | - | - | - | - |
| Composition settlement bank syndicate | - | - | - | - | -2,016.5 | - | - | - |
| Hybrid instrument to equity | - | - | - | - | -737.7 | - | - | - |
| Reclassification to short-term / long-term | - | -6,567.7 | - | - | -2,190.3 | 6,567.7 | - | - |
| DEBT OUTSTANDING | 2,990.0 | - | 753.0 | 1,047.9 | - | 6,368.0 | 211.1 | 300.9 |

For further information regarding composition agreement and loan positions se note 24.

Note 32. Significant events after the fiscal year

- In January 19, 2021 the decision to adopt Nynas composition from 30 November 2020 became final in Södertörn District Court. This means that Nynas company reorganization is formally completed and that Nynas creditors will be paid in accordance with the composition agreement.
- In February 2021 the Board of Nynas AB has appointed Bo Askvik as President and CEO of Nynas on a continuing basis.
- On March 4, 2021, a EUR 75 million Bridge Facility was signed for financing of the company's working capital with DK and Deutsche Bank.
- On March 12, 2021, an Asset Based Lending facility for up to GBP 100 million was signed with Breal Zeta Ltd.

NOTES

Notes to the financial statements – Parent Company

Note 33. Information by geographical market and sales revenues

| SALES REVENUES BY GEOGRAPHICAL MARKET | 2020 | 2019 |
|--|-----------------|-----------------|
| Sweden | 1,225.7 | 2,017.5 |
| Rest of Nordics | 2,038.0 | 3,349.8 |
| Rest of Europe | 4,646.5 | 6,904.9 |
| Americas | 1,063.4 | 832.2 |
| Other | 1,503.4 | 1,600.2 |
| TOTAL | 10,477.0 | 14,704.6 |

| TOTAL ASSETS BY GEOGRAPHICAL MARKETS | 2020 | 2019 |
|---|----------------|-----------------|
| Sweden | 9,765.7 | 12,329.0 |
| TOTAL | 9,765.7 | 12,329.0 |

| PURCHASES AND SALES GROUP COMPANIES | | |
|--|----|----|
| Purchases, % | 2 | 5 |
| Sales, % | 22 | 24 |

Note 34. Costs itemised by nature of expense

| | 2020 | 2019 |
|---|-----------------|-----------------|
| Raw materials | 8,099.0 | 11,229.9 |
| Transport and distribution costs | 1,477.5 | 1,683.9 |
| Manufacturing expenses | 1,027.1 | 1,081.4 |
| Costs for employee benefits (note 36) | 464.8 | 460.8 |
| Depreciation, amortisation, impairment (notes 37,43,44) | 1,201.5 | 376.8 |
| Other income and value changes | 0.0 | 16.8 |
| Other expenses | 597.2 | 553.1 |
| TOTAL | 12,867.1 | 15,402.7 |

During 2020 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 in 2020 consists of unrealized

gain and losses from oil and currency derivatives of SEK 0 (-16.8) million.

NOTES

Note 35. Other operating income and expenses

| | 2020 | 2019 |
|--|----------------|---------------|
| Exchange gains on operating receivables/liabilities | 220.6 | 272.4 |
| Composition gain | 2,958.4 | – |
| Other service revenue | 16.2 | 14.7 |
| TOTAL | 3,195.2 | 287.1 |
| OTHER OPERATING EXPENSES | | |
| Exchange losses on operating receivables/liabilities | -445.9 | -287.8 |
| TOTAL | -445.9 | -287.8 |

A formal public composition of Nynas AB's debts was approved by a Swedish court on 30 November 2020, given a composition gain was accounted for (SEK 2 958 million) in December 2020,

for further information regarding the composition see Board of Directors report pages page 8.

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.

| AVERAGE NUMBER OF EMPLOYEES | 2020 | | | 2019 | | |
|-----------------------------|------------|------------|------------|------------|------------|------------|
| | Men | Women | Total | Men | Women | Total |
| PARENT | | | | | | |
| Sweden | 296 | 126 | 422 | 327 | 145 | 472 |
| TOTAL PARENT | 296 | 126 | 422 | 327 | 145 | 472 |

| WAGES, SALARIES AND SOCIAL SECURITY CONTRIBUTIONS | 2020 | | | 2019 | | |
|---|-----------------------------------|-----------------|--------------|-----------------------------------|-----------------|--------------|
| | Senior Executives (7 individuals) | Other Employees | Total | Senior Executives (7 individuals) | Other Employees | Total |
| PARENT | | | | | | |
| Sweden | | | | | | |
| Salaries and other benefits | 17.0 | 292.6 | 309.5 | 14.2 | 285.9 | 300.2 |
| (of which bonuses) | 6.9 | 24.6 | 31.5 | 0.4 | 6.5 | 6.9 |
| Social security contributions | 10.2 | 145.0 | 155.2 | 10.0 | 150.6 | 160.6 |
| (of which pension costs) | 4.9 | 45.9 | 50.8 | 5.5 | 51.3 | 56.8 |
| TOTAL PARENT | 27.2 | 437.6 | 464.8 | 24.3 | 436.5 | 460.8 |

| GENDER DISTRIBUTION IN MANAGEMENT PARENT | 2020 | 2019 |
|--|------|------|
| Board, female rep., % | 15.4 | 41.2 |
| Executive Board, female rep., % | 22.2 | 22.2 |

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

NOTES

Note 37. Depreciation and amortisation of tangible and intangible assets

| DEPRECIATION AND AMORTISATION BY FUNCTION | Intangible | | Tangible | |
|---|-------------|-------------|--------------|--------------|
| | 2020 | 2019 | 2020 | 2019 |
| Cost of sales | 2.5 | 3.2 | 275.7 | 334.2 |
| Distribution costs | 0.7 | 0.7 | 12.4 | 14.9 |
| Administrative expenses | 19.3 | 17.8 | 4.9 | 5.9 |
| TOTAL | 22.5 | 21.8 | 293.0 | 355.0 |

| IMPAIRMENT LOSSES BY FUNCTION | Intangible | | Tangible | |
|-------------------------------|------------|----------|--------------|----------|
| | 2020 | 2019 | 2020 | 2019 |
| Cost of sales | 0.8 | – | 885.2 | – |
| Distribution costs | – | – | – | – |
| Administrative expenses | – | – | – | – |
| TOTAL | 0.8 | – | 885.2 | – |

| DEPRECIATION AND AMORTISATION BY TYPE OF ASSET | 2020 | 2019 |
|--|--------------|--------------|
| Computer software | 22.5 | 21.8 |
| Buildings | 10.0 | 8.8 |
| Land improvements | 3.3 | 4.1 |
| Plant and machinery | 260.2 | 318.4 |
| Equipment | 19.5 | 23.7 |
| TOTAL | 315.5 | 376.8 |

| IMPAIRMENT LOSSES BY TYPE OF ASSET | 2020 | 2019 |
|------------------------------------|--------------|----------|
| Computer software | 0.8 | – |
| Buildings | 4.5 | – |
| Land improvements | 25.4 | – |
| Plant and machinery | 853.0 | – |
| Equipment | 2.3 | – |
| TOTAL | 886.0 | – |

| | | |
|---|----------------|--------------|
| TOTAL RECOGNISED DEPRECIATION, AMORTISATION AND IMPAIRMENT | 1,201.5 | 376.8 |
|---|----------------|--------------|

For further information regarding impairment see note 44.

Note 38. Auditors' fees and other remuneration

| AUDIT FEES | 2020 | 2019 |
|-----------------------------|-------------|-------------|
| ERNST & YOUNG AB | | |
| Annual audit | 8.6 | 2.9 |
| Other audit services | 3.0 | 6.2 |
| Tax advisory service | 0.5 | 2.5 |
| Other services | 10.4 | 1.3 |
| TOTAL | 22,5 | 12,9 |

NOTES

Note 39. IFRS 16 lease contracts

| LEASE LIABILITY MATURITY STRUCTURE | 2020 | 2019 |
|---|--------------|----------------|
| 2020 | – | 205.2 |
| 2021 | 190.4 | 197.4 |
| 2022 | 162.3 | 183.1 |
| 2023 | 158.3 | 181.6 |
| 2024 | 150.7 | 232.5 |
| 2025 (and later for 2019 figure) | 123.9 | 208.2 |
| 2026 and later | 76.3 | – |
| | 861.9 | 1,208.0 |

| LEASE PAYMENTS | 2020 | 2019 |
|---|--------------|--------------|
| Payments of leases entered as liabilities | 203.5 | 352.2 |
| Variable lease payments not included in lease liability | 59.9 | 12.0 |
| TOTAL LEASE PAYMENTS | 263.4 | 364.2 |

The reported future payments and lease payments current year are the mother companies part of total lease payments in Nynas Group, see note 8.

At end of 2020 Nynas AB had three bitumen carrier on time charter. During 2020 Nynas has not entered into any new Lease

contract of significant character. However, one of the vessels contract was changed from bareboat charter to time charter. Two major tank rentals contract was also extended during the year.

Note 40. Net financial items

| | 2020 | 2019 |
|---|---------------|---------------|
| Interest income, bank deposits ¹ | 4.7 | 20.9 |
| Interest income, derivative instruments (actual interest rates and changes in value) | 1.3 | 1.7 |
| Sales and liquidation of shares in subsidiaries | 0.0 | 0.2 |
| Dividends from Group companies | 186.5 | 365.8 |
| TOTAL FINANCE INCOME | 192.5 | 388.6 |
| Of which total interest income attributable to items carried at amortised cost | 4.7 | 20.9 |
| Interest expense, loans and bank overdrafts ² | -258.2 | -385.9 |
| Interest expense, derivative instruments (actual interest rates and changes in value) | -1.6 | -10.1 |
| Interest expense, interest bearing accounts payable | -210.4 | -174.2 |
| Interest expense, PRI pension obligations | -8.2 | -7.9 |
| Net exchange differences | 160.1 | -222.1 |
| Other finance costs | -22.0 | -115.8 |
| TOTAL FINANCE COSTS | -340.3 | -915.9 |
| Of which total interest expense attributable to items carried at amortised cost | -476.8 | -568.0 |
| TOTAL NET FINANCIAL ITEMS | -147.7 | -527.3 |

1) Parent's interest income from Group companies is 4.5 (1.7)

2) Parent's interest expense to Group companies is -1.8 (-0.5)

NOTES

Note 41. Appropriations

| APPROPRIATIONS | 2020 | 2019 |
|---|-------------|-------------|
| Difference between recognised depreciation and regular depreciation | 0.4 | – |
| Group Contribution | -0.4 | -0.3 |
| TOTAL | 0.0 | -0.3 |
| UNTAXED RESERVES | | |
| Accumulated accelerated depreciation | – | – |
| TOTAL | 0.0 | 0.0 |

Note 42. Taxes

| | 2020 | 2019 |
|--------------------------|-------------|--------------|
| Current tax, prior years | -1.1 | 0.1 |
| Deferred tax | 0.3 | -42.4 |
| TOTAL | -0.8 | -42.2 |

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:

| | 2020 | 2019 |
|---|-------------|--------------|
| Result before tax | 211.3 | -1,226.5 |
| Tax according to Parent Company's applicable tax rate | -45.2 | 262.5 |
| Tax effect of: | | |
| Dividends from subsidiaries | 40.0 | 78.3 |
| Change in valuation of deferred tax assets | 0.0 | -14.0 |
| Other non-deductible expenses | -0.7 | -69.2 |
| Other non-taxable income | 1.7 | 23.2 |
| Adjustment of current tax in respect of prior years | -1.1 | 0.0 |
| Increase and change in loss carry-forwards without corresponding capitalisation of deferred tax | -628.6 | -323.0 |
| Composition gain | 633.1 | – |
| Recognised tax expense | -0.8 | -42.2 |
| Standard rate of income tax, % | 21.4 | 21.4 |
| Effective tax rate, % | 0.4 | -3.4 |

| DEFERRED TAX ASSETS AND LIABILITIES | Assets | | Liabilities | | Net | |
|--|---------------|-------------|--------------------|-------------|-------------|-------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Other operating receivables/liabilities | 0.0 | 0.0 | 0.0 | 0.3 | 0.0 | -0.3 |
| Tax loss carryforwards | – | – | – | – | – | – |
| TOTAL | 0.0 | 0.0 | 0.0 | 0.3 | 0.0 | -0.3 |

NOTES

Con't. Note 42

| 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 | -0.3 | 0.3 | 0.0 | – | 0.0 |
| Tax loss carryforwards | 0.0 | 0.0 | – | – | – |
| TOTAL | -0.3 | 0.3 | 0.0 | – | 0.0 |

The composition agreement approved by the District Court of Södertörn 30th November 2020 was accounted for by Nynas AB as a composition gain of total 2,958 MSEK. The composition gain has been treated as non taxable. As a consequence of the received composition gain, the accumulated tax losses of 2,538 MSEK from 2019 was forfeited.

On the closing date Nynas AB had unutilized loss carryforwards of just less than MSEK 2,364 (2,538). Based on these loss carryforwards, Nynas AB recognized a deferred tax asset of MSEK 0 (0). Deferred tax assets are recognized to the extent

that there are factors indicating that taxable profits will be created. The assessment of future profit performance is based on earnings reported in recent years as well as improved profitability prospects. For loss carryforwards with a corresponding tax value amounting to MSEK 487 (523), no deferred tax asset is recognized due to uncertainty as regards future profit earnings. There are no expiration dates for the loss carryforwards.

Nynas AB has neither recognized deferred tax assets of SEK 240 (138) million on tax credits related to non-deductible interest which are limited in time.

Note 43. Intangible assets

| 2020 | Goodwill | Computer software | Other intang. assets/trademarks | Total intangible assets |
|-------------------------------------|-----------------|--------------------------|--|--------------------------------|
| Opening cost | 14.2 | 485.5 | 1.5 | 501.2 |
| Acquisitions | – | 25.4 | – | 25.4 |
| Reclassifications | – | 0.3 | – | 0.3 |
| CLOSING COST | 14.2 | 511.1 | 1.5 | 526.8 |
| Opening regular depreciation | -10.9 | -397.7 | -1.5 | -410.1 |
| Amortisation for the year | – | -22.5 | – | -22.5 |
| CLOSING REGULAR DEPRECIATION | -10.9 | -420.2 | -1.5 | -432.6 |
| Opening impairment | -3.3 | -26.7 | – | -30.0 |
| Impairment for the year | – | -0.8 | – | -0.8 |
| CLOSING IMPAIRMENT | -3.3 | -27.5 | 0.0 | -30.8 |
| CLOSING RESIDUAL VALUE | 0.0 | 63.5 | 0.0 | 63.5 |

| 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 |
| Depreciation 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 |

NOTES

Note 44. Tangible assets

| 2020 | Buildings | Plant and machinery | Equipment | Construction in progress | Total tangible assets |
|-------------------------------------|------------------|----------------------------|------------------|---------------------------------|------------------------------|
| Opening cost | 378.4 | 6,943.7 | 335.2 | 224.5 | 7,881.8 |
| Acquisitions | – | 32.6 | – | 266.8 | 299.4 |
| Disposals | – | -1.0 | – | -2.5 | -3.5 |
| Reclassifications | 7.9 | 129.5 | 2.6 | -140.3 | -0.3 |
| CLOSING COST | 386.3 | 7,104.8 | 337.8 | 348.5 | 8,177.4 |
| Opening regular depreciation | -188.1 | -4,595.7 | -256.7 | – | -5,040.5 |
| Disposals | – | 0.7 | – | – | 0.7 |
| Depreciation for the year | -13.3 | -260.1 | -19.6 | – | -293.0 |
| CLOSING REGULAR DEPRECIATION | -201.4 | -4,855.1 | -276.3 | – | -5,332.8 |
| CLOSING RESIDUAL VALUE | 184.9 | 2,249.7 | 61.5 | 348.5 | 2,844.6 |
| Opening impairment | – | -24.9 | – | -13.3 | -38.2 |
| Impairment for the year | -29.9 | -853.0 | -2.3 | – | -885.2 |
| CLOSING IMPAIRMENT | -29.9 | -877.9 | -2.3 | -13.3 | -923.4 |
| CLOSING RESIDUAL VALUE | 155.0 | 1,371.8 | 59.2 | 335.2 | 1,921.1 |
| Of which carrying amount, Sweden | 155.0 | | | | |
| 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 |
| Disposals | – | – | – | – | – |
| 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 | – | -24.9 | – | -13.3 | -38.2 |
| CLOSING IMPAIRMENT | 0.0 | -24.9 | 0.0 | -13.3 | -38.2 |
| CLOSING RESIDUAL VALUE | 190.3 | 2,323.1 | 78.4 | 211.2 | 2,802.9 |
| Of which carrying amount, Sweden | 190.3 | | | | |

Impairment testing of tangible assets

The value of the tangible assets has been estimated through comparison with the recoverable amount, which is based on the Group's cash-generating value in use based on four-years' cash flow in the Group's budget and long-term business plan (four year) that have been approved by management and the board. The cash-generating units in the Group consist of Bitumen and NSP segment.

Nynas AB performs an impairment test when indicators of an impairment exist. Nynas AB considers actual performance, both financing and operational performance, among other factors, when reviewing indicators of impairment. As a result, Nynas AB has performed impairment test in December 2020 and 2019 but also in September 2020. The overall decline in the economy due to the ongoing pandemic and the financial performance and uncer-

tainties with the reorganization of the Company are some of the identified indicators. As at 31 December 2020, the value in use of Nynas AB was above the book value, indicating no impairment of fixed assets.

Nynas AB

The recoverable amount of Nynas AB was SEK 5,494 million as at 31 December 2020 compared with the carrying amount of SEK 4,350 million. The recoverable amount has been determined based on a value in use calculation using cash flow projections based on financials budgets and a four-years long-term business plan that have been approved by management and the board in December reflecting the recovery of pandemic and in conjunction with the composition agreement in November 2020. Year 2025 is based on the long-term business plan approved by

NOTES

Con't. Note 44

board in the spring of 2020, with volumes recovered in line with the strategy. The discount rate has been estimated based on a weighted average capital cost of 9,0% (9,0) applied to the cash flow projections and cash flows beyond 2025 are extrapolated using a 2.0% growth rate (2.0). It was concluded for December 2020, that the recoverable amount exceeds the book value, and thereby no impairment need for December 2020. An impairment test were made in December 2019, March 2020 and in September 2020 where the management concluded the need for impairment of SEK 694 million in March 2020 and SEK 192 million September 2020. The impairment charges were primarily a result of uncertainties in the financial outlook due to the on-going pandemic and the reorganization process. The impairment charge is recorded within cost of goods sold in the statement of profit or loss.

Key assumptions used in calculations and sensitivity to changes in assumptions and environment

The projected cash flows are based on assumptions regarding sales volume, unit revenue, operating margins and discount rates, which have been established by the management based on historical experience and market data specific on oil price level

assumptions and demand trend looking forward. The policies applied in the above assessment are unchanged from the assessment in fiscal year 2020. The discount rate has been estimated based on a weighted average capital cost of 9.0% (9.0) after tax. The same assumptions have been used in the different CGU's. Decreased demand, delayed or not a full recovery from pandemic and years of sanctions and reorganization can lead to a decline in volumes and the operating margin vs plans. A very small decrease in the Naphthenics market or not recapture from pandemic according to planned volumes and margins would result in further impairment need in the Nynas AB the coming years.

Note 45. Shares in group companies

| | 2020 | 2019 |
|------------------------------------|----------------|----------------|
| Opening cost | 2,876.6 | 2,876.9 |
| Liquidation | - | -0.3 |
| Impairment of shares in subsidiary | - | - |
| CLOSING COST | 2,876.6 | 2,876.6 |

List of Group Companies, see note 14.

Note 46. Inventories

| | 2020 | 2019 |
|------------------------|----------------|----------------|
| Raw materials | 614.4 | 1,093.2 |
| Semi-finished products | 248.1 | 525.7 |
| Finished products | 1,408.6 | 1,914.7 |
| TOTAL | 2,271.2 | 3,533.6 |

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 obsolescence.

Impairment of inventory value per end of 2020 have been done, no need for write down exists.

NOTES

Note 47. Accounts receivable

| | 2020 | | | 2019 | | |
|-----------------------------------|--------------|----------------|---------------------|--------------|----------------|---------------------|
| | Gross | Loss allowance | Net carrying amount | Gross | Loss allowance | Net carrying amount |
| Current receivables | 478.6 | -0.4 | 478.1 | 536.1 | -0.3 | 535.8 |
| Past due 1–30 days | 42.1 | -0.1 | 42.0 | 138.7 | -9.5 | 129.1 |
| Past due 31–90 days | 17.3 | -0.2 | 17.1 | 95.6 | -39.0 | 56.7 |
| Past due 91–180 days | 4.1 | 0.0 | 4.1 | 9.6 | -1.4 | 8.2 |
| Past due 181–360 days | 13.4 | -6.3 | 7.2 | 18.0 | -12.7 | 5.2 |
| Past due over 360 days | 73.8 | -74.5 | -0.7 | 66.6 | -68.3 | -1.7 |
| Bankruptcy | – | 0.0 | 0.0 | 0.0 | -3.0 | -3.0 |
| TOTAL ACCOUNTS RECEIVABLES | 629.3 | -81.4 | 547.8 | 864.4 | -134.2 | 730.2 |

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 2020, the part used as Factoring is approximately 1 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 34,9 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 30% during end of 2020 (24%). Since approx. 70% 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.

Note 48. Prepayments and accrued income

| | 2020 | 2019 |
|---------------------------|--------------|--------------|
| Rent | 4.4 | 4.8 |
| Charter hire | 79.9 | 37.2 |
| Pension premiums | 4.8 | 5.1 |
| Software licences | 11.3 | 12.3 |
| Prepayment crude purchase | 244.2 | 171.7 |
| Other prepayments | 24.7 | 50.2 |
| TOTAL | 369.1 | 281.3 |

Note 49. Cash and cash equivalents

| | 2020 | 2019 |
|---|--------------|--------------|
| Cash and bank balances | 673.5 | 731.5 |
| CASH AND CASH EQUIVALENTS RECOGNISED | 673.5 | 731.5 |

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

NOTES

Note 50. Equity

| DISTRIBUTION OF SHARE CAPITAL | 2020 | 2019 |
|----------------------------------|--------|--------|
| CHANGE IN TOTAL NUMBER OF SHARES | | |
| Opening number | 67,532 | 67,532 |
| Change during the year | 0 | 0 |
| CLOSING NUMBER | 67,532 | 67,532 |

| CLASS OF SHARE | 2020 | | 2019 | |
|----------------|------------------|-----|------------------|-----|
| | Number of shares | % | Number of shares | % |
| Class A | 33,765 | 50 | 33,765 | 50 |
| Class B | 10,129 | 15 | 33,767 | 50 |
| Class C | 23,638 | 35 | – | |
| 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, dividend payments and conversion of shareholder loan. 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.

Proposed distribution of profit

The Board proposes that the available profits of SEK 4,305,531,672 in the Parent Company be distributed as follows:

| | |
|-----------------|---------------|
| Total dividend | 0 |
| Carried forward | 4,305,531,672 |
| SEK | 4,305,531,672 |

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 recognised 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 6.0 (7.8) million for 2020. 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 88.9 (95.1) million, which corresponds to the value of the obligations.

NOTES

Con't. Note 51

| RECONCILIATION OF REVISED PENSION LIABILITY | 2020 | 2019 |
|---|--------------|--------------|
| 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 | 207.3 | 205.3 |
| Unrecognised surplus in pension benefit plan | – | – |
| NET LIABILITY RECOGNISED | 207.3 | 205.3 |

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 | 2020 | 2019 |
|-------------------------------------|--------------|--------------|
| Net debt at beginning of year | 205.3 | 190.5 |
| Cost recognised in income statement | 9.8 | 22.2 |
| Pension payments | -7.8 | -7.4 |
| NET DEBT AT END OF YEAR | 207.3 | 205.3 |

Payments relating to defined benefit plans are expected to amount to SEK 8.3 million in 2021.

| PENSION EXPENSE FOR THE PERIOD | 2020 | 2019 |
|--|-------------|-------------|
| Book reserve pensions | -6.2 | 6.9 |
| Interest expense (calc. discount effect) | 8.2 | 7.9 |
| COST OF BOOK RESERVE PENSIONS | 2.0 | 14.8 |
| Pensions through insurance: | | |
| Insurance premiums | 66.3 | 67.5 |
| RECOGNISED NET COST ARISING FROM PENSIONS EXCL. TAX | 68.3 | 82.3 |
| Dividend tax on pension funds | 0.0 | 0.0 |
| Payroll tax on pension costs | 15.3 | 15.5 |
| PENSION EXPENSE FOR THE YEAR | 83.6 | 97.8 |
| 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 31 December 2019 | 149.7 | 0.0 | 0.0 | 149.7 |
| Provisions used during the year | -2.7 | – | – | -2.7 |
| BALANCE AT 31 DECEMBER 2020 | 147.0 | 0.0 | 0.0 | 147.0 |
| of which current | 11.1 | – | – | 11.1 |
| of which non-current | 135.9 | – | – | 135.9 |

Environmental related 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.

NOTES

Note 53. Liabilities to credit institutions

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.

On May 29, 2020, Nynas has agreed with the major creditors, the banks and the largest crude supplier to extend the maturity of their receivables until June 30, 2021.

Nynas exited the reorganization on 21 December 2020 where the submitted composition proposal was accepted, the large

creditors, representing the majority of Nynas's liabilities, being Skandinaviska Enskilda Banken AB (publ), Deutsche Bank AG, Burlington Loan Management DAC, Foxford Capital L5 DAC, and GPB Energy Services B.V., have, in addition to accepting the proposed composition, also made further additional special concessions accepting a higher composition of 65%, and a significantly longer credit period meaning that 36% is converted into long-term senior loans with a maturity of 5 years and 29% converted into subordinated hybrid instruments.

| | 2020 | 2019 |
|--------------------------------|----------------|----------------|
| LONG-TERM LIABILITIES | | |
| Credit facility | 2,990.0 | – |
| TOTAL | 2,990.0 | 0.0 |
| CURRENT LIABILITIES | | |
| Shareholder loan | – | 1,230.5 |
| Loans from credit institutions | – | 5,137.6 |
| TOTAL | 0.0 | 6,368.1 |
| GRAND TOTAL | 0.0 | 6,368.1 |

2020

LONG-TERM LIABILITIES

| Year issued/maturity | Description of loan | Interest, % | Currency | Nominal amount (local currency) | Amounts in SEK millions |
|----------------------|---------------------|-------------|----------|------------------------------------|----------------------------|
| Variable-rate loans | | | | | |
| 2020/2025 | Credit facility | 1.50 | EUR | 216.6 | 2,173.0 |
| 2020/2025 | Credit facility | 1.50 | EUR | 92.1 | 924.5 |
| 2020/2025 | Up front fees | | | | -107.4 |
| TOTAL | | | | | 2,990.0 |

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 | | | | | 6,368.1 |

NOTES

Note 54. Accrued liabilities and deferred income

| | 2020 | 2019 |
|--|--------------|----------------|
| Purchases of raw materials, semi-finished and finished goods | 9,6 | 1,736.9 |
| Accrued salaries/holiday pay | 109,1 | 79.8 |
| Accrued interest | 0,7 | 192.0 |
| Shipping costs | 44,6 | 42.3 |
| Accrued investment costs | 5,3 | 4.3 |
| Accrued maintenance costs | 0,0 | 0.0 |
| Customer provision | 16,7 | 33.3 |
| Accrued energy costs | 8,5 | 11.4 |
| Accrued legal fees, reorganisation process | 67,8 | – |
| Accrued stamp duty costs | 35,8 | – |
| Other | 38,1 | 34.4 |
| TOTAL | 336,0 | 2,134.3 |

Note 55. Financial assets and liabilities

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

| 2020 | 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 | – | – | 547.8 | – | 547.8 | – | 547.8 |
| Receivables from Group companies | – | – | 748.7 | – | 748.7 | – | 748.7 |
| Other current receivables | – | – | – | – | – | 280.9 | 280.9 |
| Prepaid expenses and accrued income | – | – | 244.2 | – | 244.2 | 124.9 | 369.1 |
| Cash and cash equivalents | – | – | 673.5 | – | 673.5 | – | 673.5 |
| FINANCIAL ASSETS | – | 0.0 | 2,214.2 | – | 2,214.2 | 405.8 | 2,620.0 |
| Long-term liabilities to credit institutions | – | – | – | 2,990.0 | 2,990.0 | – | 2,990.0 |
| Long-term liabilities to Group companies | – | – | – | 0.2 | 0.2 | – | 0.2 |
| Current i-b liabilities to Group companies | – | – | – | 73.8 | 73.8 | – | 73.8 |
| Current non-i-b liabilities to Group companies | – | – | – | 677.7 | 677.7 | – | 677.7 |
| Accounts payable | – | – | – | 583.2 | 583.2 | – | 583.2 |
| Short-term derivatives | – | – | – | – | – | – | – |
| Other current liabilities | – | – | – | – | – | 254.7 | 254.7 |
| Accrued liabilities and deferred income | – | – | – | 0.0 | 0.0 | 336.0 | 336.0 |
| FINANCIAL LIABILITIES | – | – | – | 4,324.9 | 4,324.9 | 590.7 | 4,915.6 |

NOTES

Con't. Note 55

| 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 |

Note 56. Pledged assets and contingencies

| | 2020 | 2019 |
|---|-------------|-------------|
| Securities for Group companies | 11.6 | 16.0 |
| Guarantees | 30.9 | 50.7 |
| Other guarantees and contingent liabilities | 4.1 | 4.1 |
| TOTAL | 46.6 | 70.8 |

In connection with the reorganisation that was formally completed on 19 January 2021, a public composition was made pursuant to which Nynas AB's composition creditors with a claim exceeding SEK 100,000 were offered security for their claims. The security is shared with creditors of certain new financial obligations of the company, see note 24. The security comprises real property mortgages of Nynas AB and all the shares in (or as applicable, interest in) the following subsidiaries: Nynas Germany AB, Nynas UK AB, Nynas GmbH & Co. KG, Nynas Verwaltungs GmbH, Nynas AS, Nynas Limited and Nynas PTE Ltd. Security over business mortgage certificates (or floating charges as

applicable) has also been provided by Nynas AB, Nynas Germany AB, Nynas UK AB, Nynas Limited and Nynas PTE Ltd and the following subsidiaries have also granted guarantees: Nynas Limited, Nynas PTE Ltd, Nynas AS, Nynas UK AB and Nynas Germany AB.

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).

NOTES

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 the autumn of 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. During 2020 no crude have been purchased from oil wells in Venezuela.

| | 2020 | 2019 |
|----------------------|------|-------|
| Purchases, crude | – | – |
| Purchases, base oils | – | – |
| Sales revenue | 0.0 | 6.5 |
| Shareholder loan | 0.0 | 615.2 |
| Accounts receivable | – | – |
| Accounts payable | – | – |

Neste Oyj (Neste) sold its 49,999 per cent share in Nynas AB the 16 of September 2020 to Bitumina Industries Ltd. The reported figures into Nynas Group of purchases bitumen and other oil products from Neste refers to the period 1 Jan 2020 up to 16

September 2020. 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.

| | 2020 | 2019 |
|-----------------------------|-------|-------|
| Purchases, bitumen | 395.7 | 739.1 |
| Purchases, base oils | 49.2 | 24.6 |
| Purchases, fuel/distillates | 0.0 | – |
| Purchases, leasing/services | 7.7 | 36.8 |
| Sales revenue | 345.9 | 657.8 |
| Shareholder loan | 0.0 | 615.2 |
| Accounts receivable | 0.0 | 0.5 |
| Accounts payable | 0.0 | 7.5 |

Note 58. Supplementary information to the cash flow statement

| | 2020 | 2019 |
|---|-----------------|--------------|
| Depreciation and impairment of assets | 1,201.8 | 376.8 |
| Composition gain | -2,958.4 | – |
| Unrealised exchange differences and oil forward contracts | 9.9 | – |
| Provisions for pensions | 2.0 | 14.8 |
| Other provisions | -3.2 | -2.8 |
| TOTAL | -1,747.9 | 388.8 |

| LIABILITIES IN FINANCING ACTIVITIES | Interest bearing liabilities, non-current | | Group companies liabilities, non-current | | Interest bearing liabilities, current | | Group companies liabilities, current | |
|---|---|----------|--|------------|---------------------------------------|----------------|--------------------------------------|-------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Opening balance | – | 6,567.7 | 0.2 | 0.2 | 6,368.0 | 300.9 | 76.1 | 808.5 |
| Transition to IFRS16 | – | – | – | – | – | – | – | – |
| Proceeds from borrowing/ composition settlement | 3,122.1 | – | – | – | – | 419.5 | – | – |
| Repayment of borrowings | – | – | – | – | -273.3 | -921.6 | -2.3 | -732.4 |
| Conversion of shareholder loan | – | – | – | – | -1,320.5 | – | – | – |
| Exchange rate difference | -24.7 | – | – | – | -67.2 | 1.5 | – | – |
| Capitalization of interest | – | – | – | – | 237.4 | – | – | – |
| Accrued up front fee | -107.4 | – | – | – | – | – | – | – |
| Composition settlement bank syndicate | – | – | – | – | -2,016.5 | – | – | – |
| Hybrid instrument to equity | – | – | – | – | -737.7 | – | – | – |
| Reclassification accounts payable | – | – | – | – | – | – | – | – |
| Reclassification to short-term / long-term | – | -6,567.7 | – | – | -2,190.3 | 6,567.7 | – | – |
| DEBT OUTSTANDING | 2,990.0 | – | 0.2 | 0.2 | – | 6,368.0 | 73.8 | 76.1 |

ASSURANCE

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, May 26, 2021

Magnus Wittbom
Chairman of the Board

Roland Bergvik

Rami Farah

Mohamed Idriss

Fredrik Lundström

Joachim Morath

Pia Ovrin

Oswald Perez

Bernd Schmidt

Bo Askvik
President and CEO

Our Audit Report was submitted on May 26, 2021
Ernst & Young AB

Rickard Andersson
Authorized Public Accountant

AUDITOR'S REPORT

This is a translation from the Swedish original.

Auditor's report

To the general meeting of Nynas AB, 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 2020 – 31 December 2020 with the exception for the corporate governance statement and the statutory sustainability report on pages 30–34, and pages 22-29 respectively. The annual accounts and consolidated accounts of the company are included on pages 8–102 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 2020 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 2020 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 and the uncertainty factors stated related to the Covid-19 pandemic, recovery from sanctions and reorganisation. 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.

AUDITOR'S REPORT

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.
- 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 2020 – 31 December 2020 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.

AUDITOR'S REPORT

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 22-29, 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.

Criticism

On several occasions during the financial year, withholding tax, employer contributions, preliminary tax and energy tax have not been paid on time.

Stockholm 26 may 2021
Ernst & Young AB

Rickard Andersson
Authorized Public Accountant

DEFINITIONS

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.



Nynas AB

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