

Lasting innovations for
future generations

Annual and Sustainability Report 2022



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THE YEAR IN BRIEF

Important events in 2022

Q1

- The Code of Safe Conduct was launched to support our staff in developing the safety culture and performance.
- The Centennial transformation programme was launched to kick off the journey of change and prepare the company for its next century. A process to exit or downsize in non-core markets was initiated as part of the transformation programme and renewed business focus.
- Nynas announced the decision to withdraw from direct sales of naphthenic products in the North American market, closing the sales offices in Canada, Mexico and the USA.
- New purchases of feedstock of Russian origin were halted. Nynas had previously purchased some feedstock of Russian origin from western, non-Russian suppliers. Sales to customers in Russia and Belarus were also stopped.

Q2

- In April 2022 the Group completed a refinancing of its existing lending facilities. As well as extending the length of the loans by approximately 3 years to provide the Group with medium term stability, the existing lenders also provided an additional EUR40m of financing. At the same time, a global bank and leading provider of asset backed loans to the energy sector provided a new inventory financing facility to the Group, providing a significant working capital benefit to the Group's core operations.
- Nynas announced its decision to withdraw from direct sales of bitumen in Poland.
- New Directors of the Board were appointed at the Nynas Annual General Meeting.
- Stein Ivar Bye was appointed as interim CEO by the board following Nynas President and CEO Bo Askvik's decision to leave his position after eight years with the company.
- Nynas announced the decision to reduce its direct sales presence in selected markets and product segments in the Asia Pacific and South American regions.

- Nynas announced the decision to streamline its bitumen sales organisation in Western Europe. Customers in Central and Western Europe were informed about a downsize of supply.

- The Executive Committee approved the Centennial transformation programme plan 2022-2026.

- The Harburg refinery received its final crude cargo after a decision to idle the site and the final processing of feedstock took place in June.

Q3

- Nynas received the EcoVadis Gold Sustainability rating, putting the company in the top group of its category for sustainability performance.

- NYTRO® RR 900X, a circular transformer fluid based on the most powerful and effective re-refining technology, is launched.

Q4

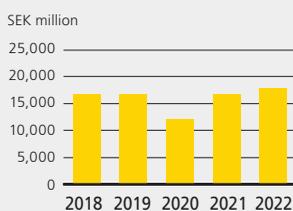
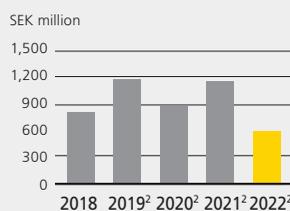
- Union negotiations were completed regarding staffing of the revised Swedish organisation. Approximately 50 positions were cut in Sweden.

- After announcing the plans to convert the site into a tank terminal business, union consultations were initiated at the Harburg refinery.

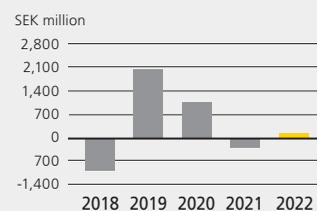
- Implementation of a strategic partnership to drive further digitalization and modernization of the company's IT solutions was initiated. The company awarded the contract to TechMahindra, a global leader within IT services and digitalization solutions.

- The new Nynas operating model was implemented throughout the organisation. This changes included streamlining of the functional reporting lines and Executive Committee to facilitate cross-functional cooperation and enable more effective decision making.

NET SALES

UNDERLYING BUSINESS RESULT (ADJUSTED EBITDA)¹

CASH FLOW FROM OPERATING ACTIVITIES



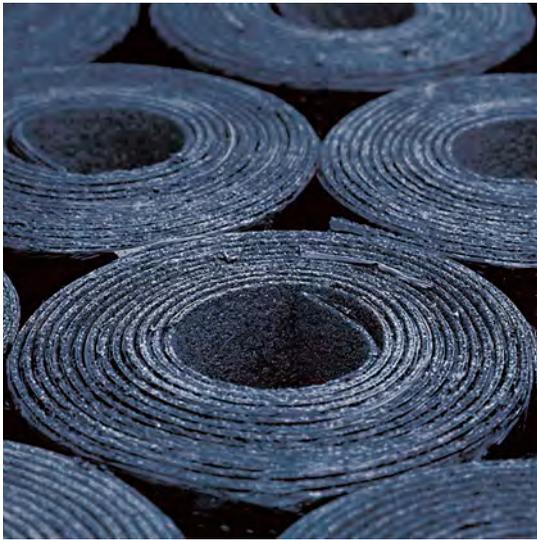
1) For definition see Board of Directors' Report p.42.

2) After IFRS 16.

THIS IS NYNAS



THIS IS NYNAS



Nynas products can be found in a variety of applications around the world, and play an important role in everything from consumer items such as newspapers, running shoes and sunglasses – to industrial products including wind turbines, asphalt and power transformers. Simply put, our heart and soul goes into **supporting the sustainable transition.**

NAPHTHENIC SPECIALTY PRODUCTS

1.25

billion people use
Nynas oil-assisted
electricity, every day.



NAPHTHENICS

Nynas highly refined oils contribute to longer lifetime and enhanced environmental performance for end users. As market leader in **naphthenic specialty products**, we offer a wide range of oils that can lubricate, dissolve, or insulate and cool in countless applications. Our oils are all compliant with stringent environmental requirements.

Lubricating

Nynas base oils are used as a main component in cutting fluids for metalworking, greases and other industrial lubricants. Our NYBASE® oils have been specifically engineered to provide a high-performance alternative to the dwindling supply of Group I oils and also contribute to longer lifetime in our customers' products.

Dissolving and plasticising

The high solubility of Nynas oils is an advantage when manufacturing inks, various types of synthetic rubber, compounds used to make tyres, and more. Our naphthenic NYTEX tyre oils lead to lower rolling resistance, improved fuel economy and a reduction in CO₂ emissions, while at the same time having very low PAH levels.

Insulating and cooling

Transformer oils are used in electrical applications for the insulation and cooling of power and distribution transformers. Nynas offers a variety of transformer oils, including NYTRO® super grade oils used for Ultra-High Voltage (UHV) equipment. Selecting the right transformer oil for each application ensures longer transformer life with less maintenance required.

NAPHTHENIC SPECIALTY PRODUCTS

70%

Over its lifetime NYTRO RR 900X offers a reduction of at least 70% in greenhouse gas emissions compared to a virgin transformer oil. NYTRO® RR 900X is a circular transformer oil based on highly powerful and effective re-refining technology. It contributes to sustainable development by reusing only end-of-life transformer oil currently in the grid. NYTRO RR 900X ensures excellent performance and complies with the most demanding quality standards.



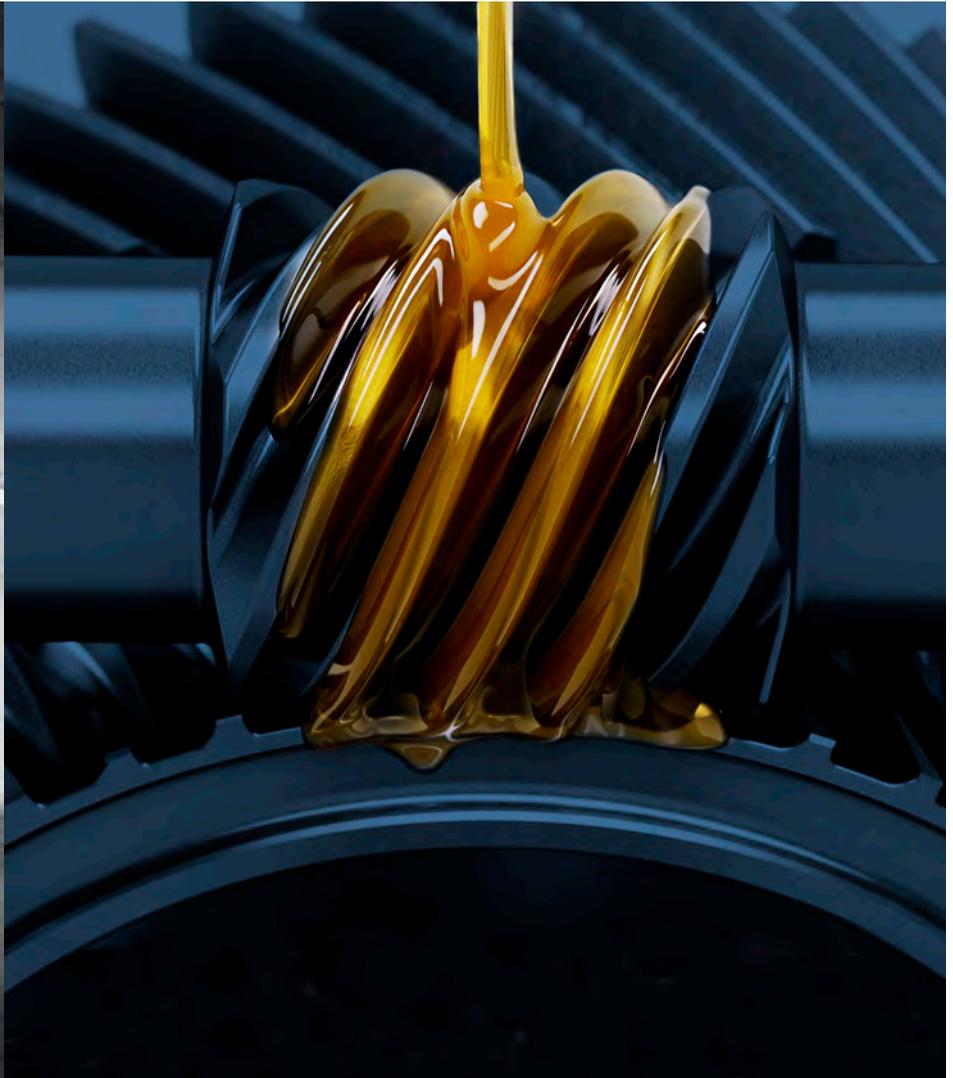
10°C

The efficient use of electricity is of increasing importance. Using Nynas' low viscosity insulating oils is one way to reduce energy losses in the electricity system. Testing has showed that NYTRO BIO 300X achieves around 10°C lower transformer temperature at the same output compared with identical transformers using alternative liquids.

NAPHTHENIC SPECIALTY PRODUCTS

10^{yrs}

Nynas has received the EcoVadis Gold Sustainability rating for almost 10 years. This puts the company in the top group of its category for sustainability performance. The award is recognition of our continuous commitment to all aspects of sustainability.



100%

The biobased hydrocarbon NYTRO® BIO 300X is based on vegetable and waste feedstock and still a premium transformer fluid. It is virtually 100% biobased hydrocarbon and has best-in-class cooling performances combined with an exceptionally low carbon footprint.

BITUMEN PRODUCTS

60%

Using Nypol RE, our new range of polymer-modified bitumen (PMB) containing biogenic carbon, can reduce the CO₂ footprint by up to 60 per cent compared to a conventional PMB.



BITUMEN

Nynas supports society's infrastructure development with its wide range of **high performing bituminous products**. Used to build and maintain roads, bridges and airport runways as well as protecting roofs, our products make it possible to **increase durability, lower CO₂ emissions, and reduce energy consumption and noise**. Bitumen is 100 per cent reusable in asphalt, its main application.

Binding

Binders are used for asphalt applications in the construction and maintenance of roads, runways and bridges. Nynas offers high quality products and solutions that help extend service life and improve our customers' sustainability performance.

Protecting

Our bitumen products work as protective insulation against moisture, heat, sound and vibrations in many industrial applications. They have fire-retardant properties and are ideal for use in roofing felt and various anti-corrosion applications such as pipe coating.

BITUMEN PRODUCTS

1.5

Roads equivalent to 1.5 times the Earth's circumference are resurfaced with Nynas bitumen every year.



26,000

Energy to supply more than 26,000 households could be saved in Nynas markets alone by using Nytherm, which allows for reduced asphalt production temperatures.

BITUMEN PRODUCTS

100% Asphalt is 100 per cent reusable. Nynas offers several products and solutions that facilitate adding more reused material in asphalt.



100 yrs With nearly 100 years in the bitumen business, Nynas understands how to supply long-term, cost-effective and functional solutions.

OPERATIONS

Strategically placed to serve our customers

Nynas core competence is to refine extra heavy crude oils into a balanced mix of naphthenic specialty products and bitumen. The result is long-lasting, high performance specialty products that meet our customers requirements.

We rigorously hydrotreat our distillates to remove sulphur and nitrogen while also reducing aromatic content. The result is a very clean product that meet stringent demands in terms of function and health properties, ideal for many customer applications.

We produce bitumen from straight-run distillation aiming at a consistent product quality.

To serve our customers, our supply network in Europe, and selected other markets, ensures customers prompt and reliable deliveries. Through our sales and technical network, we ensure close customer cooperation and support for a wide variety of activities from technical support to collaboration in product development.



Bitumen

Production sites: Nynashamn, Gothenburg and Eastham. Depot system to cover the Scandinavian and UK markets.

- Refinery
- Depot

Naphthenics

Production sites: Nynashamn
Main blending facility in Antwerp.
Depot system to cover our core market in Europe, and selected markets in South America, South Africa, India and Singapore.

- Hub
- Depot
- Production site

OPERATIONS

NYNÄSHAMN REFINERY, SWEDEN

The refinery was established in 1928 in Nynäshamn, close to Stockholm. Here all Nynas product categories are manufactured for the Nordic market and for export. The refinery has played a key role in Nynas focus on specialty products. In the shift between the 80s and 90s significant investments were made to increase bitumen capacity and advance the production of naphthenic specialty oils. Investments have since then continued with a focus on quality, reliability and sustainability.

- The largest refinery in the Nynas Group.
- The largest supplier of bitumen for roads in Sweden and the Nordic countries.
- One of the largest producers of naphthenic specialty oils in the world.
- In 2004, the Nynäshamn refinery became the first refinery in the world powered mainly on biofuel.

GOTHENBURG REFINERY, SWEDEN

The refinery produces bitumen for the Nordic market. It was established in 1956 close to the Gothenburg harbour, in western Sweden. The production unit is kept up to date through strategic investments focusing on product quality and sustainability. Recent investments in new gas heaters have resulted in major emission reductions.

- The refinery is focused on the production of bitumen and specialty products such as polymer modified bitumen, bitumen emulsions and oxidised bitumen.
- The process to modify bitumen with polymers aims at making the binder more flexible at low temperatures, necessary for long lasting pavements for demanding conditions.

EASTHAM REFINERY, UK

The refinery is operated as a 50/50 joint venture between Nynas and Shell. It is located on the River Mersey in north-western England.

- The refinery produces bitumen for the UK market.
- At the site, Nynas operates an upgrading plant (Special Products Plant or SPP) producing polymer modified binders and emulsions.

MESSAGE FROM THE PRESIDENT

Transforming into a new and stronger Nynas

2022 was a year of transformation for Nynas. We began the company restructuring that will make Nynas more financially resilient as a strong base for success and growth in the future.

Over a nearly 100-year history, Nynas has faced many challenges, but the company has demonstrated time and time again an ability to solve whatever comes its way. In early 2022 we began implementing changes to transform Nynas into a more stable and financially solid company and these efforts are already paying off. We can clearly see that the transformation of Nynas is underway with positive results which makes me confident that the company has a strong platform for future growth.

The market

The market was a volatile one in 2022. Unpredictable commodity prices, coupled with global uncertainty due to the conflict in Ukraine, resulted in escalating energy prices putting the price of bitumen at historical highs for periods of 2022. As a consequence, there was a change in demand for bitumen when some governments and other customers postponed their infrastructure and building projects.

Sales of our Naphthenic Specialty Products (NSP) remained more stable, with steady demand from industrial customers. We continued to build on our customer and supplier relationships, doing everything possible to honour contracts and commitments and work together to ensure timely deliveries and supply.

Pivoting on feedstocks

When Russia invaded Ukraine in late February, we were among the first companies to halt the purchase of feedstock from Russia and Belarus and stop sales to these countries. This impacted our supply of feedstocks, and I can say that we spent much of the year searching for alternative feedstock from suppliers in the global market.

Throughout 2022 we tested an unprecedented number of new feedstocks which went through a rigorous approval process to ensure we could successfully serve our customers with high-quality products in accordance with the Nynas brand. As a result of these efforts, our feedstock supply situation has improved considerably and we have already secured a large portion of the supplies required for 2023.

Transforming for the future

The Nynas transformation programme, which was introduced in February 2022, is required for achieving the company's long-term improvement plans. It is resulting in a new, smaller Nynas, with a reduced risk profile and improved earnings to carry us into the future and provide the capacity to invest in a sustainable and more modern company. Going forward, our focus will be on the markets and product segments that we are best placed to serve. The transformation includes numerous initiatives within all business areas and support functions, and we have established four strategic pillars to guide us:

- Consolidation of the Group's Footprint
- Improve Operational Efficiency
- Drive Financial Performance
- Sustainability and Product Innovation aligned with our customers' needs.

The strategy is underpinned by an engaged and competent workforce making Nynas – a great place to work.

Consolidation of the Group's footprint

In February 2022 we began consolidating the company's footprint to focus solely on profitable markets with a strong platform for future growth. We exited our non-core markets for both NSP and bitumen. This process will help us better serve customers in our core markets, and it is almost completed. Our Harburg, Germany plant is in the process of being converted into an Oil Storage Terminal operation. In parallel with this we are looking for third-party investors for a long-term strategic solution for Harburg.

Nynas is becoming a smaller, leaner company and redundancies in the non-core markets have been necessary for our survival. The journey has been an emotional one, but we have made every effort to conduct the process in a respectful manner and finding alternative employment for our very talented workforce has been a priority.

Improve operational efficiency

We have numerous initiatives underway to improve operational efficiencies and lower costs, including overhead costs. In 2022 we streamlined our depot system to reduce logistics costs. We also entered into a strategic partnership with Tech Mahindra to modernise our IT infrastructure and systems as a

MESSAGE FROM THE PRESIDENT

part of the digitalisation strategy. This partnership gives Nynas access to some of the best IT competence in the world and will help us serve our customers more efficiently and flexibly.

Drive financial performance

We are changing the way we work, and this includes enhancing financial discipline and a performance mindset across the organisation. The Nynas spirit is about a behaviour and culture of continuously pursuing improvements to maintain a healthy and competitive company. This culture has helped us overcome many challenges and will continue to do so.

Sustainability and product innovation

Sustainability runs throughout the Nynas value chain, and our vision is to create innovative products that help our customers and society transition to a more sustainable world. Our sustainability programme is aligned with UN Sustainable Development Goals, and we have committed to targets for CO₂ reductions by 2030 and carbon neutrality by 2050. Last year, for example, we launched the Nypol RE range of bitumen binders incorporating biogenic material. They extend the life of pavement and lead to a lower carbon footprint. We will continue to increase our focus on sustainability and product innovation in collaboration with our customers. All of us at Nynas are passionate over what we can accomplish in this crucial area.

Employee engagement

Successful execution of the Nynas strategy and transformation into the new Nynas is underpinned by an engaged and competent workforce. We recognise that there is high competition over attracting, developing and retaining the next generation of talents, and hence our strategy includes an HR process to further strengthen our employee branding. Nynas is truly a great place to work!

Looking ahead

The improvement steps implemented in 2022 form a strong platform for further growth in 2023 and the years to come. We already see stronger financial results which demonstrates that we are on the right path and that the transformation is yielding desired effects. We have improved our feedstock and asset optimisation in the supply chain and made significant efficiencies and cost reductions throughout the



organisation, resulting in improved margins across our sales channels.

In 2023 we will continue the transformation programme and work on further improvements to make Nynas more modern, healthy and financially stronger. I personally, together with the executive management team, will continue to make safety and care for our people, the environment and our customers a top priority. Health, Safety, Security & Environment (HSSE) has improved steadily at Nynas over a five-year period, but in 2022 we experienced an increase in personal safety incidents which we are addressing through strengthening of the "Observe – Think – Act" principles already established in the company. The HSSEQ Group function, together with management, will continue our unwavering focus on these issues.

We are now setting the platform for the new Nynas which will result in future growth. We are still facing uncertainty and disruption due to the geopolitical situation, but Nynas is well on its way to becoming a more resilient company that is ready to handle whatever the market throws our way. A huge thank you to all Nynas colleagues, our suppliers, customers, and other stakeholders for your support, collaboration and efforts in 2022. I look forward to working with everyone in the Nynas organisation and all of our stakeholders as we shape the new Nynas – together.

STEIN IVAR BYE

Chairman of the Board and CEO

SUPPORTING THE SUSTAINABLE TRANSITION

Making our world go round – solutions for the transition to a sustainable society

A company doesn't last for close to 100 years without being able to offer something unique. Nynas has the products that society needs and the know-how to supply highly functional, cost-effective and sustainable solutions.

As countries develop their economies, Nynas is there to support them, contributing to key infrastructure and clean energy applications that are vital for society.

Take wind turbines, for example. They are crucial for a rapidly growing market segment that generates renewable energy. Our naphthenic specialty products keep wind turbines lubricated to ensure they spin in a friction-free manner. Nynas transformer liquids are also used to insulate and cool the transformers in the transmission grids to which wind farms and other energy sources are connected.

Bitumen is another crucial ingredient in the world's infrastructure. With the growth of infrastructure projects and need for maintenance, there is high demand for Nynas bitumen products, particularly in asphalt applications. Our bitumen is used to build and maintain roads, bridges and airport runways and, because it is 100 per cent reusable, it contributes to the circular economy.

Increasing circularity

As we continue to develop for the future, our focus – and our responsibility – is to reinforce our role as a key player in the transition to a more sustainable society. We are achieving this by reducing our own impact on the environment and by continuing to develop sustainable products and solutions that offer our customers longer life and greater circularity.

Sustainability runs throughout our value chain from how we use hydrocarbons in a sustainable way to make our products, through an efficient supply chain, logistics and product usage.

Emission reductions

We refine and upgrade hydrocarbon feedstock, transforming it into products of which many do not emit greenhouse gas emission in their use phase.

Nynas' products increase the lifetime of customers' applications, and supports reduction of environmental impact.

With close proximity to our customers, we are able to shorten lead times and the distances that our goods must travel.

Nynas is committed to lowering its own environmental impact and our aim is to become climate-neutral by 2050*. We will monitor all of our operational emissions based on the Greenhouse Gas Protocol.

Our vision for Nynas is to build on our role as the industry's innovation leader and drive the transition to a sustainable society. As an organisation, Nynas will be focused, profitable and sustainable in every way.



* In accordance with the EU aim to have an economy with net-zero greenhouse gas emissions

SUPPORTING THE SUSTAINABLE TRANSITION

"Nynas is committed to lowering its own environmental impact and our aim is to become climate-neutral by 2050*."



SUSTAINABILITY REPORT

Sustainability governance

Ambition and strategy

Our ambition and strategy start with the UN Sustainable Development Goals (SDGs). We have identified four goals that are particularly relevant for our products, operations and actions and that we expect to support or contribute to the most.

**SDG 8 decent work and economic growth**

Nynas aims to be regarded as a positive force in society and an attractive and equal opportunity employer. We have a strict policy against harassment in the workplace and ensure that no basic human rights are abused. Nynas will never knowingly tolerate slavery or forced labour on behalf of Nynas or its partners. Nynas has health and safety procedures in place to protect employees from both physical and mental harm.

**SDG 9 industry, innovation and infrastructure**

We provide and develop long-lasting, high quality products that contribute to sustainable value in society for example through our bitumen products, which are a key component in road paving, and through our transformer oils in electricity distribution. We are continuously conducting research and development into improving product lifetime, recyclability, product health and safety, and other aspects contributing to sustainable development.

**SDG 12 responsible consumption and production**

Nynas strives to increase the energy efficiency in all aspects of operation, transportation and product use. We closely monitor all emissions from operations and work diligently to lower the emissions to air, sea and land through production facilities that employ waste management and treatment operations. Nynas maintains a rigorous concept of process safety measures to minimise the risk of loss of primary containment. We have a response organisation that takes measures to maintain our high standards. We continuously assess the health, safety and environmental aspects of our products and do our utmost to ensure long lifetime and circularity through

recycling and reuse. Nynas provides guidance for safe use of all its products, such as training on the handling of hot bitumen.

**SDG 13 climate action**

We aim to be climate neutral by 2050¹ and monitor our greenhouse gas emissions (GHG) according to the Greenhouse Gas Protocol scope 1 & 2. We have established a 2030 target to reduce CO₂ emissions by 50 kton compared to our baseline of 2017. We continuously work to improve energy efficiency and reduce greenhouse gas and other emissions from our operational activities. Our focus is on developing high quality products that enable longer service life, reduce greenhouse gas emissions and increase energy efficiency.

We have identified four focus areas based on these SDGs and a materiality assessment. An update to the materiality assessment will be conducted in 2023.

Four focus areas

- People and Society
- Health and Safety
- Environment and Climate
- Sustainable products

Within these four key areas we have defined ambitions and strategies for 2030.

Governance

The Nynas commitment to sustainability is reflected in the company's business governance and through the Group-wide sustainability policy. This policy is linked to a number of other policies that collectively steer our corporate responsibility approach by addressing environmental, economic and social aspects.

The policies are as follows:

- 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

1) In accordance with the EU aim to have an economy with net-zero greenhouse gas emissions

SUSTAINABILITY REPORT

The Nynas operations are certified according to ISO 9001, ISO 14001 and ISO 45001. In Germany we have ISO 50001 certification as well.

Organisation

Overall sustainability is the responsibility of the Board whose decisions are carried out by the Nynas Execu-

tive Committee. A working group made of representatives from all business and functions ensures progress on specific sustainability issues. In 2023 we will also add full time resources dedicated to Sustainability.

SUSTAINABILITY KPIs

The following sustainability KPIs were established in 2022, some targets are yet to be finalized.

Health & Safety

- Total Recordable Incidents Frequency (#/mil work hrs)
- Process Safety Accidents Tier 1 (#/mil work hrs)
- Transport accidents (#/km travelled)

Climate and Environment

- GHG Scope 1 & 2 (kton CO₂ eq)
- Reduction of GHG Scope 1 & 2 compared to base year 2017 (kton CO₂ eq)
- Environmental permit noncompliance (#)

People and Society

- Sick leave (%)
- Appraisal (%)
- Employee turnover (%)
- Diversity (%): Age, gender, gender in managerial roles
- Critical Suppliers assessed for sustainability (%)
- Undertaking – Compliance with Competition, Anti-bribery, Anti-corruption and Trade Laws (% signed by employees)

Sustainable Products

- Research and development projects with sustainability as a key driver.

Nynas received the EcoVadis Gold CSR rating

In 2022 Nynas received the EcoVadis Gold Sustainability rating. Nynas has received the EcoVadis Gold or Platinum Sustainability rating for the last 10 years. This puts the company in the top group of its category for sustainability performance. The award is recognition of our continuous commitment to all aspects of sustainability.



SUSTAINABILITY REPORT

EU Taxonomy

The EU taxonomy is a classification system, establishing a list of environmentally sustainable economic activities. The Taxonomy Regulation was published in the Official Journal of the European Union on 22 June 2020 and entered into force on 12 July 2020. The Taxonomy Regulation establishes six environmental objectives:

1. Climate change mitigation
2. Climate change adaptation
3. The sustainable use and protection of water and marine resources
4. The transition to a circular economy
5. Pollution prevention and control
6. The protection and restoration of biodiversity and ecosystems

The sustainable activities are defined by technical screening criteria for each environmental objective which are adopted through delegated acts. A first delegated act, outlining technical screening criteria for sustainable activities for climate change adaptation and mitigation objectives, was adopted in June 2021. In 2021 Nynas, with support from KPMG, made a first gap analysis to assess eligibility against the two climate objectives. Petroleum refining is not listed as a sustainable activity for climate change adaptation and mitigation objectives but all activities and technical criteria were screened to map possible eligible activities. As a second step, a more in-depth analysis was done for activities which have potential eligibility. The results showed that Nynas does

	Total in MSEK	Proportion of Taxonomy eligible activities (%)	Proportion of non-Taxonomy eligible activities (%)
Turnover	17,833	0	100
CapEx	294	0	100
OpEx	344	0	100

not have any significant activity which is eligible to the first two climate objectives. Potential eligible activities which have a proportion of <0.1% of the turnover have also been excluded.

A second delegated act for the four remaining objectives was expected to be published in 2022 but has been delayed until 2023.

Even if Nynas does not currently have any eligible activities Nynas works actively to reduce the impact on climate. Furthermore, Nynas products are in many cases used in activities which are expected to be part of technical criteria for some of the remaining environmental objectives. An example is bitumen that in asphalt for roads is 100 per cent reusable and a number of our bitumen binders allow for lower temperature application and improved infrastructure durability. Also Nynas transformer oils are important for the electrification and work is ongoing to integrate them into a circular loop (see section on Focus areas Environment & Climate and Sustainable Products).

SUSTAINABILITY REPORT

Nynas and the EU Green Deal

Several recent policies are having an impact on our sustainability approach, for example, the European Green Deal, which is the roadmap for making the EU economy sustainable. A number of strategies and actions under the Green Deal umbrella are relevant for Nynas, including the following:

European Green Deal actions

The Climate Law sets a legally binding target of zero greenhouse gas emissions by 2050 and a reduction of 55 per cent by 2030 compared to 1990. This increases pressure to reduce emissions of greenhouse gases from our operations.

The Circular Economy Action Plan includes initiatives along the entire life cycle of products. It promotes circular economy processes, fosters sustainable consumption, and aims to ensure that the resources used are kept in the EU economy for as long as possible.

The Chemicals Strategy for Sustainability aims to achieve a toxic-free environment and increased protection of human health and the environment against hazardous chemicals.

Nynas response:

We are mapping and setting targets for our greenhouse gas emissions.

We are working to assess the entire product life cycle especially regarding climate impact, lifetime/durability and the possibility to achieve more circular product flows.

We continuously assess the hazards of our products and work to minimise the impact. We provide guidance on safe use for all of our products.

SUSTAINABILITY REPORT

Focus area — Sustainable Products

Our focus is on developing high-quality products that enable longer service life, reduce greenhouse gas emissions, increase energy efficiency in their production and use and support the circular economy. Nynas will continue to provide and develop products that contribute to sustainability when used in customer applications.

Ambition 2030

Our ambition for 2030 is to increase the share of Nynas products that are in circular product flows and to continue to develop products to offer our customers renewable and circular products where there is a possibility and value in doing so. Nynas will continue to supply crude-based products moving forward. In most cases, this is simply because the performance of these products is unrivalled by alternative solutions at hand today and in the near term.

We aim to demonstrate continuous improvement within sustainability and will also continue supporting the market with information on the sustainability benefits of our products. Our research, development and innovation efforts focus on improving product lifetime, product use phase, raw material, efficiency, reusability/recyclability, product health and safety, and the product's contribution to social and infrastructure development.

The following are some of the strategic efforts and activities to help us achieve our 2030 ambition for sustainable products.

Develop circular product flows

An important area in our strategy is to assess and account for the entire life cycle of our products, especially regarding climate impact and durability and we continue to explore and develop circular product flow solutions in dialogue with customers and other stakeholders to innovate for the future.

A major step in this area was achieved with the launch of NYTRO® RR 900X, a re-refined premium transformer fluid that meets the most stringent IEC 60296 (2020) requirements and offers performance equal or superior to those of virgin mineral transformer oils. The product can replace virgin oil in new transformers and thus contribute to resource efficiency and a substantially reduced transformer fluid carbon footprint.

There are further applications where our specialty oils are fully recyclable at the end of their service life.

In some other cases, the compositions which they are a part of are recyclable. It is well-established that bitumen products in road applications are 100 per cent reusable and make it possible for customers to recycle asphalt. Nynas bitumen products also enable customers to pave asphalt at lower temperatures, which contributes to lowering greenhouse gas emissions. To stay in the forefront, Nynas continues to work with well-reputed universities to investigate the recyclability and circularity aspects of bitumen and a number of publications have been published on the subject.

Non crude feedstocks

NYTRO® BIO 300X is a biobased, renewable and biodegradable hydrocarbon, and like all Nynas transformer fluids a fully recyclable product. This high-performance transformer fluid offers superior heat transfer and exceptional cooling due to its ultra-low viscosity. The product has now been commissioned in 400kV transformers. Several customer and independent third-party studies have highlighted the product's exceptional thermal performance aspects in their conclusions. The biobased and biodegradable fluid can advantageously be used in transformers according to mineral oil design and can even provide an opportunity for a further efficient and optimised transformer design.

Our tyre and rubber oil, NYTEX® BIO 6200, is produced using renewable feedstock. It delivers the same high quality and performance of all Nynas tyre oils, but further contributes to higher sustainability through a lower raw material carbon footprint. NYTEX® BIO 6200 was again highly ranked by the European Rubber Journal in its listing of the most important sustainability projects in the elastomers/rubber industry right now.

Extensive studies were made with NYTEX BIO® 6200 in 2022, ranging from numerous compound types such as bicycle, winter and summer tyres, with both carbon-black and silica fillers. The results, including both the performance and compound processability, have been excellent, both in studies conducted in Nynas' fully equipped rubber compounding lab and in those confirmed by customers and leading brands in the sector.

In 2022, the NYNAS BIO products NYTEX® BIO 6200 and NYTRO® BIO 300X, received ISCC Plus certification. ISCC Plus is a voluntary, globally >

SUSTAINABILITY REPORT

Enabling the electrical industry to go circular

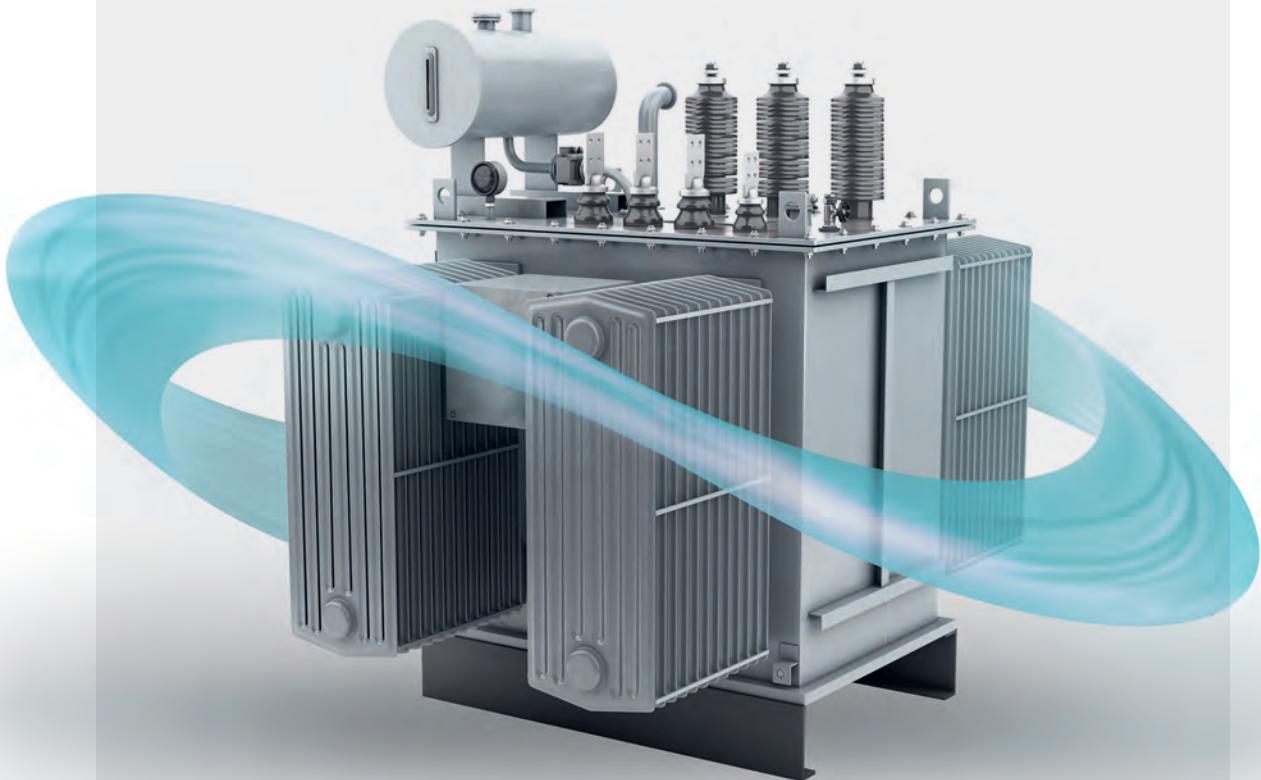
Sustainable development is now a high priority in most industries. With the launch of NYTRO RR 900X, Nynas is contributing to resource efficiency and helping utility companies and OEMs contribute to greenhouse gas reduction targets.

NYTRO RR 900X contributes to raw material efficiency by reusing end-of-life transformer fluid. The Nynas re-refining process recovers valuable molecules that no longer fit for service in their present form, making the best use of the fluid's original production impact.

NYTRO RR 900X is suitable for use in a wide range of electrical applications, including high voltage power transformers. The new grade complies to the highest requirements in the IEC 60296 standard, which further requires the feedstock of re-refined fluids to be sourced 100 per cent from electrical equipment.

Nynas' modern optimised hydrotreating technology has resulted in top-of-the range specifications that equal those of virgin oils. The quality and characteristics of NYTRO RR 900X are equal, if not superior to, those of the NYTRO high performing grades, retaining the well-known dielectric behaviour of traditional naphthenic dielectric fluids.

At a 100 per cent recycling rate over its lifetime, NYTRO RR 900X produces a reduction of at least 70 per cent in greenhouse gas emissions compared to a virgin transformer oil as well as an overall reduction in crude consumption. "We are very proud to contribute to the reduced environmental footprint of transformer oil production," says Marika Rangstedt, Sustainability Manager at Nynas.



SUSTAINABILITY REPORT

recognised sustainability certification scheme which allows companies to demonstrate the sustainability credentials of their bio-based, bio-circular and circular materials. The certification scheme provides traceability across the value chain.

Innovate for sustainability

Our research, development and innovation efforts are driven by quality, performance and environmental impact. Through our ReResolution framework, Nynas customers can find products and solutions that help them achieve sustainable performance, for example by reducing temperature, reinforcing durability and reusing material. ReResolution was first introduced for bitumen products and in 2022 the framework was expanded to cover the applicable specialty oils as well. Some adaptation is being finalised to account for the broader spectrum of sustainable performance benefits provided by the expanded base of Nynas products.

In 2022, a new polymer modified bitumen (PMB) product range with biogenic carbon was launched. This high-performance PMB increases pavement life compared to unmodified bitumen and has a smaller carbon footprint than other PMB products (case story on page 27). Choosing PMB supports society by making our road assets last longer. We continue to develop safer market alternatives.

The recent introduction of products from our NYTEX® portfolio as a compliant alternative for wood treatment producers and formulators is timely, as the EU in October 2022 announced a ban on creosote use in wood material for fences and marine constructions. Formulations developed with these oils offer a safer alternative to creosote, a toxic and carcinogenic substance that has been used for years as a wood preservative to protect against external conditions, as well as termites and other pests in industrial applications. The NYTEX® oils provide the technical and esthetical effects desirable in industrial wood treatment. Studies have also confirmed the possibility to use naphthenic oils in polyurethane (PU) applications. In hydroxyterminated polybutadiene polyurethane applications, for example, Nytex® 801 was shown to be a good alternative to the endocrine-disruptive phthalates plasticisers. In agricultural PU filled tyre compounds, NYTEX oils were also shown to be good partial replacements of distillate aromatic extracts (DAE).



In 2022, NYNAS BIO products, NYTEX® BIO 6200 and NYTRO® BIO 300X, received ISCC Plus certification.

Market dialogue

Nynas provides guidance for the safe use of our products, and we continuously assess their health, safety and environmental aspects, doing our utmost to minimise all risk. We have the challenging task of educating the market on the sustainability benefits of products based on our oils and are developing and sharing information to support these efforts.

Nynas continued to work actively in Eurobitume's Bitumen Sustainability Steering Group, whose mission includes promoting the sustainable use of refined bitumen in road, industrial and building applications.

Nynas is a member of the UEIL, Union of the European Lubricants Industry's Sustainability Committee that, among other things, aims to provide guidance to define, develop and measure sustainability in the European lubricants industry. Nynas was also a strong influencer in the forming of the ELGI Sustainability Consortium in 2022, for which the focus is sustainability aspects in the lubricating grease industry. Steps were taken during the year to improve coordination and establish a common platform between different lubricants associations.

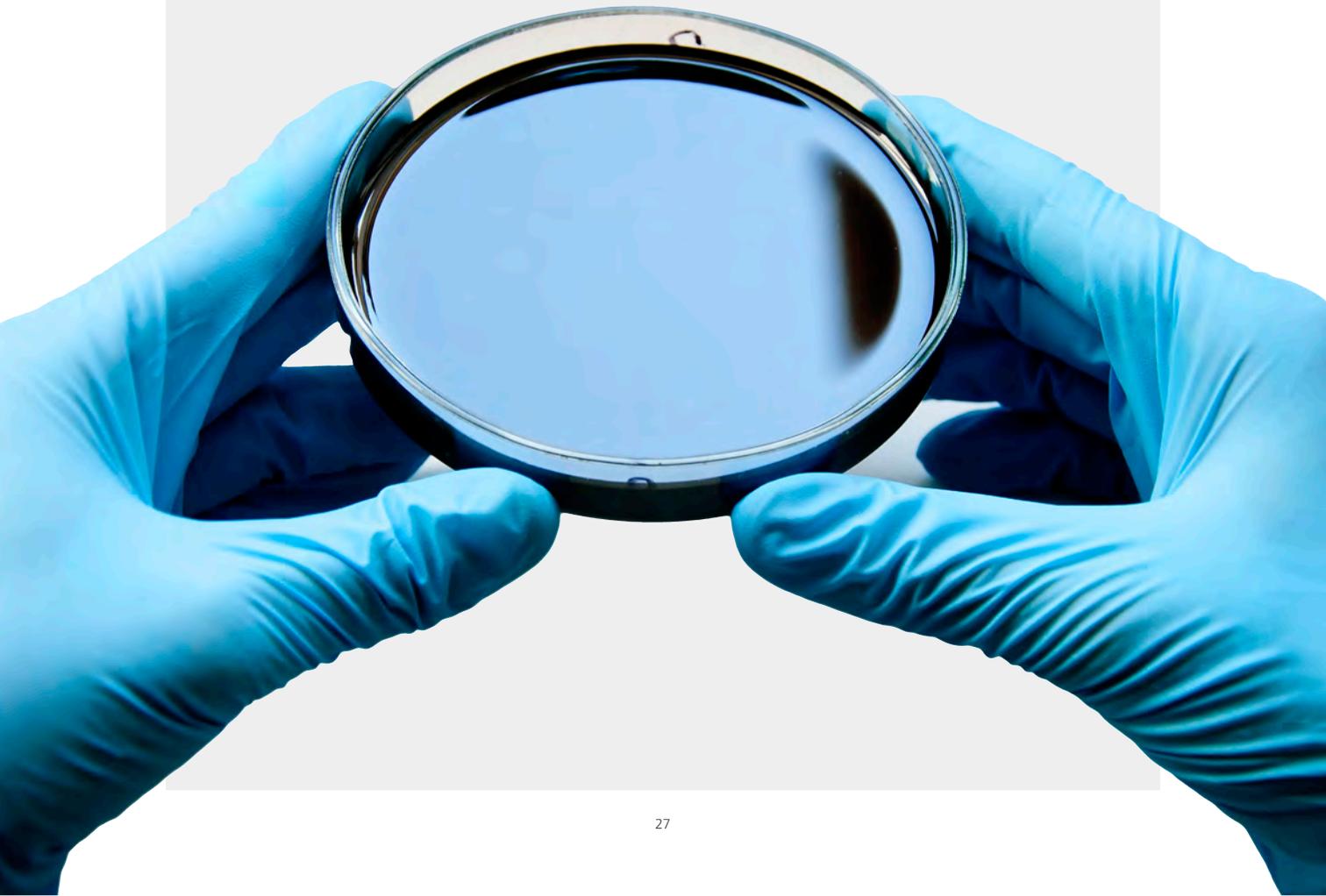
SUSTAINABILITY REPORT

Lower carbon footprint with new bitumen binders

Customers responded positively to Nypol RE, a range of polymer-modified binders incorporating a biogenic material.

Extending the useful life of asphalt pavements is one of the best things you can do to improve the climate impact of road construction. The new Nypol RE range does just that, but at a significantly lower carbon footprint than a traditional PMB helping to reducing this impact further. Research has shown that these

types of binders also age more slowly than standard bitumen and that asphalt pavements produced with them can be successfully reused. The Nypol RE range is now available in selected Nynas markets. The carbon footprint calculations for these products have been third-party verified by an external consultant and environmental data for the products sold in Scandinavia is available in the LCA.no database.



SUSTAINABILITY REPORT

Focus area — Health and safety

Our goal is for everyone to return home at the end of the day at least as safe and sound as when they arrived at work. Line management is responsible for promoting a strong health and safety culture, while all employees and contractors are responsible for contributing to health and safety in their work activities. Health and safety awareness programmes and training, along with Nynas policies, support these efforts.

Ambition 2030

We strive to continuously provide a safe and healthy work environment for all employees, contractors and visitors and aim for safe and controlled processes within all operations. One long-standing ambition is to maintain a performance that is better than the industry average in health and safety, including both personal safety and process safety. After several years of steady improvements in safety performance, where we moved to a result that was better than the industry, we took a step back in 2022 in terms of personal safety. Our safety performance, during the turbulent times for Nynas, fell short of our target and ambition but we have reinforced our efforts to get back on the successful track of the previous years.

The following are some of the strategic efforts and activities to help us achieve our 2030 ambition for health and safety.

A safe and healthy workplace

When it comes to safety, we place high demands on all levels within the organisation and believe that everyone has the right to a safe and healthy workplace and an obligation to contribute to it. Nynas has implemented a number of Group minimum requirements on health and safety, and we continue to update and expand the scope of these.

Nynas maintains a rigorous concept of process safety measures within manufacturing to minimise the risk of a loss of primary containment (LOPC) and also has a response organisation and measures to prevent escalation. It is compulsory for all employees and contractors to participate in the Observe, Think and Act programme, which focuses on safe behaviour, being observant of potential risks and knowing how to mitigate them. The programme includes many efforts such as cascaded Health, Safety, Security, Environment (HSSE) meetings at all levels, safety workshops and newsletters translated into local languages.

We encourage transparency and the reporting

of incidents through a “no blame” approach. We are eager to learn from all incidents and train many employees in thorough investigation techniques to be able to capture root causes and define corrective actions. This contributes not only to safety improvements, but also fosters a culture of learning and knowledge sharing.

In 2022 Nynas introduced Nynas Code of Safe Conduct (see more page 30) to support the positive development of personal and process safety in all Nynas operations.

Nynas monitors safety performance monthly with KPIs in three main areas – Personal Safety and Health, Process Safety and Transport Safety.

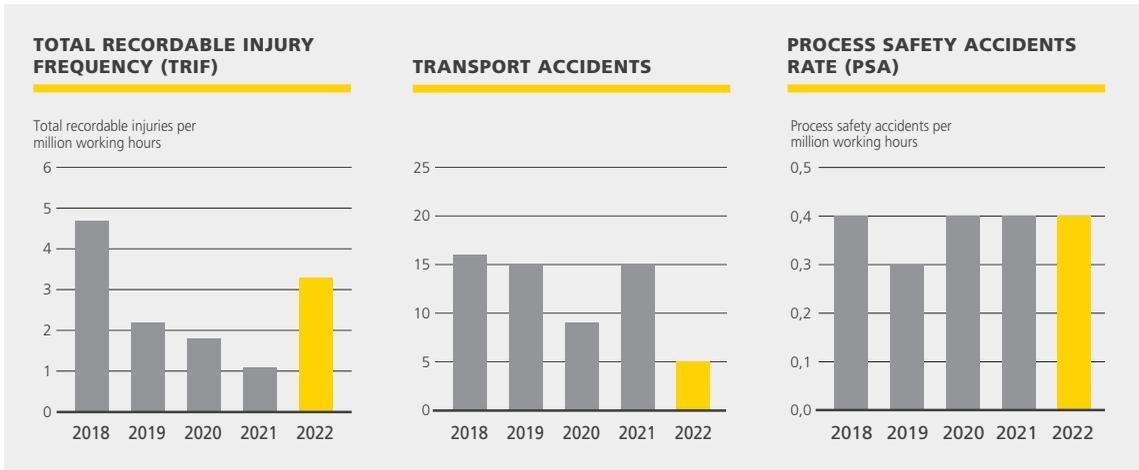
Health and Safety performance

Over the past few years, Nynas has implemented a number of measures to improve its Total Recordable Injury rate (TRIF) such as holding extra safety meetings, updating our minimum safety requirements and by sharing best practices. Despite these efforts, performance in 2022 fell short of our targets and for the first time in many years the outcome was worse than the previous year when it comes to personal safety. We will address the increase in personal safety incidents in 2022 through strengthening of the “Observe – Think – Act” principles already established in the company. The HSSEQ Group function, together with management, will continue our unwavering focus on these issues. Our performance in process safety improved however in 2022 and while maintaining a solid performance on PSA Tier-1 we improved on all measures with lower severity.

Reporting and benchmarks

Incidents are reported within the Synergi Life system. Personal Injuries and Process Safety Accidents are benchmarked against the European downstream oil industry safety performance reported by Concawe. Transport Accidents were significantly improved with five cases, which is well below the target and the lowest number ever recorded for Nynas. Nynas benchmarks its Transport Accidents against figures from the European Chemical Transport Association (ECTA) and will, during 2023, start to report KPI targets and metrics for Transport Accident Rate in order to benchmark against Concawe. We continuously assess the health, safety and environmental aspects of our products and do our utmost to minimise any negative

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effects. Nynas provides guidance for safe use of all its products with safety datasheets provided in local languages for all products, including those which are not classified as hazardous. Furthermore, we provide

training, both internally and externally, to ensure that our products are produced, stored, transported and used in a safe way.

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Code of Safe Conduct

Enhanced results within both personal and process safety, as well as an enhanced safety culture are the overall objectives of the Nynas Code of Safe Conduct.

The Code of Safe Conduct aims to support everyone who works at, and for Nynas, to act in a way that helps to achieve even better results in both personal and process safety. Similar safety efforts have been in the industry for some time, and we were therefore able to assess what works well and what doesn't when it came time to launch our own Code of Safe Conduct. The work focuses on applying a safety focused Code of Conduct with a set of themes.

This is an important step in creating a safe workplace and ensuring that situations that could result in personal injury, damage to the environment or damage to equipment, are quickly recognised and acted upon. This in turn is based on there being clear descriptions regarding how everyone should act, for example when working at height, during instances of heavy lifting, working in confined spaces, and when it comes to process safety. In specific terms, it primarily concerns communicating about these issues and stimulating further reflections and continuous work throughout the company to improve on all the areas covered by the Code.

PERSONAL SAFETY



Focus on what I need to do in order to act and behave in a safe manner.



PROCESS SAFETY FUNDAMENTALS



Focus on what we need to do in order to preserve a safe operation.



SUSTAINABILITY REPORT



"Looking after our employees' health and safety is our top priority"

SUSTAINABILITY REPORT

Focus area — Environment and Climate

We aim to provide our customers with high quality products that also help them reduce their climate impact and energy consumption. Within our own operations we have a long legacy of working to reduce our climate impact, improve our energy efficiency and be a responsible neighbour by taking corrective actions on legacy issues, such as the remediation of contaminated soil and water.

Ambition 2030

Nynas strives to continuously improve its energy efficiency and reduce climate impact in production, operations and transportation through various programmes. We will monitor and make improvements on applicable environmental aspects and communicate clear targets for the reduction of greenhouse gas (GHG) emissions. Below are some of the strategic efforts and activities to help us achieve our 2030 ambition for environment and climate.

Reducing climate impact

We aim to lower our environmental impact and emissions to air, sea and land, and will monitor all emissions from our operations based on the Green-

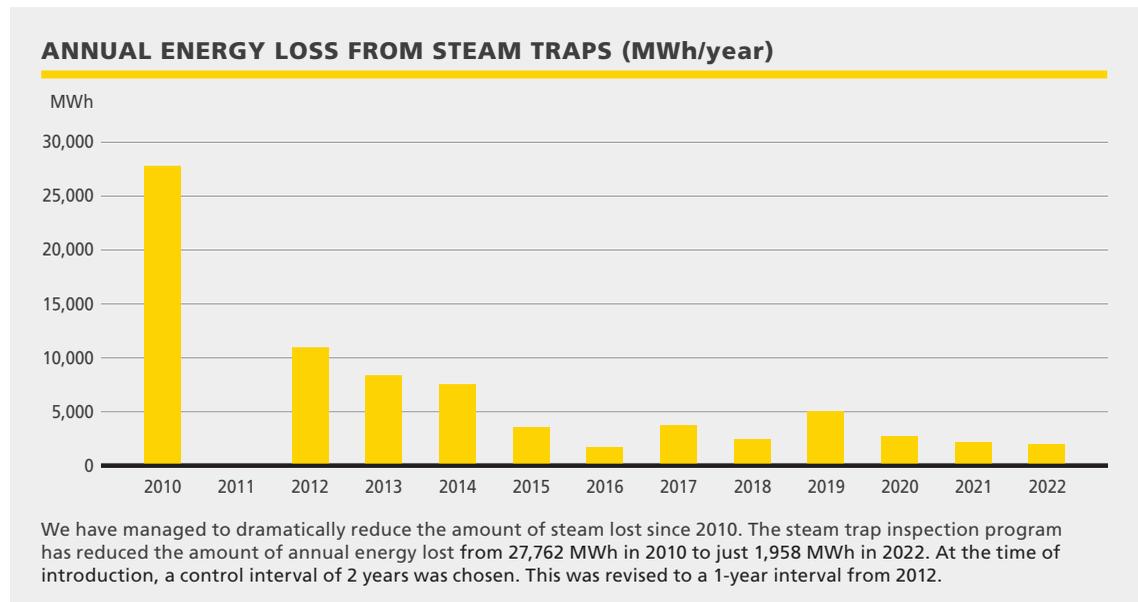
house Gas Protocol. In 2022, we defined scope 1 and 2 reduction targets for 2030 and 2050 with the aim to become climate-neutral by 2050*. Our reduction target for 2030 is to lower our scope 1 and 2 emissions by 50,000 tonnes of CO₂ equivalents versus our base year 2017 (excluding emissions at Harburg). All Nynas refineries carried out measures in accordance with environmental legislation in 2022. The Swedish refineries are fully compliant with the Industrial Emissions Directive (IED) BAT conclusions from October 2018. The BAT conclusions for refineries in Germany have been adopted into several legal regulations and the Harburg refinery is fully compliant with all regulations in accordance with authority permits.

Environmental programmes

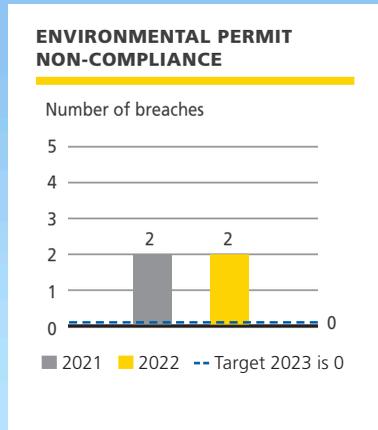
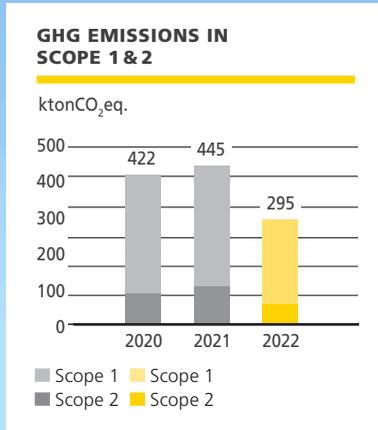
We have ongoing programmes to improve the energy efficiency at all our sites. Within all of our operations we are introducing options for energy sources with a lower climate impact, such as transitioning to natural gas from oil.

In 2021, we inaugurated two natural gas heaters at the Gothenburg bitumen refinery that reduced

*In accordance with the EU aim to have an economy with net-zero greenhouse gas emissions



SUSTAINABILITY REPORT



Nynas plans to reduce the Scope 1 & 2 from our active operations with 50 kton until 2030. In 2023 we will assess if our planned baseline needs to be reset as a consequence of the changes currently being implemented.

Number of breaches of permit conditions at refineries, special products plants and depots.

- Data for 2022 partly affected by
- Lower production levels at some of the sites.
 - Lower energy consumption in our Nordic depots
 - Increased emission factors for Swedish electricity



carbon dioxide (CO₂) emissions by approximately 5,000 tonnes annually. Emissions of nitrogen (NO_x) and sulphur oxides (SO_x) have been reduced by approximately 10 tonnes (NO_x) and 5 tonnes (SO_x) annually. The heaters have also been adapted to run on biogas.

At our Nynäshamn refinery, which manufactures bitumen and naphthenic specialty oils, we have been monitoring steam losses from steam traps through a programme started in 2010. Since then, we have managed to dramatically reduce the amount of steam lost, from 37,017 tonnes in 2010 to 2,611 tonnes in 2022. The steam savings have reduced the amount of annual energy lost from 27,762 MWh in 2010 to just 1,958 MWh in 2022.

Remediation activities

Much has changed in our industry since Nynas was founded in 1928, not the least the world's knowledge and the regulations related to environmental impact. Today, Nynas maintains rigorous process safety measures at all three refineries to minimise the risk of loss of primary containment. We have well-kept production facilities with waste management and treatment operations, and a response organisation and measures to prevent escalation. We have spent many years on remediation efforts to clean up harm done in the past and some of these activities are finally coming to fruition.

Around our refineries, remediation activities are underway related to soil and water issues, such as >

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the capping of contaminated sediments on the seabed outside the Nynäshamn refinery. The contamination likely originated from a fire at the refinery in 1956, affecting a total area of approximately 80,000 m². Remediation of the contaminated area is ongoing in line with a decision by the Land and Environment Court in 2018. Monitored Natural Recovery (MNR) is applied for the area at greater depth with annual consultation with the County Administrative Board and in 2022 we submitted a plan to the Land and Environment Court for capping of the area at depths of 5-18 metres as required by the court decision in 2018.

In 2021 we submitted a plan to the Land and Environment Court for final treatment of an acid tar pit that was in operation at the Nynäshamn plant up until 1975 and we received the court decision in 2022. Remediation of the area is challenging due to the potential to release toxic gas (SO₂) in the process.

Nynas has been investigating the area for many years and we expect to begin clean-up efforts on the tar pit in 2025 and complete remediation of the acid tar pit in 2046 in line with the court decision. 2023 marks the final stage in the Landfarmen landfill covering and decontamination project, which has been running for some 30 years. In 2017, a plan was developed for the final covering, situated at the Nynäshamn refinery, and approved by the local County Administrative Board in 2020. That work began in 2021 and will be completed in 2023.

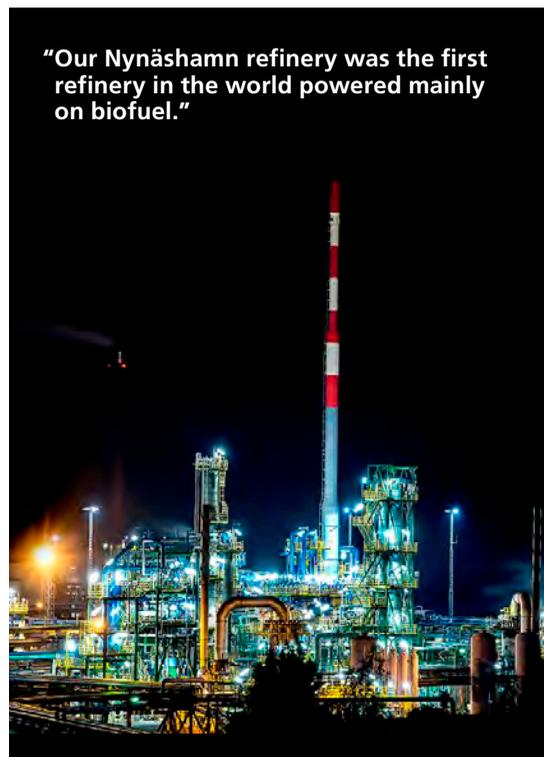
At our Harburg refinery we reached an agreement with the local authorities on a decontamination/groundwater cleaning project of PFAS, which was included in firefighting foams in the past. We have finalised the plans with the authorities and remediation will start in 2023.

Exploring alternative energy

We continue to assess the opportunities to use renewable energy and less greenhouse gas-intensive energy sources in production, operations and transportation, and explore how we can reduce climate impact through emerging technologies. Nynas uses biofuel whenever possible and has been actively addressing these issues for decades.

In 2004, for example, our Nynäshamn refinery became the first refinery in the world powered mainly on biofuel. The switch from oil and electricity to biofuel and waste heat recovery has resulted in annual reductions at Nynas of 35,000–60,000 tonnes of carbon dioxide emissions. Particulate emissions have also been lowered substantially. Additionally, in a long-term collaboration with local energy supplier Adven, residual heat is recovered from the refinery and used for the region's district heating network. The residual heat is equivalent to 35 GWh and sufficient to heat 1,750 houses a year.

A new water facility, completed together with Adven, reduces the consumption of water at the refinery by around 120,000 tonnes per year and provides clean water for both the refinery and Adven's district heating production.



“Our Nynäshamn refinery was the first refinery in the world powered mainly on biofuel.”

SUSTAINABILITY REPORT



"We continue to assess the opportunities to use renewable energy and less greenhouse gas-intensive energy sources in production, operations and transportation."

SUSTAINABILITY REPORT

Focus area — People and Society

Nynas is a responsible member of the community and aims to be an attractive employer. We offer competitive salaries, career opportunities, international work experiences and training, along with an open-minded culture. In 2022 we escalated our efforts to work with a sustainability mindset to ensure the company's future success.

Ambition 2030

Our goal is to be recognised for having a strong employer brand and culture with excellent leadership. Nynas should also be seen as a good neighbour and partner in the local business environment. The following are some of the strategic efforts and activities to help us achieve our 2030 ambition for people and society.

Attractive employer

Employer branding

Our recruiting challenges are to attract employees with high technical competencies and to make our industry more attractive. Our focus on employer branding and sustainability is therefore essential. In 2022, we put a lot of focus on employee engagement, leadership development and talent acquisition. We are changing our recruitment strategy to doing more inhouse recruitments and promoting our own talents.

Encouraging diversity and inclusion

We continuously strive for a diverse workforce and an increased number of female managers, through our focused recruitment efforts and development networks, such as the Swedish Ruter Dam. We have a gender distribution in the Group of 27 per cent women and 73 per cent men. Twenty-five per cent of our managers are female.

Programs and career development

Nynas offers a specialist career programme for engineers, a technical development programme for operators, leadership programmes and other development opportunities. We promote employee growth and yearly development plans for each employee are set up in our annual performance appraisal process. For newly graduated students we offer a trainee programme, NyEx, to secure future talents with engineering expertise, while providing

work opportunities to engineering graduates. We also have our own Production Academy, an apprentice programme that provides onsite training for new operators. Our Harburg facility runs the Apprentice programme, which provides employment opportunities for young people while securing qualified staff for our highly technical chemical operations.

Compass Survey

In recent years, Nynas has conducted an employee survey every second year to identify areas indicating a need for improvement. The last survey took place in 2021. As of 2023 the survey will run every year, with quarterly follow ups on the Engagement and Leadership Index.

Leadership

Strong leadership is a key to our future success, and we offer various leadership programmes for our managers. For new managers, we offer the New as a Manager Programme and for more experienced managers we offer the Leadership Training Programme. These programmes have been running for several years and contribute positively to Nynas leadership. Nynas also offers individual coaching and leadership forums to continuously develop and strengthen leadership among our managers.

Responsible member of the community

Good neighbour

Being a good corporate citizen is important for our production sites in Nynäshamn and Gothenburg, and we want to be considered a good neighbour and partner in the local community. We are achieving this through high HSSE standards, transparency, proactive communication, and engagement. Nynas is the largest private employer in Nynäshamn, where we have been operating since 1928.

With the "Good Neighbour" initiative we have established a dialogue with politicians, municipality officials, teachers and others living in the area. Nynas is also a member of the local business committee. Nynas offers university students and graduates internships through collaborations with universities located near its facilities, such as the KTH Royal Institute of Technology in Stockholm and Chalmers University of Technology in Gothenburg, Sweden. >

SUSTAINABILITY REPORT

"Our recruiting challenges are to attract employees with high technical competencies and to make our industry more attractive."



SUSTAINABILITY REPORT

Supply chain

We believe that responsible supply chain management and selecting good partners is essential to upholding a stable and secure operation and being a reliable partner to our customers. All of our suppliers are expected to comply with the Nynas Code of Conduct and policies, as stated in the terms and conditions of their agreements. Ideally, suppliers can show they have a similar set of codes and policies. Our processes guide the supplier selection on goods and services by assessing potential suppliers based on their quality and sustainability practices. Active key suppliers are regularly evaluated for performance regarding both business and sustainability aspects.

Our target in 2022 was to have all our critical suppliers assessed for sustainability. We managed to achieve this with 80 per cent of the suppliers. We recognise the need for vigilant pre-qualification and follow-up of suppliers and aim to assess and have dialogues with the most important and other concerned suppliers on a continuous basis.

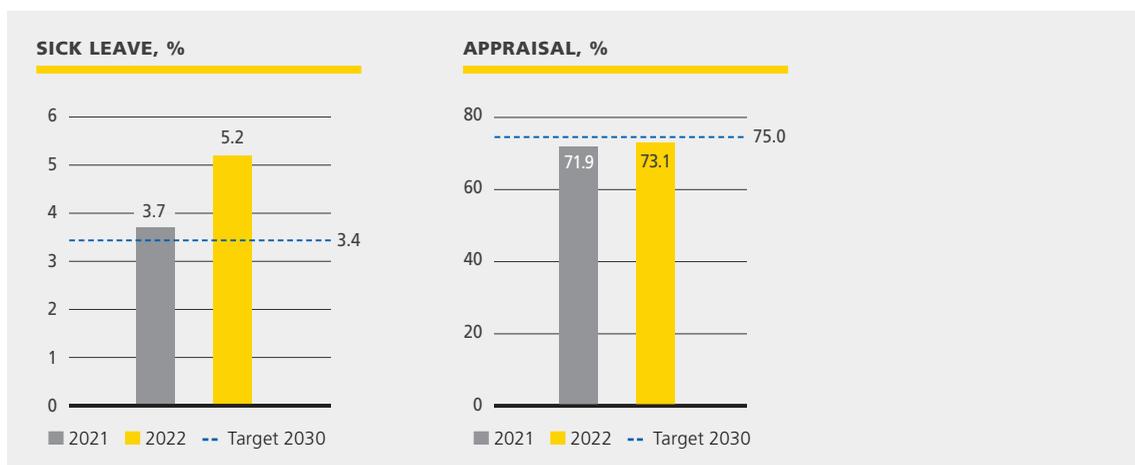
Ethics

Nynas aims to be regarded as a positive force in society and an attractive and equal opportunity employer. The Nynas Code of Conduct clearly establishes the rules of ethical business behaviour for all Nynas employees and partners in relation to bribery, corruption, conflicts of interest and other areas where there could be business and sustainability risks. All information must be managed in compliance with the General Data Protection Regulation (GDPR) for data protection and privacy.

New employees are introduced to the company through an onboarding process that also includes training on the Nynas Code of Conduct and ethical behaviour. There is mandatory recurring training on special business ethics topics for employees who in their work might be exposed to specific risks, such as anti-bribery, anti-corruption, competition and trade regulations, along with other policy compliance training. The identified employees are required to sign an annual undertaking confirming they will comply with the Nynas Code of Conduct and its underlying policies. With the easing of Covid restrictions and face-to-face meetings at exhibitions and fairs being resumed, the training in 2022 focused on ethical behaviour in interactions with competitors and customers.

The Code of Conduct has supporting policies for competition, procurement, anti-bribery, anti-corruption and trade, among others. See governance, on pages 20–23.

Non-compliance issues are handled through a whistleblowing system that was launched in an updated form in June 2022 to meet the requirements of the Swedish Whistleblowing Act. This updated Whistleblowing system enables anonymity and accessibility for both internal and external parties wishing to report issues. Nynas complies with the laws and regulations in every jurisdiction where it operates, including the UK Bribery Act and the Foreign Corrupt Practices Act, EU and US competition laws, and EU, US and UN sanction regimes.



SUSTAINABILITY REPORT

Competence Development comes in many forms

Sharing learnings

To continue delivering excellence and best practices, several events were arranged throughout the year: The Leader Forums, the Safety Days and the New as a Manager training. In September, the Nynäshamn refinery also hosted a visit from engineering students from KTH Royal Institute of Technology, who got to see how a refinery is run and the types of work you can have as an engineer.

In addition to an overall presentation of the site and its operations, the visitors were given guided tours in both the process area and pilot plant with an opportunity to meet and talk to engineers on the site.

Nynas Production Academy

Another round of the educational project with a mission to educate future operators kicked off during the year. The Nynas Production Academy is now in its second phase where the operators tackle the next units in the refinery – HF1, SA2 and SA3. The Academy was kicked off with a week of theory to go through the process in detail with support from operators and engineers.

NyEx Trainee Program for Engineers

Within Manufacturing there is a continuous need for technical expertise. The fourth round of the rotation and introduction programme, NyEx, ran from August 2021 to August 2022 in the Engineering and Process Technical Services departments, Production Engineer group and Maintenance Technical Services. The purpose of the trainee programme is to gain broad knowledge about Nynas manufacturing while getting an opportunity to try working in different parts of the organisation. NyEx is a way for Nynas to stay ahead and plan long-term to bring in more engineers and technical expertise to the company.

Leadership Forums

Core values, as with a company's leadership profile, must be discussed and reflected upon

constantly to be well understood, have meaning for everyone and serve their purpose. Hence our leaders spend time discussing these important topics in Leadership Forums.

It is crucial that all leaders in the organisation are role models, reflecting the core values and fostering the right behaviours in the organisation.

“What leaders do, permit, accept or applaud in daily work fosters a culture, and this is important to be reminded about and reflect upon,” says Urban Rhodin, HR Consultant at Nynas.



REPORT BY THE BOARD OF DIRECTORS

Report by the Board of Directors

The Board of Directors and President of Nynas AB, Corp. Reg. No. 556029-2509, hereby submit the Annual and Sustainability Report for Nynas AB and the Nynas Group for the fiscal year 2022. Nynas AB is registered in Stockholm and the address of its head office is Lindetorp svägen 7, Stockholm, Sweden.

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 a sustainable use. 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.

STRATEGY

The recent years of uncertainty has made it necessary for Nynas to revise its strategy and focus on a long-term profitable business with less risk.

The Nynas transformation programme, which was introduced in February 2022, is critical for Nynas long-term survival. It is resulting in a new, smaller Nynas, with a reduced risk profile and improved earnings to carry Nynas into the future and provide the capacity to invest in a sustainable and more modern company.

The transformation includes numerous initiatives within all business and support functions, and Nynas has established four strategic pillars:

- Consolidation of the Group's Footprint
- Improve Operational Efficiency
- Drive Financial Performance
- Sustainability and Product Innovation aligned with our customers' needs

GOING CONCERN ASSESSMENT

Nynas company reorganisation was completed in January 2021, where an agreement was reached where Nynas could delay the payment of outstanding debts to a group of creditors for 12 months. The debt has been paid in full in January 2022 and a milestone was achieved that effectively closes the reorganisation.

In April 2022 Nynas completed a refinancing of its existing lending facilities. As well as extending the length of the loans by approximately three years to

provide Nynas with medium term stability, the existing lenders also provided an additional million 40 EUR of financing. At the same time, Macquarie Bank (a global bank and leading provider of asset backed loans to the energy sector) provided a new inventory financing facility to Nynas, providing a significant working capital benefit to Nynas core operations.

For Nynas the recent years of uncertainty and challenging circumstances, i.e., sanctions, company reorganisation, pandemic, increased costs for crude and energy and the war in Ukraine had a negative impact on Nynas ongoing business. In its assessment of going concern, Nynas has considered and assessed the related plans recovering from sanctions, reorganisation, and the Covid-19-pandemic impact on the business and in addition, the impact of the Russian invasion of Ukraine, 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 Nynas assessment that the financial statements shall be prepared on a going concern basis despite the uncertainties still identified.

SIGNIFICANT EVENTS DURING THE FISCAL YEAR

- On 19 January 2022 Nynas effectively closed the company reorganisation by settle the payment in full to trade creditors with claims remaining, after receiving an initial payment of 100,000 SEK each following the completion of Nynas company reorganisation in January 2021. This is in accordance with the composition agreement between all creditors and as decided by the District Court of Södertörn.
- On 2 March 2022 Nynas decided to halt purchase of feedstock of Russian origin, and sales to customers in Russia and Belarus was also stopped.
- As part of the transformation program and a renewed business focus, Nynas has decided to withdraw from direct sales of naphthenic products in the North American market.
- On 28 April 2022, the EUR 75 million Bridge Facility was extended for three years for financing of the company's working capital with private investment vehicle advised by Davidson Kempner and Deutsche Bank.
- On 28 April 2022, the Asset Based Lending Facility for up to GBP 100 million was extended for three years with Breal Zeta Ltd.
- On 28 April 2022, a new revolving credit facility was signed with private investment vehicle advised by

REPORT BY THE BOARD OF DIRECTORS

Davidson Kempner and Deutsche Bank for EUR 25 million during 2022 and for EUR 40 million during 2023–2024.

- On 28 April 2022, a three-year inventory monetization agreement was signed with Macquarie Bank, financing the inventory at Nynäshamn refinery.
- On 2 of May 2022 Stein Ivar Bye was appointed as interim CEO by the board following Nynas President and CEO Bo Askvik's decision to leave his position after eight years with the company.
- On 13 of May Nynas announced the decision to reduce its direct sales presence in selected markets and product segments in the Asia Pacific and South American regions.
- On 20 of May Nynas announced the decision to streamline its bitumen sales organisation in Western Europe. Customers in Central and Western Europe were informed about a downsize of supply.
- In June the Harburg refinery received its final crude cargo after a decision to idle the site.
- On 26 October a decision was taken to start a reorganisation of the Harburg site, one option being considered is to convert the refinery site into a storage facility and union consultations were initiated at the Harburg refinery.
- In December union negotiations were completed regarding staffing of the revised Swedish organisation. Approximately 50 positions were cut in Sweden.

MARKET PERFORMANCE

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 on the international market 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 global economy continued to recover from the impact of the Covid-19 pandemic, however the Russian invasion of Ukraine in early 2022 triggered a spike in oil and energy prices. The average Brent price increased by 30 USD/bbl compared to the previous year, with higher spikes during the period March to July, before falling back during the second half of the year. Global GDP is estimated to have grown by approximately 3 percent vs 2021, with demand for crude oil recovering back to pre-pandemic levels. The volatility and uncertainty of the macro environment resulted in a slower growth than expected, impacting industry sentiment especially within Europe.

The US dollar, British pound and Euro all strengthening versus the Swedish krona during 2022 compared to 2021. For the year, US dollar was by the end of the year 15 per cent stronger than last year at 10,43 and British pound strengthening by 3 per cent compared to 2021 ending at 12,54 versus the Swedish krona. Euro ended at 11,13 a strengthening by 8 per cent compared to end 2021.

Naphthenics products

As a consequence of the decision to focus on the core European markets and the resultant change to the geographic sales footprint, sales volumes in 2022 decreased by 23 per cent compared to 2021 actuals. The sales significantly decreased in the Americas and APAC regions as the winddown and exit from the various markets was implemented, with the sales in the CEETMEIA region also reducing. Sales in the core European market were negatively impacted by a shortage of supply at the start of 2022, and the general industrial slowdown triggered by the Russian invasion of Ukraine, ending at 97 per cent of the 2021 actual level. The 2022 full year net sales decreased to SEK 8,353 million (9,037) as a result of lower sales volumes, but counterbalanced by higher oil price and increased sales premiums. The underlying business result before depreciation (EBITDA) increased to SEK 1,151 million (862) driven by improved pricing and inventory gains due to the rising oil price level during 2022.

Bitumen products

As a consequence of the decision to focus on the core Nordic and UK markets and the resultant change to the geographic sales footprint, sales volumes decreased by 41 per cent compared to 2021 actuals. Sales in Poland were halted completely and declined by 85 per cent in Western Europe. In addition, due to severe supply shortages at the start and middle of the year, sales in the Nordic region decreased by 33 per cent and in the UK by 30 per cent. The 2022 full year net sales decreased to SEK 5,376 million (7,063) as a result of lower sales volumes, but counterbalanced by higher oil price. The underlying business result before depreciation (EBITDA) decreased to SEK 341 million (703) driven by the lower sales volumes.

PERFORMANCE OF THE GROUP'S OPERATIONS AND EARNINGS

Net Sales

Net sales during the year increased to SEK 17,833 million (16,716) despite the reduction in sales volumes due to an increased sales price premium and a higher oil price level. The Naphthenics 2022 sales volume decreased by 23 per cent impacted mainly by the winddown of the America and APAC regions. Bitumen volumes in 2022 decreased with 41 per cent compared to last year mainly due to sales in Poland and Western Europe halted, in addition, due to severe supply

REPORT BY THE BOARD OF DIRECTORS

shortages at the start and middle of the year, sales in the Nordic region decreased by 33 per cent and in the UK by 30 per cent.

Operating result and underlying business result (adjusted EBITDA)

Operating income during 2022 amounts to SEK -2,425 million (-648). Increased costs energy and had a significant negative detrimental impact on the Nynas Underlying result, this offset by positive inventory gains during the year when oil price level increased compared to 2021. Non-recurring affecting the operating result totalled SEK -2,187 million (-956), mainly explained by the impacted of an impairment loss of SEK -1,145 million mainly due to Harburg refinery assets value in use was higher than net realisable value, the impairment loss valuation is based on future discounted cash flows and the fair value of the land.

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

	2022	2021
Operating result according to income statement:	-2,425	-648
Impairment write-down fixed assets	1,145	750
Restructuring provision and restructuring costs	821	0
Advisors	137	57
Environmental and Co ₂ provision	69	134
Other	15	16
TOTAL ITEMS AFFECTING COMPARABILITY	2,187	956
Share of profit joint ventures	67	17
Depreciation and amortization	488	547
Depreciation right of use assets	279	280
UNDERLYING BUSINESS RESULT (ADJUSTED EBITDA)	596	1,151

Net financial items

Net financial items for the year amounted to SEK -772 million (-389) of which SEK -353 million (-193) is related to net interest expenses. The higher net interest expense is largely explained by the higher interest rate on debt and the other negative deviation by exchange rate loss of SEK -289 million due to the strengthening in EUR versus SEK.

Taxes

The effective tax rate including non-deductible and non-recurring items was -4 per cent (-6). The effective tax rate for 2022 has been affected by increased tax carry forwards without corresponding capitalisation of deferred tax assets.

Returns

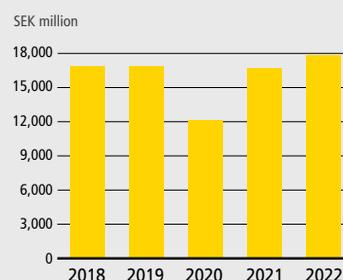
Return on average capital employed (12 months rolling) was -2.6 per cent (3.2), return on average capital employed, calculated excluding non-recurring items and return on equity was -122.3 per cent (-26.2).

FINANCIAL POSITIONS

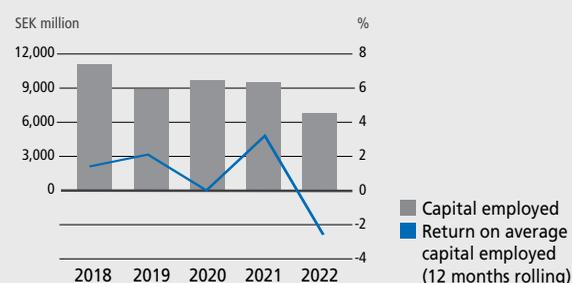
Working capital

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 2022 was at SEK 3,356 million, a decrease of SEK 577 million compared to last year. Main driver of the decrease is the new inventory financing facility at Nynäshamn refinery leading to a decrease in volumes of 344 kton by end of the year given a decrease in

NET SALES



CAPITAL EMPLOYED AND RETURN ON AVERAGE CAPITAL EMPLOYED



REPORT BY THE BOARD OF DIRECTORS

the inventory value of SEK 2 100 million, deviation offset by the higher oil price level mainly seen in the inventory and accounts receivables, the higher oil price level increased working capital with approximately SEK 1,300 million.

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, 2022, average working capital amounted to SEK 4,547 (4,732) million, more representing a normal working capital level since inventory and accounts receivable are higher in peak season. Year-end working capital as of December 31, 2022, of SEK 3,356 million.

Fixed assets

Fixed assets have decreased by SEK 1,491 million, a decrease due to an impairment write-down of SEK 1,145 million, mainly due to Harburg refinery assets value in use was higher than net realisable value following decision to cease refining operations, the impairment loss valuation is based on future discounted cash flows and the fair value of the land. See further description regarding impairment process Note 13.

Capital expenditures

During 2022 cash capital expenditures totalled SEK 294 million (652) for the full year, with the main portion relating to maintenance investments.

Financing

In April 2022 Nynas completed a refinancing of its existing lending facilities. As well as extending the length of the loans by approximately 3 years to provide

Nynas with a medium-term stability, the existing lenders also provided an additional EUR 40 million of financing. At the same time, Macquarie Bank (a global bank and leading provider of asset backed loans to the energy sector) provided a new inventory financing facility to Nynas, providing a significant working capital benefit to Nynas core operations (off balance sheet agreement).

Net debt increased by SEK 176 million at the end of December compared with last year, primarily reflecting the increase in the Super Senior Bridge facility of EUR 25 million.

Equity

Equity at year end amounted to SEK 841 million (3,824), the decrease is mainly reflecting by the negative profit in 2022 driven by the restructuring of the group. The equity/assets ratio was decreased to 8.9 per cent (31.9).

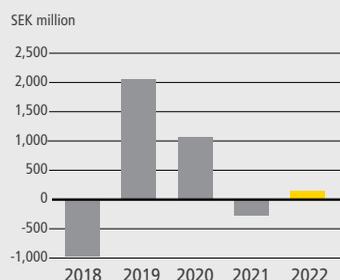
Cash Flow

Full year cash flow from operating activities amounted to SEK 140 million compared to last year's SEK -276 million. Operating cash flow in 2022 was positively affected by the new inventory financing facility offset by the higher oil price level but net given a lower working capital compared to last year but full year cash flow from operating activities also affected by the negative profit in 2022.

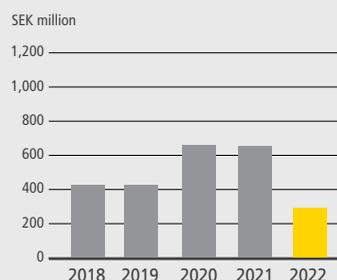
Employees

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 2022 was 897 (936).

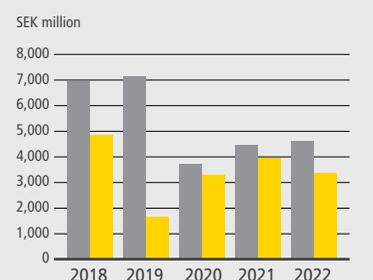
CASH FLOW FROM OPERATING ACTIVITIES



INVESTMENTS



NET DEBT AND WORKING CAPITAL



REPORT BY THE BOARD OF DIRECTORS

PARENT COMPANY

Net sales during the year amounted to SEK 15,629 million (14,527), with the increase mainly explained by the higher oil price level offset by lower sales volumes. Operating result amounted to SEK -215 million (-909). The parent company's total assets decreased by SEK 2,346 million (from 10,085 million SEK to SEK 7,740 million). Capital expenditures totalled SEK 189 million (234) for the full year. The number of employees in the parent company on December 31, 2022, was 415 (449).

ENVIRONMENTAL AND RESEARCH

During 2022 Nynas had three refineries under its own management, in Nynäshamn and Gothenburg in Sweden and in Harburg Germany. The refining activities require continual investments and environmental initiatives 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.

Nynäshamn refinery, Sweden

Compliance and changes to environmental permits 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. During 2021 the court decided regarding the results of the dredging. In summary the main dredging is considered complete, although the shoreline needed to be further investigated until mid-October 2021. An investigation has been performed and reported to the court during 2021. The dredging of P is closed by the court as the ruling stating this became legally binding in May 2022.
- 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 an application was submitted in September 2022. 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 (MNR) has been performed. The second part of sampling and evaluation has been performed during 2021. In 2022 the Monitoring program was revised due to the limitations of chemical analysis of complex matrices.

- An application for a change of the environmental limits for phenols has been submitted during 2021. The change, as per Nynas application, to the environmental limits became legally binding in July 2022.

Gothenburg refinery, Sweden

Compliance and changes to environmental performance were as follows:

- For the 2021 season, a major investment was implemented at the refinery in Gothenburg. The original process heaters from 1956, was replaced with new ones firing Natural Gas. The higher efficiency of the new process heaters, together with the change of fuel have resulted in annual emission reductions of approx. 5 000 tonnes of CO₂, 5 tonnes of SO_x and 10 tonnes of NO_x.

Harburg refinery, Germany

Compliance and changes to environmental performance were as follows:

- The implementation of additional fixed firefighting equipment according to the permits for North and South have been finalized. Main topics have been the installation of two additional diesel fire water pumps in North and a new large mobile monitor. Capacity tests conducted.
- The base line report for South according IED directive has been finalized and submitted to authority.
- Planned remediation of the PFT contamination in the groundwater ongoing. Tender evaluations finalized; pilot operations now planned for 2023. During investigation and monitoring additional "hot spots" have been identified which will require an adaptation of the original technical set-up. All measures are aligned with the authorities. For the South site additional investigations required while PFT contaminations have been identified which were unexpected.

Depots and emulsion plants

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

REPORT BY THE BOARD OF DIRECTORS

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.

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 2022.

Sustainability Report

The Group's Sustainability Report can be found on pages 20–39.

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 a risk aware culture within the organisation.

The Group risk register has identified, described and evaluated Nynas' specific risk profile from a high-level perspective (Top Down). During 2021 an ERM project was initiated to take Nynas to the next level when working with risk and to involve the whole organization (Bottom Up).

Fourteen risk areas have been identified and divided into ten different risk groups. Risk workshops were held with each risk group during 2022 to update the risk work done during 2021 and to identify new risks if needed. During the workshops focus was to identify and evaluate the risks against two criterias: impact and likelihood. These plans contain specific actions, success measures and responsible parties for improving Nynas' risk mitigating strategies.

In total, there were 122 risks identified which later were consolidated into the top strategic, operational and financial risks that Nynas will focus on going forward.

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 risks 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

REPORT BY THE BOARD OF DIRECTORS

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.

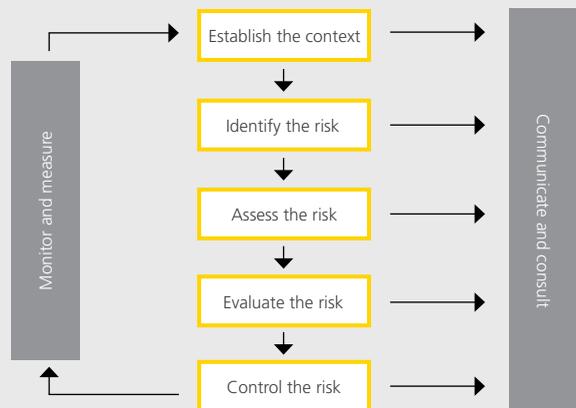
Risk Governance

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

1st Line of Defense

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

Representatives from different Nynas departments, e.g. Legal, Human Resources, Sustainability, ISIT, HSSEQ, Treasury & 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 proactively 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.

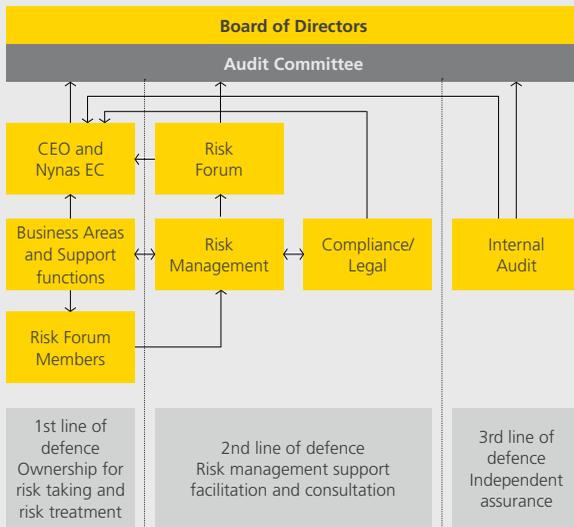
The risk management function is located in Nynas AB and the Group Risk Manager supports local sites, business units and the Executive Committee in strategic decisions concerning risk and insurance issues. The Group Risk Manager manages and coordinates all Group insurance programs and supports the ERM 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

In conjunction with the Audit Committee, the role of the Internal Audit function is being refreshed to continue to ensure the effectiveness and efficiency of the Group's risk governance model and related risk management processes, including the effectiveness

REPORT BY THE BOARD OF DIRECTORS



of internal controls and other risk treatment actions continue to be monitored and developed.

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.

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, feedstock and energy 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.

Extraordinary events

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, 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.

Political risks

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. The Russian conflict with Ukraine early 2022 has had an impact on Nynas both from a strategical perspective but also an operational perspective. Nynas quickly took the decision to halt all purchases of Russian origin feedstock as well as a stop of sales to Russia and Belarus. We instead increased purchases of other crudes and continued to evaluate other suppliers.

Nynas takes proactive steps to assess the risks and opportunities in its business environment and manage them accordingly. Nynas is spreading its activities into several regions to mitigate local variations in demand.

Competition risks

The Group faces domestic and international competition in the markets in which it participates.

Geopolitical 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

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NYNAS RISK UNIVERSE		
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
Pandemic Political/Geopolitical Climate change ESG trends Customer behaviour Competition & Anti-trust Reputation	Production Supply Chain Products and Services Environmental, Health & Safety Innovation Legal, Compliance & Regulatory Anti-bribery and Anti-corruption Human Resources & Labour Rights Cyber IT systems	Currency Commodity Interest rate Financing Liquidity Credit Tax

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.

Climate Change

International initiatives to manage and mitigate climate change, for example the Paris Agreement and the EU Green Deal, will motivate industry to reduce emissions of greenhouse gases in the entire value chain.

In order for Nynas' operations to be compliant and competitive, new and developing technologies, e.g. CCS, green hydrogen and renewable energy, will be evaluated and implemented at the right time. Nynas is well equipped to take on the technical challenges related to climate change and the main risks are instead connected to customer's and authorities' acceptances to carry the financial burden for products with reduced climate impact. Nynas expects future financing and investment to be more interlinked with climate change initiatives and impact. This will present a new landscape of risks and opportunities that Nynas needs to navigate. The mapping to understand this emerging landscape has started, and activities are on-going to better position Nynas in a changing environment. Energy efficiency programs, improved feedstock utilization initiatives, and mapping of greenhouse gas emissions are examples of on-going activities.

Nynas' sustainability activities are further described in the Sustainability Report on page 20–39.

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 down-turn. 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.

Competition risks

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

REPORT BY THE BOARD OF DIRECTORS

guards its marketing and technical achievements against trademark/patent infringements and copying. Nynas enforces its intellectual property rights through legal proceedings when necessary.

Anti-trust risks

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 Report section about Ethics on page 38.

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 Report on page 20–39.

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 Report on page 20–39.

OPERATIONAL RISKS	CONTEXT	MITIGATING ACTIVITIES
Production risks	The company’s products are mainly produced at its own refineries at three locations. Damages to the facility by fire, explosion, leakages or mechanical failure during operations or maintenance turnarounds, can result in property damage and business interruption. This may influence deliveries or the quality of products. Reduction in capacity, financial impact on sales, lack of product and reputational impact are other potential consequences.	By having multiple sites Nynas is able to be flexible and re-route the production if needed. Production units are subject to continuous inspection programmes and risk management surveys to prevent incidents. Extensive procedures and controls are in place and are audited regularly, in line with refinery industry standards. Third-party sourcing and supply chain management can mitigate supply interruptions and lack of certain products. Property damage and business interruption risks are to a large extent transferred to the insurance and reinsurance markets.

REPORT BY THE BOARD OF DIRECTORS

OPERATIONAL RISKS	CONTEXT	MITIGATING ACTIVITIES
Supply Chain risks	<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>
Products and Services risks	<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>
Environmental risks	<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 organizations 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 charterer's P&I insurance, as well as environmental impairment liability insurance worldwide.</p>

REPORT BY THE BOARD OF DIRECTORS

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>Innovation risks</p>	<p>Similarly to the rest of the market, Nynas is undergoing a period of transformation. High focus lies on sustainable product development and moving towards using more renewable and fossil free feedstocks. National regulations already now ban mineral based fuels in certain applications and banks/investors are becoming more restrictive to invest in fossil fuel related activities. Further digitalization and process development is on top of the agenda.</p>	<p>Nynas is unlike any other oil company, and bitumen is already a recyclable and sustainable product, therefore Nynas is well-equipped to handle these challenges. We continuously work with naphthenic product development, to maximize upgrading and produce long lasting and recyclable products, and to minimize fuel production. Nynas actively encourages an innovative mindset within the company to reach even further. We actively monitor regulatory requirements to be on top of changes.</p> <p>Further there is a high focus within the company on digitalization and improvement processes to ensure Nynas is a successful company also in the future.</p>

REPORT BY THE BOARD OF DIRECTORS

OPERATIONAL RISKS	CONTEXT	MITIGATING ACTIVITIES
<p>Legal, Compliance and Regulatory risks</p>	<p>Nynas 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>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>
<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>
<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>

REPORT BY THE BOARD OF DIRECTORS

OPERATIONAL RISKS	CONTEXT	MITIGATING ACTIVITIES
Labour Rights risks	<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>
Political risks	<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>
Cyber / IT system	<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 2022 risk management efforts were continuously focused on risks associated with the globally increasing attempts on cyber-related crime.</p>

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. For further details please see note 27 and note 28.

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 Treasury department also operates the company's netting system and handles the Group's cash manage-

ment. Treasury operations also conduct payment advisory services and handle the Group's credit insurance.

Financing and Liquidity

The risk that Nynas will be unable to obtain the requisite long-term financing and facilities for hedges and working-capital or meet its payment obligations due to insufficient liquidity have reduced significantly with the major refinancing of the Nynas Group that was completed on 28 April 2022.

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.

REPORT BY THE BOARD OF DIRECTORS

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.

DIVIDENDS, DISPOSITION AND EARNINGS AND OUTLOOK

Future outlook

The ongoing situation in the world, with its accompanying uncertainties, makes it difficult to provide any guidance on the financial performance for the coming fiscal year.

Significant events after the fiscal year 2023

- In February union negotiations were completed regarding staffing in Harburg refinery.

Proposed distribution of profit

The Board proposes that the available profits of SEK 994,031,594 in the Parent Company be distributed as follows:

Total dividend	0
Carried forward	994,031,594
SEK	994,031,594

CORPORATE GOVERNANCE

Corporate Governance

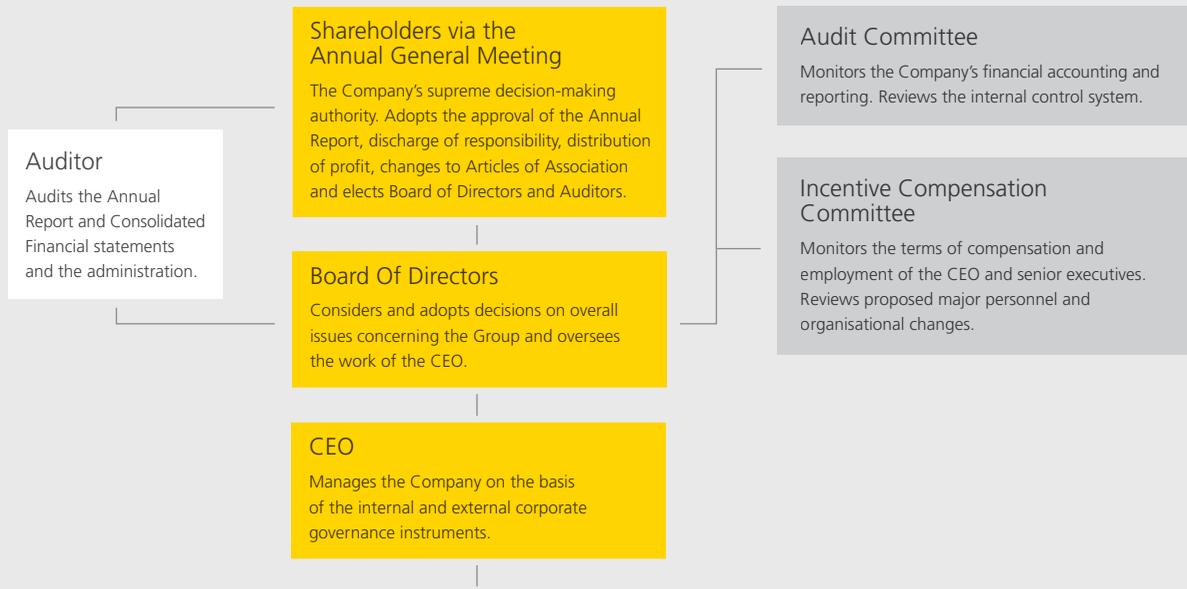
Corporate Governance at Nynas comprises guidelines, structures and processes, through which the Group is managed and controlled. The aim is to ensure efficient and value-creating decision making by clearly specifying the division of roles and responsibilities between the Shareholders, the Board and the 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, Sweden, is since 27 September 2021 owned 49.999 per cent by Marlborough Finance No. 3 Designated Activity Company, reg. no. 575515 domiciled in Dublin, Ireland, 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.

Marlborough Finance No. 3 Designated Activity Company is an investment vehicle managed by

Governance structure of Nynas AB



Business areas / functions		
<p>Important external instruments</p> <ul style="list-style-type: none"> • Swedish Companies Act • Swedish Bookkeeping Act • Swedish Annual Accounts Act • IFRS • Environmental permits 	<p>Important internal instruments</p> <ul style="list-style-type: none"> • Articles of Association • Working procedures for the Board of Directors • Internal management system 	<p>Policies adopted by the Board of Directors</p> <ul style="list-style-type: none"> • Finance policy • HSSE&Q policy • IP policy • Information policy

CORPORATE GOVERNANCE

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

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 Chairman of the Board is as of 1 June 2022 acting CEO.

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 2022 five ordinary Board meetings were held and in addition thereto a vast number of extraordinary meetings. In the wake of exiting reorganization and managing Covid-19 effects, the focus has been to secure working capital financing whilst reshaping the business model consolidating the company's manufacturing assets and logistic network aligned with the strategy to focus on the core profitable markets.

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 two committees from among its members: the Audit Committee and the Incentive Compensation 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. During the reorganisation process (that was fully completed January 2022) the duties of the Audit Committee has been performed by entire board. The Audit Committee was reestablished by the board in 2022 and the Audit Committee held its first meeting end 2022.

CORPORATE GOVERNANCE

The objective of the Incentive Compensation Committee is to represent the Board of Directors in matters concerning the terms of compensation and employment of the CEO, and the executives reporting directly to the CEO, on the basis of the principles adopted by the Annual General Meeting and the policies adopted. The Committee also reviews proposed major personnel or organisational changes. During parts of 2022 the duties of the Incentive Compensation Committee were performed by the entire Board, but was reestablished as a separate committee with minute meetings.

Auditors

External auditor

At the 2022 Annual General Meeting the authorised public accounting firm KMPG AB was elected as the Company's external auditor up to and including the 2023 Annual General Meeting. The auditor in charge is Håkan Olsson Reising, 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 2022 there were six 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.

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 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.

CORPORATE GOVERNANCE

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

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

CORPORATE GOVERNANCE

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.

Whilst the role of Internal Audit is being refined, the Group's core finance team systematically evaluates and proposes improvements for more effective governance, internal control and risk management processes throughout the Nynas Group. The reconstitution of the Audit Committee has allowed for a more formal process of reporting and assessment of key risk areas during 2022 and for targeted actions to mitigate these where possible. Opportunities for improvements identified through this process 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. During 2022, no formal internal audit activities 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



STEIN IVAR BYE
Chairman of the board and acting President & Chief Executive Officer. Elected Chairman at AGM 27 April 2022.
Board member since 2021
Born: 1966.
Nationality: Norwegian.



EWA BJÖRLING
PhD, Associate professor. Board member since 2022.
Born: 1961.
Nationality: Swedish.



CHRISTOPHER PILLAR
Chartered Accountant. Board member since 2022.
Born: 1960.
Nationality: British.



CHRISTOPHER PLUMMER
Operating Associate at Davidson Kempner Hawthorne Partners. Board member since 2022.
Born: 1987.
Nationality: British.



ALEXIS POURCHET
Operating Partner, Davidson Kempner Hawthorne Partners Ltd. Board member since 2021.
Born: 1979.
Nationality: French.



ALIREZA SABERI
Employee Representative. Board member since 2022.
Born: 1980.
Nationality: Iranian.



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



Auditor
HÅKAN OLSSON REISING
Authorised Public Accountant at KPMG AB. Auditor in charge of the Nynas Group since 2021. Present customer assignments include ABB, EQT, AddLife, Lagercrantz Group and Bergman & Beving.
Born: 1961
Nationality: Swedish.

GROUP EXECUTIVE COMMITTEE

**STEIN IVAR BYE**

Chairman of the board and acting President & Chief Executive Officer. Education: Norwegian University of Science and Technology (NTNU) and MBA in Business Strategy and Management from BI Norwegian Business School. Previous experience: An independent director with thirty years of experience in the downstream industry with previous working experience at ExxonMobil, Preem AB and Essar Oil UK. Has been a member of the Nynas board since August 2021. Employed since 2022. In current position since 2022. Born: 1966. Nationality: Norwegian.

**ROLF ALLGULANDER**

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

**JAN-PIETER OOSTEROM**

Chief Financial Officer. Education: MSc Accounting & Finance. Previous experience: Colliers, EMEA CFO Shell: Co-head Downstream Transformation, CFO Rotterdam Refinery, Head of Planning & Reporting, Senior Manager Mergers & Acquisitions. Employed since 2023. In current position since 2023. Born: 1978. Nationality: Dutch.

**SIMON DAY**

Vice President Sales & Marketing. 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.

**ANDERS NILSSON**

Vice President Hydrocarbons & Supply. 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.

**OLE-KRISTIAN SIVERTSEN**

Vice President Group Strategy, Sustainability & Organizational Excellence. Education: BS finance. Previous experience: European corporate turnaround advisory services at Alvarez & Marsal. HitecVision PE, Umoe Group, Aker Kvaerner O&G, five years in shipping. Employed since 2023. In current position since 2023. Born: 1959. Nationality: Norwegian.

FINANCIAL REPORT

Multi-year overview

	GROUP				
SEK million	2022	2021	2020	2019	2018
INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME					
Net sales	17,833	16,716	12,151	16,841	16,863
Operating expenses	-18,658	-16,140	-10,110	-16,712	-16,060
Depreciation and impairment excluding leases	-1,632	-1,242	-766	-1,855	-647
Share of profit/loss of joint ventures	33	18	19	19	21
OPERATING RESULT	-2,425	-648	1,294	-1,707	-178
Net financial items	-772	-389	-397	-775	-414
NET INCOME BEFORE TAX	-3,197	-1,037	897	-2,482	-592
Tax	-117	-62	-37	-198	-202
NET INCOME FOR THE YEAR	-3,314	-1,099	860	-2,680	-793
STATEMENT OF FINANCIAL POSITION					
Fixed assets	3,172	4,663	5,271	5,849	5,784
Inventories	2,114	3,656	2,950	4,396	5,004
Current receivables	2,866	2,449	2,044	2,397	2,559
Cash & cash equivalents and short-term investments	1,341	1,233	1,349	1,696	845
ASSETS	9,493	12,001	11,615	14,338	14,192
Equity	841	3,824	4,579	46	3,250
Long-term interest-bearing liabilities	5,707	4,628	4,837	2,161	7,497
Long-term non-interest-bearing liabilities	565	296	243	310	421
Current interest-bearing liabilities	258	1,053	228	6,669	301
Current non-interest-bearing liabilities	2,122	2,201	1,729	5,152	2,723
EQUITY AND LIABILITIES	9,493	12,001	11,615	14,338	14,192
STATEMENT OF CASH FLOWS					
Cash flow from operating activities	-523	372	-1,198	-588	-8
Changes in working capital	664	-648	2,269	2,642	-955
CASH FLOW FROM OPERATING ACTIVITIES	140	-276	1,071	2,054	-963
Cash flow from investing activities	-294	-660	-662	-629	-428
CASH FLOW AFTER INVESTING ACTIVITIES	-154	-936	409	1,425	-1,391
Proceeds from borrowings, repayment of borrowings	262	820	-756	-574	1,690
Dividend	0	0	0	0	0
CHANGE IN CASH & CASH EQUIVALENTS	108	-116	-347	851	299
CASH & CASH EQUIVALENTS AT END OF YEAR	1,341	1,233	1,350	1,696	845
KEY FINANCIAL RATIOS					
Operating result before depreciation (EBITDA) before IFRS 16 ¹	265.0	835.0	560.0	816.0	805.0
Operating result before depreciation (EBITDA) after IFRS 16 ¹	596.0	1,151.0	873.0	1,177.0	
Net debt	4,623.8	4,447.6	3,714.7	7,134.0	6,953.0
Working capital	3,355.5	3,933.3	3,276.8	1,652.0	4,853.0
Return on average capital employed (12 months rolling), % ¹	-2.6	3.2	0.0	2.1	1.4
Return on average capital employed, %	-34.4%	-8.7%	0.2	-18.4	-2.2
Return on equity, %	-122.3	-26.2	18.8	-162.6	-23.4
Net debt/equity ratio	549.8	116.3	81.1	15,569.6	213.9
Equity to assets ratio, %	8.9	31.9	39.4	0.3	22.9
Number of full-time employees	889.0	970.0	935.0	948.0	1,003.0

1) Excluding non-recurring items

FINANCIAL REPORT

Income statement and statement
of comprehensive income

GROUP

SEK million	Note	2022	2021
INCOME STATEMENT			
Net sales	2	17,833.0	16,715.6
Cost of sales	3	-17,395.6	-14,493.9
GROSS RESULT		437.4	2,221.7
Other income and value changes	3	0.0	0.0
Distribution costs	3	-2,738.3	-2,756.9
Administrative expenses	3	-347.9	-265.9
Share of profit/loss of joint ventures	15	33.0	18.0
Other operating income	4	750.9	453.1
Other operating expenses	4	-559.6	-318.2
OPERATING RESULT	2,3,4,5,6,7,8	-2,424.5	-648.2
Finance income	9	14.6	9.8
Finance costs	9	-787.0	-398.5
NET FINANCIAL ITEMS		-772.4	-388.7
NET INCOME BEFORE TAX		-3,196.9	-1,036.8
Tax	10	-117.4	-61.8
NET INCOME FOR THE YEAR		-3,314.3	-1,098.7
STATEMENT OF COMPREHENSIVE INCOME			
Net income for the year		-3,314.3	-1,098.7
Items that will be reclassified to the income statement:			
Translation differences		19.6	106.5
Cash flow hedges	28	-19.8	9.9
TOTAL AMOUNT THAT WILL BE RECLASSIFIED TO THE INCOME STATEMENT		-0.2	116.4
Items that will not be reclassified to the income statement:			
Actuarial loss/gain pensions		294.2	299.6
Income tax associated with actuarial loss/gains pensions		20.3	-80.2
Inflation adjustment Argentina according to IAS 29		17.1	7.8
TOTAL AMOUNT THAT NOT WILL BE RECLASSIFIED TO THE INCOME STATEMENT		331.6	227.2
Other Comprehensive Income for the year, net after tax		331.5	343.5
COMPREHENSIVE INCOME		-2,982.8	-755.2
Attributable to equity owners of the Parent		-2,982.8	-755.2

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 2022 and 2021 was 67,532.

	2022	2021
Profit for the year	-3,314.3	-1,098.7
Interest for Hbyrid instruments in Equity *	-203.6	-
ADJUSTED PROFIT FOR THE YEAR	-3,517.9	-1,098.7
Number of shares	67,532	67,532
Earnings per share	-52,092	-16,269

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.

* The recognition of the hybrid bonds as equity has the effect that the interest on the bonds become a type of preference dividend in accounting terms, i.e. a right to equity-related payments that have preference over ordinary share dividends. No dividend have been paid out related to interest on the hybrid instrument in equity up to 31 Dec 2022. Cumulative interest end 2022 summarize to 203.6 SEK (equal to 19.1 MEUR).

FINANCIAL REPORT

Statement of financial position

		GROUP	
SEK million	Note	2022-12-31	2021-12-31
ASSETS			
FIXED ASSETS			
INTANGIBLE ASSETS			
Computer software	12	63.8	66.1
TOTAL INTANGIBLE ASSETS		63.8	66.1
TANGIBLE ASSETS			
Land and buildings	13	1,365.1	158.9
Plant and machinery	13	273.3	2,535.0
Equipment	13	62.5	81.0
Construction in progress	13	397.9	543.0
TOTAL TANGIBLE ASSETS		2,098.8	3,317.9
LEASED RIGHT-OF-USE ASSETS	8,13	780.4	914.8
FINANCIAL ASSETS			
Investments in associates and joint ventures	15	206.1	192.5
Other long-term receivables	16	13.9	15.1
Deferred tax assets	10	8.6	156.3
TOTAL FINANCIAL ASSETS		228.6	363.9
TOTAL FIXED ASSETS		3,171.6	4,662.7
CURRENT ASSETS			
Inventories	17	2,114.3	3,656.3
Accounts receivable	18, 26	1,463.4	1,381.9
Receivables from joint ventures	30	0.2	0.1
Derivative instruments	26, 27, 28	–	9.9
Tax receivables		29.2	24.4
Other current receivables	26	1,261.7	485.4
Prepayments and accrued income	19, 26	112.0	547.1
Cash and cash equivalents	20, 26	1,341.0	1,232.9
TOTAL CURRENT ASSETS		6,321.6	7,338.0
TOTAL ASSETS		9,493.2	12,000.8

FINANCIAL REPORT

Statement of financial position

		GROUP	
SEK million	Note	2022-12-31	2021-12-31
EQUITY AND LIABILITIES			
EQUITY, GROUP	21		
Share capital		67.5	67.5
Reserves		-285.2	-285.0
Hybrid Instrument		2,512.7	2,512.7
Retained earnings, incl net income for the year		-1,454.1	1,528.6
TOTAL EQUITY		841.0	3,823.8
INTEREST-BEARING LIABILITIES			
Liabilities to credit institutions	24, 26	4,441.2	3,071.7
Non-current lease liabilities	8,24	631.0	707.0
Provisions for pensions	22	634.4	848.8
TOTAL INTEREST-BEARING LIABILITIES		5,706.6	4,627.6
NON-INTEREST BEARING LIABILITIES			
Other long-term liabilities		19.2	22.7
Deferred tax liability	10	8.9	91.3
Other provisions	23	537.4	181.6
TOTAL LONG-TERM NON-INTEREST-BEARING LIABILITIES		565.5	295.6
TOTAL LONG-TERM LIABILITIES		6,272.1	4,923.2
INTEREST-BEARING LIABILITIES			
Liabilities to credit institutions	24, 26	–	803.7
Current lease liabilities	8,24	258.2	249.3
TOTAL CURRENT INTEREST-BEARING LIABILITIES		258.2	1,053.0
NON-INTEREST-BEARING LIABILITIES			
Accounts payable	26	387.4	791.7
Liabilities to joint ventures	30	12.7	16.7
Derivative instruments	26, 27, 28	11.4	0.2
Tax liabilities		45.5	24.8
Other current liabilities	26	485.9	614.8
Accrued liabilities and deferred income	25, 26	682.2	723.2
Other provisions	23	496.9	29.4
TOTAL CURRENT NON-INTEREST-BEARING LIABILITIES		2,122.0	2,200.8
TOTAL CURRENT LIABILITIES		2,380.2	3,253.8
TOTAL EQUITY AND LIABILITIES		9,493.2	12,000.8

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, 2021	67.5	0.0	-402.6	1.2	2,512.7	2,400.0	4,578.9	
Net income for the year	-	-	-	-	-	-1,098.7	-1,098.7	
Other comprehensive income	-	9.9	-	106.5	-	227.2	343.5	
Conversion existing Shareholder loan to equity	-	-	-	-	-	-	-	
Syndicate Hybrid Instrument	-	-	-	-	-	-	-	
COMPREHENSIVE INCOME	-	9.9	0.0	106.5	-	-871.5	-755.1	
CLOSING BALANCE DEC 31, 2021	67.5	9.9	-402.6	107.7	2,512.7	1,528.6	3,823.8	
Net income for the year	-	-	-	-	-	-3,314.3	-3,314.3	
Other comprehensive income	-	-19.8	-	19.6	-	331.6	331.5	
Conversion existing Shareholder loan to equity	-	-	-	-	-	-	-	
Syndicate Hybrid Instrument	-	-	-	-	-	-	-	
COMPREHENSIVE INCOME	-	-19.8	-	19.6	-	-2,982.7	-2,982.8	
DIVIDEND PAID	-	-	-	-	-	-	-	
CLOSING BALANCE DEC 31, 2022	67.5	-9.9	-402.6	127.3	2,512.7	-1,454.1	841.0	

FINANCIAL REPORT

Cash flow statement

		GROUP	
SEK million	Note	2022	2021
OPERATING ACTIVITIES			
Profit after financial items		-3,196.9	-1,036.8
Reversal of non-cash items	31	2,682.0	1,479.4
Taxes paid		-8.5	-70.3
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL		-523.4	372.2
WORKING CAPITAL			
Operating receivables		-335.0	-447.1
Inventories		1,608.2	-669.7
Operating liabilities		-609.5	468.4
CHANGES IN WORKING CAPITAL		663.6	-648.4
CASH FLOW FROM OPERATING ACTIVITIES		140.2	-276.2
INVESTING ACTIVITIES			
Acquisition of intangible assets		-19.1	-21.4
Acquisition of tangible fixed assets		-274.9	-631.1
Disposal/reduction of financial assets		-	-7.4
CASH FLOW FROM INVESTING ACTIVITIES		-294.0	-660.0
FINANCING ACTIVITIES			
	31		
Proceeds from borrowings		315.1	803.7
Amortisations of lease liabilities		-67.1	-7.8
Amortisations of borrowings		-53.3	-
CASH FLOW FROM FINANCING ACTIVITIES		194.7	795.9
CASH FLOW FOR THE YEAR		40.8	-140.3
CASH & CASH EQUIVALENTS AT BEGINNING OF YEAR		1,232.9	1,349.4
Exchange differences		67.2	23.8
CASH & CASH EQUIVALENTS AT END OF YEAR	20	1,341.0	1,232.9

FINANCIAL REPORT

Income statement and statement
of comprehensive income

SEK million	Note	PARENT COMPANY	
		2022	2021
INCOME STATEMENT			
Net sales	33	15,628.9	14,527.2
Cost of sales	34	-13,785.0	-13,381.6
GROSS RESULT		1,843.9	1,145.6
Distribution costs	34	-1,773.0	-1,814.6
Administrative expenses	34	-405.0	-300.5
Other operating income	35	633.3	319.9
Other operating expenses	35	-514.0	-259.6
OPERATING RESULT	34,35,36,37,38,39,40	-214.9	-909.3
Finance income	40	326.7	252.5
Finance costs	40	-2,326.1	-366.1
NET FINANCIAL ITEMS		-1,999.4	-113.6
PROFIT/LOSS AFTER FINANCIAL ITEMS		-2,214.3	-1,022.9
Appropriations	41	1.9	0.2
Group contribution	41	-54.6	-
NET INCOME BEFORE TAX		-2,267.1	-1,022.7
Tax	42	-5.8	-6.0
NET INCOME FOR THE YEAR		-2,272.9	-1,028.7
STATEMENT OF COMPREHENSIVE INCOME			
Net income for the year		-2,272.9	-1,028.7
Other comprehensive income:			
Items that will be reclassified to the income statement:			
Cash flow hedges		-19.8	9.9
TOTAL AMOUNT THAT WILL BE RECLASSIFIED TO THE INCOME STATEMENT		-19.8	9.9
COMPREHENSIVE INCOME		-2,292.7	-1,018.8

FINANCIAL REPORT

Balance sheet

PARENT COMPANY

SEK million	Note	2022-12-31	2021-12-31
ASSETS			
FIXED ASSETS			
INTANGIBLE ASSETS			
Computer software	43	63.2	65.4
TOTAL INTANGIBLE ASSETS		63.2	65.4
TANGIBLE ASSETS			
Land and buildings	44	101.0	77.0
Plant and machinery	44	809.5	926.0
Equipment	44	24.8	30.3
Construction in progress	44	289.2	162.8
TOTAL TANGIBLE ASSETS		1,224.5	1,196.0
FINANCIAL ASSETS			
Investments in Group companies	45	1,282.2	2,876.6
Other long-term receivables		12.9	12.9
TOTAL FINANCIAL ASSETS		1,295.1	2,889.5
TOTAL FIXED ASSETS		2,582.8	4,151.0
CURRENT ASSETS			
INVENTORIES			
	46	1,599.4	2,865.7
CURRENT RECEIVABLES			
Accounts receivable	47, 55	964.9	718.1
Receivables from Group companies	55	556.6	1,102.0
Derivative instruments	26, 27, 55	–	9.9
Tax receivables		–	0.2
Other current receivables	55	1,012.4	173.9
Prepayments and accrued income	48, 55	65.0	470.9
TOTAL CURRENT RECEIVABLES		2,598.9	2,475.0
CASH & CASH EQUIVALENTS	49, 55	903.8	593.4
TOTAL CURRENT ASSETS		5,102.1	5,934.1
TOTAL ASSETS		7,684.9	10,085.1

FINANCIAL REPORT

Balance sheet

		PARENT COMPANY	
SEK million	Note	2022-12-31	2021-12-31
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	2,512.7
Retained earnings		754.2	1,802.7
Net income for the year		-2,272.9	-1,028.7
TOTAL UNRESTRICTED EQUITY		994.0	3,286.7
TOTAL EQUITY		1,157.7	3,450.4
UNTAXED RESERVES		1.7	3.6
LONG-TERM LIABILITIES			
INTEREST-BEARING LIABILITIES			
Liabilities to credit institutions	53, 55	4,388.6	3,071.7
Liabilities to Group companies		0.2	0.2
Provisions for pensions	51	246.0	208.4
TOTAL LONG-TERM INTEREST-BEARING LIABILITIES		4,634.8	3,280.3
NON-INTEREST-BEARING LIABILITIES			
Other long-term liabilities		19.2	22.7
Other provisions	52	206.3	166.1
TOTAL LONG-TERM NON INTEREST-BEARING LIABILITIES		225.5	188.8
TOTAL LONG-TERM LIABILITIES		4,860.3	3,469.1
CURRENT LIABILITIES			
INTEREST-BEARING LIABILITIES			
Liabilities to credit institutions	53, 55	–	761.3
Liabilities to Group companies		367.9	314.8
TOTAL CURRENT INTEREST-BEARING LIABILITIES		367.9	1,076.0
NON-INTEREST-BEARING LIABILITIES			
Accounts payable	55	245.8	575.4
Liabilities to Group companies	55	78.1	674.1
Derivative instruments	26, 27, 55	11.4	0.2
Tax liabilities		10.3	1.0
Other current liabilities	55	440.4	437.6
Accrued liabilities and deferred income	54, 55	478.6	368.3
Other provisions	52	32.7	29.4
TOTAL CURRENT NON-INTEREST-BEARING LIABILITIES		1,297.3	2,086.0
TOTAL CURRENT LIABILITIES		1,665.2	3,162.0
TOTAL EQUITY AND LIABILITIES		7,684.9	10,085.1

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, 2021	67.6	96.0	2,512.7	1,792.8	4,469.2
Net income for the year	–	–	–	-1,028.7	-1,028.7
Other comprehensive income	–	–	–	9.9	9.9
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	–	–	–	-1,018.8	-1,018.8
Syndicate Hybrid Instrument	–	–	–	–	–
CLOSING BALANCE DEC 31, 2021	67.6	96.0	2,512.7	774.0	3,450.4
OPENING BALANCE JAN 1, 2022	67.6	96.0	2,512.7	774.0	3,450.4
Net income for the year	–	–	–	-2,272.9	-2,272.9
Other comprehensive income	–	–	–	-19.8	-19.8
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	–	–	–	-2,292.7	-2,292.7
CLOSING BALANCE DEC 31, 2022	67.6	96.0	2,512.7	-1,518.7	1,157.7

Share capital at 31 Dec 2022 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 2022.

FINANCIAL REPORT

Statement of cash flow

PARENT COMPANY			
SEK million	Note	2022-12-31	2021-12-31
OPERATING ACTIVITIES			
Profit after financial items		-2,214.3	-1,022.8
Reversal of non-cash items	58	2,179.7	1,073.1
Taxes paid		3.7	-6.2
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL		-30.9	44.2
WORKING CAPITAL			
Operating receivables		-177.8	-518.3
Inventories		1,266.3	-594.5
Operating liabilities		-865.0	220.1
CHANGES IN WORKING CAPITAL		223.5	-892.8
CASH FLOW FROM OPERATING ACTIVITIES		192.6	-848.6
INVESTING ACTIVITIES			
Acquisition of intangible assets		-15.4	-21.5
Acquisition of tangible fixed assets		-173.8	-212.2
CASH FLOW FROM INVESTING ACTIVITIES		-189.2	-233.7
FINANCING ACTIVITIES			
Proceeds from borrowings	58	360.3	1,009.7
Amortizations of borrowings		-53.2	-7.5
CASH FLOW FROM FINANCING ACTIVITIES		307.1	1,002.2
CASH FLOW FOR THE YEAR		310.4	-80.2
CASH & CASH EQUIVALENTS AT BEGINNING OF YEAR		593.4	673.5
Exchange differences		-	-
CASH & CASH EQUIVALENTS AT END OF YEAR	49	903.8	593.4

Notes to the cash flow statement

The Parent Company received dividends of SEK 318.2 (244.0) million and interest income of SEK 8.5 (8.4) million, while interest expenses amounted to SEK 323.9 million (170.0).

NOTES

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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, Sweden, is since 27 September 2021 owned 49.999 per cent by Marlborough Finance No. 3 Designated Activity Company, reg. no. 575515 domiciled in Dublin, Ireland, 35.03 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.

Marlborough Finance No. 3 Designated Activity Company is an investment vehicle managed by Davidson Kempner Capital Management, LP, domiciled in the US and SEC-registered. NyColleagues AB is owned by Nynässtiftelsen, reg. no. 802481-5071, a foundation domiciled in Stockholm, Sweden. PDV Europa B.V. is part of a Group in which Petróleo 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 31, 2023. 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 31, 2023.

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). 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 recent years of uncertainty and challenging circumstances, i.e., sanctions, company reorganisation, pandemic, increased costs for crude and energy costs and the war in Ukraine had a negative impact on the Company's ongoing business. In its assessment of going concern, the Company has considered and assessed the related plans and the impact on the business, including the additional financing received during 2022. 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 uncertainties still identified.

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 per cent and no more than 50 per cent 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 recognised 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

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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.

Reporting of operating segments and geographical market

As Nynas AB' shares and debt instruments are not subject to public trading, there is no formal requirements to disclose segment information.

When 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 during the Group's ordinary activities, excluding VAT, discounts, and returns, and after elimination of intra-group transactions. Revenue is classified as follows:

Sale of goods

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

Interest income and dividend

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

Intangible assets

Several 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

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relating to production planning and logistics optimisation has an estimated useful life of ten years.

Amortisation for 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 over 5–10 years.

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 straight-line 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 5–10 years
 - Other equipment over 5–10 years

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.

Impairment of fixed and intangible 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.

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. 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) if no impairment loss been recognised for the asset.

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 recognised 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 Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at costs which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset of the site on which it is located, less any lease incentive received.

The Lease liability is measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

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 recognised.

Inventories

Inventories are stated at the lower of cost and net realisable value. 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.

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

Classification and measurement

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

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

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

Impairment of financial assets

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

The Group estimates expected credit losses for other assets measured at amortised 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 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 amortised cost are initially measured at fair value with the addition of transaction costs. After the first reporting, the assets are valued at amortised cost reduced with a loss reserve for expected credit losses. Assets classified at amortised 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 is accounted for using the forward-looking expected credit loss (ECL) model. The impairment model applies to financial assets measured at amortised costs. Nynas applies the simplified approach for trade receivables.

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

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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.

Hybrid bond

In relation to the composition settlement in 2020 some part of the claim was converted to hybrid bonds with a total amount of SEK 2,513 million. The hybrid bonds issued by 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 become 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.

Employee benefits

Post-employment benefits

The Group has defined contribution and defined benefit pension plans. A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The size of the pension that the employee will ultimately receive in such cases depends on the size of the contributions that the entity pays to the plan or an insurance company and the return that the contributions yield. Obligations for contributions to defined-contribution pension plans are recognized as an employee benefit expense in profit or loss for the year as the employee renders services to the entity.

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

regarded as part of total net pension liability. The obligation for retirement pension and family pension for employees in Sweden is covered partly by insurance with Alecta. In accordance with the statement of the Swedish Financial Reporting Board, UFR 10, this is a multi-employer defined benefit plan. For the 2022 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) because 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.

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.

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 considering 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 and 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 considering 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.

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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 securities 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. The Parent Company reports financial guarantees as a provision in the balance sheet when the Company has an obligation, and an out-flow of resources is likely to be required to settle the obligation.

Leased assets

The Parent Company recognises 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 recognised 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.

Hybrid bond

The Group has reviewed and made the following classification and judgment regarding the hybrid bond. All hybrid 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 two refineries and several 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 is regulated between Nynas and the 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

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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 recognised 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 recognised 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 recognised, with a corresponding credit in profit or loss.

Nynas has tax litigation cases mainly in South America and ongoing tax audits and questions in Sweden, Germany, and 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 recognised 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 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 during these operations. These disputes and legal proceedings are not expected, either individually or collectively, to have significant negative impact on Nynas' s operating profits, profitability or financial position. See Note 29.

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

SALES REVENUES BY GEOGRAPHICAL MARKET	2022	2021
Sweden	3,023.0	1,525.6
Rest of Nordics	3,415.0	2,836.0
Rest of Europe	8,406.0	9,151.1
Americas	955.8	1,084.0
Asia	1,606.5	1,792.1
Other	426.7	326.8
TOTAL	17,833.0	16,715.6

TOTAL ASSETS BY GEOGRAPHICAL MARKET	2022	2021
Sweden	5,259.7	4,937.1
Rest of Nordics	150.3	152.6
Rest of Europe	3,158.4	5,372.0
Americas	365.5	719.7
Asia	358.8	604.5
Other	206.2	215.1
TOTAL	9,499.0	12,000.8

INVESTMENTS BY GEOGRAPHICAL MARKET	2022	2021
Sweden	188.7	233.7
Rest of Nordics	2.5	4.9
Rest of Europe	102.7	412.7
Americas	0.1	1.2
Asia	0.1	0.0
Other	0.0	0.0
TOTAL	294.0	652.5

SALES REVENUES BY CATEGORY	2022	2021
Sale of goods, external	17,703.9	16,695.7
Revenue from services	129.1	19.9
TOTAL	17,833.0	16,715.6

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Note 3. Costs itemised by nature of expense

	2022	2021
Raw materials	12,092.1	10,838.3
Transport and distribution costs	1,672.7	1,624.8
Manufacturing expenses	2,129.2	1,723.7
Costs for employee benefits (Note 5)	1,051.8	1,014.9
Depreciation, amortisation, impairment (Note 8, 12, 13)	1,632.3	1,242.4
Depreciation, amortisation, impairment, Leases (Note 8, 12, 13)	279.9	279.6
Other expenses	1,622.5	792.9
TOTAL	20,481.8	17,516.7

Note 4. Other operating income and expenses

OTHER OPERATING INCOME	2022	2021
Exchange gains on operating receivables/liabilities	666.1	376.6
Other service revenue	84.8	75.9
TOTAL	750.9	452.5
OTHER OPERATING EXPENSES	2022	2021
Exchange losses on operating receivables/liabilities	-559.6	-317.6
TOTAL	-559.6	-317.6

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	2022			2021		
	Men	Women	Total	Men	Women	Total
PARENT						
Sweden	312	124	436	292	131	423
TOTAL PARENT	312	124	436	292	131	423
Germany	237	32	269	253	36	289
United Kingdom	40	18	58	41	19	60
Estonia	14	3	17	14	3	17
Poland	10	4	14	12	5	17
Belgium	4	9	13	5	10	15
Italy	4	4	8	3	3	6
Argentina	4	4	8	5	6	11
Singapore	4	4	8	8	5	13
France	3	4	7	3	4	7
Spain	3	4	7	3	2	5
India	7	0	7	8	0	8
South Africa	4	3	7	4	3	7
Other countries	20	18	38	33	25	58
TOTAL OUTSIDE SWEDEN	354	107	461	392	121	513
TOTAL GROUP	666	231	897	684	252	936

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

	2022	2021
Wages, salaries and other benefits	756.3	738.9
Pension costs, defined benefit (see also Note 22)	52.6	53.8
Pension costs, defined contribution (see also Note 22)	56.5	43.0
Social security contributions	186.4	179.2
TOTAL GROUP	1,051.8	1,014.9

NOTES

Con't. Note 5

REMUNERATION AND OTHER BENEFITS. SENIOR EXECUTIVES, GROUP	2022			2021		
	President and CEO*	Other senior executives	Total	President and CEO	Other senior executives	Total
Basic salary	2.0	12.6	14.6	4.2	11.2	15.4
Variable pay	1.2	2.2	3.4	5.5	6.3	11.8
Other benefits	–	0.6	0.6	0.1	0.5	0.6
Social security contributions	2.0	4.2	6.2	3.1	4.3	7.4
Pension costs	2.6	4.8	7.4	1.8	4.5	6.3
Other compensation*	12.3	1.8	14.1	–	–	–
TOTAL	20.1	26.2	46.3	14.7	26.8	41.5

* Other compensations refers to severance pays to former President and CEO and other members of the management team, as well as compensation to the new President and CEO.

Nynas Group Management in 2022 (not including CEO), Rolf Allgulander, Simon Day, Johan G Andersson, Anders Nilsson, Hans Östlin and Rafael Renaudeau (to 30 of September 2022), Eva Kaijser (acting) and Ingegerd Enquist (to 31 of May 2022), Ewa Beskow (from 1 June 2022 to 30 September 2022).

Nynas Group Management in 2021 (not including CEO), Rolf Allgulander, Simon Day, Eva Kaijser (acting), Anders Nilsson, Ingegerd Enquist, Rafael Renaudeau (from 1 September 2021), Jim Christie (to 31 of August 2021) Mikael Blank (to 31 of August 2021), Hans Östlin.

In 2022 7.7 MSEK (3.0) was paid in board members fee.

Group president and CEO

On 2 May 2022 Nynas president, Bo Askvik, decided to leave his position as CEO at Nynas. Stein Ivar Bye was appointed as an interim President and CEO and has been compensated via his own company. Total compensation to Stein Ivar Bye in 2022 was 9.1 (0.0). The agreement with Stein Ivar Bye have no notice period and can be terminated without any delays.

**GENDER DISTRIBUTION IN
SUBSIDIARIES BOARD**

	2022	2021
Female representation, %		
Board	12.5	28,8
Group Management	0.0	22,2

NOTES

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

DEPRECIATION AND AMORTISATION BY FUNCTION	Intangible		Tangible	
	2022	2021	2022	2021
Cost of sales	2.9	1.9	434.0	485.5
Distribution costs	0.0	0.5	31.9	34.8
Administrative expenses	14.7	17.3	4.4	7.4
TOTAL	17.6	19.7	470.3	527.7
IMPAIRMENT LOSSES				
Cost of sales	–	1.5	1,141.2	654.4
Distribution costs	–	0.5	0.1	38.6
Administration expenses	–	–	3.1	–
TOTAL	–	2.0	1,144.4	693.0
TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT BY FUNCTION	17.7	21.7	1,616.0	1,220.7
DEPRECIATION AND AMORTISATION OF TANGIBLE AND INTANGIBLE ASSETS BY TYPE OF ASSET			2022	2021
Computer software			17.6	19.7
Buildings			8.8	10.7
Land improvements			4.8	5.6
Plant and machinery			438.8	486.3
Equipment			17.9	25.1
TOTAL AMORTISATION OF TANGIBLE AND INTANGIBLE ASSETS			487.9	547.4
IMPAIRMENT LOSSES				
Goodwill			–	–
Computer software			–	2.0
Buildings			27.9	56.6
Land improvements			-1,197.2	15.0
Plant and machinery			2,238.6	598.5
Equipment			30.1	22.9
Construction in progress			45.0	–
TOTAL IMPAIRMENT LOSSES			1,144.4	695.0
TOTAL RECOGNISED DEPRECIATION, AMORTISATION AND IMPAIRMENT			1,632.3	1,242.4
DEPRECIATION AND AMORTISATION OF RIGHT OF USE ASSETS				
Tank and depots			200.4	206.5
Vessels			54.5	48.3
Building and office space			15.4	15.7
Other			9.6	9.1
TOTAL DEPRECIATION AND AMORTISATION OF RIGHT OF USE ASSETS			279.9	279.6

Impairment losses of 1,144.4 are almost all related to the idle of Harburg Refinery. All Machinery and Equipment are impaired to 100%. Fair value on Land Improvements are based on firm offers deducting the environmental and demolition costs. The

valuation of Land resulted in an increased Land value and hence the negative amount on the Land improvement. For more information regarding the impairment see Note 13.

NOTES

Note 7. Auditors' fees and other remuneration

AUDIT FEES	2022	2021
KPMG		
Annual audit	8.5	7.3
Other audit services	–	0.3
Tax advisory services	0.3	0.4
Other services	–	0.2
TOTAL	8.8	8.1

Note 8. Leases

Nynas leases a large number of tanks, depots, vessels, properties cars etc for its own use. The lengths of leases for the different properties vary depending on the type of leased assets. The average remaining lease terms are between 4–10 years. The leases originally have an agreed term which is normally 3–5 years except for land and vessels where the leases period can extend more 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	2022	2021
2022	–	293.4
2023	299.0	246.4
2024	246.1	218.8
2025	174.1	147.3
2026	57.2	37.5
2027	57.2	147.9
2028 and later	183.8	–
TOTAL PAYMENTS	1,017.4	1,091.3
Discounting effect	-128.2	-135.1
TOTAL LIABILITY ACCORDING TO BALANCE SHEET	889.2	956.2
of which current liability	258.2	249.2
of which non-current liability	631.0	707.0

LEASE PAYMENTS	2022	2021
Payments of leases entered as liabilities	332.0	316.1
Variable lease payments not included in lease liability	97.3	73.8
TOTAL LEASE PAYEMENTS	429.3	389.9

NOTES

Note 9. Net financial items

	2022	2021
Interest income, bank deposits	14.4	9.5
Interest income, derivative instruments (actual interest rates)	0.2	0.3
TOTAL FINANCE INCOME	14.6	9.8
Of which total interest income attributable to items carried at amortised cost	14.4	9.5
Interest expense, loans and bank overdrafts	-303.9	-141.1
Interest expense, derivative instruments (actual interest rates and changes in value)	-3.7	-2.4
Interest expense, PRI pension obligations	-6.8	-8.3
Interest expense, lease	-53.2	-51.1
Net exchange rate differences	-289.4	-69.4
Other finance costs*)	-129.5	-126.2
TOTAL FINANCE COSTS	-786.4	-398.5
Of which total interest expense attributable to items carried at amortised cost	-310.7	-149.4
TOTAL NET FINANCIAL ITEMS	-771.8	-388.7

* Mainly relates to up front fee.

Note 10. Taxes

	2022	2021
Current tax	-24.4	-69.3
Current tax prior years and other taxes	-7.0	-10.1
Deferred tax	-86.0	17.7
TOTAL	-117.4	-61.8

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:

	2022	2021
Result before tax	-3,196.9	-1,036.8
Tax according to Parent Company's applicable tax rate	658.6	213.6
Tax effect of:		
Other non-deductible expenses	-92.4	-69.2
Other non-taxable income	6.5	18.0
Effect of different tax rates for foreign subsidiaries	276.6	-13.8
Adjustment of current tax in respect of prior years	-7.0	-10.1
Increase/decrease in tax carry forwards without corresponding capitalisation of deferred tax	-929.5	-204.4
Impairment tangible assets	-32.1	-
Tax attributable to Joint Venture	5.4	2.7
Other	-3.5	1.4
RECOGNISED TAX EXPENSE	-117.4	-61.8
Standard rate of income tax, %	20.6	20.6
Effective tax rate, %	-3.7	-6.0

NOTES

Con't. Note 10

DEFERRED TAX ASSETS AND LIABILITIES	Assets		Liabilities		Net	
	2022	2021	2022	2021	2022	2021
Land and buildings	-	-	4.5	8.3	-4.5	-8.3
Machinery and equipment	1.8	10.5	2.9	24.2	-1.1	-13.7
Other operating receivables/liabilities	1.1	1.7	-	-	1.1	1.7
Pension liabilities	4.1	142.6	1.5	58.7	2.6	83.9
Tax loss carry forwards	1.6	1.4	-	-	1.6	1.4
TOTAL	8.6	156.2	8.9	91.2	0.3	65.0
Offsets	-	0.1	-	0.1	-	-
TOTAL	8.6	156.3	8.9	91.3	0.3	65.0

CHANGE IN DEFERRED TAX ON TEMPORARY DIFFERENCES DURING YEAR 2022	Opening Balance	Recognised in income statement	Recognised in OCI	Acquisition	Exchange differences	Closing Balance
Land and buildings	-8.3	3.8	-	-	0.3	-4.2
Machinery and equipment	-13.7	12.7	-	-	-	-1.0
Inventories	-	-	-	-	-	-
Other operating receivables/liabilities	1.7	-0.7	-	-	-	1.0
Pension liabilities	83.9	-101.9	20.4	-	-	2.4
Tax loss carry forwards	1.4	0.2	-	-	-	1.6
TOTAL	65.0	-86.0	20.4	-	0.3	-0.3

2021

Land and buildings	-8.2	-0.1	-	-	-	-8.3
Machinery and equipment	-17.2	3.5	-	-	-	-13.7
Inventories	-17.5	17.5	-	-	-	0.0
Other operating receivables/liabilities	1.1	0.6	-	-	-	1.7
Pension liabilities	169.0	-3.0	-80.2	-	-1.9	83.9
Tax loss carry forwards	2.1	-0.7	-	-	-	1.4
TOTAL	129.4	17.7	-80.2	-	-1.9	65.0

On the closing date Nynas had unutilized loss carry forwards of just less than MSEK 4,782 (4,154). Based on these loss carry forwards, the Group recognized a deferred tax asset of MSEK 1 (1). 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 1,023 (890), no deferred tax asset is recognized due to uncertainty as regards

future profit earnings. There are no expiration dates for the loss carry forwards.

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 2022 and 2021 was 67,532.

	2022			2021		
	Profit for the year	Number of shares	Per share	Profit for the year	Number of shares	Per share
Adjusted earnings per share	-3,517.9	67,532	-52,092	-1,098.7	67,532	-16,269

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. For more information see section Income statement and Statement of comprehensive Income, page 63.

NOTES

Note 12. Intangible assets

2022	Goodwill	Supply contracts/ Customer lists	Computer software	Other intang. assets / Trademarks	Total Intangible Assets
Opening cost	198.7	364.0	540.2	1.6	1,104.5
Acquisitions	–	–	10.5	–	10.5
Disposals	–	–	–	–	–
Reclassifications	–	–	4.9	–	4.9
Translation differences	–	–	–	–	–
CLOSING COST	198.7	364.0	555.6	1.6	1,119.9
Opening regular depreciation	-190.0	-237.0	-447.1	-1.6	-875.7
Disposals	–	–	–	–	–
Translation differences	–	–	–	–	–
Amortisation for the year	–	–	-17.6	–	-17.6
CLOSING REGULAR DEPRECIATION	-190.0	-237.0	-464.7	-1.6	-893.3
Opening impairment	-8.7	-127.0	-27.0	–	-162.8
Impairment for the year	–	–	–	–	–
Translation differences	–	–	–	–	–
CLOSING IMPAIRMENT	-8.7	-127.0	-27.0	–	-162.8
CARRYING VALUE	0.0	0.0	63.8	0.0	63.8
2021	Goodwill	Supply contracts/ Customer lists	Computer software	Other intang. assets / Trademarks	Total Intangible Assets
Opening cost	198.7	364.0	516.8	1.6	1,081.1
Acquisitions	–	–	21.7	–	21.7
Disposals	–	–	–	–	–
Reclassifications	–	–	1.7	–	1.7
Translation differences	–	–	–	–	–
CLOSING COST	198.7	364.0	540.2	1.6	1,104.5
Opening regular depreciation	-190.0	-237.0	-427.4	-1.6	-856.0
Disposals	–	–	–	–	–
Translation differences	–	–	–	–	–
Amortisation for the year	–	–	-19.7	–	-19.7
CLOSING REGULAR DEPRECIATION	-190.0	-237.0	-447.1	-1.6	-875.7
Opening impairment	-8.7	-127.0	-25.0	–	-160.8
Impairment for the year	–	–	-2.0	–	-2.0
Translation differences	–	–	–	–	–
CLOSING IMPAIRMENT	-8.7	-127.0	-27.0	–	-162.8
CARRYING VALUE	0.0	0.0	66.1	0.0	66.1

NOTES

Note 13. Tangible assets

2022	Land and buildings	Plant and machinery	Equipment	Construction in progress	Total tangible assets
Opening cost	581.1	11,113.1	614.5	614.9	12,923.6
Acquisitions	–	–	0.1	283.8	284.0
Disposals	–	-193.2	-6.4	–	-199.6
Reclassifications	45.8	325.6	26.9	-403.2	-4.9
Translation differences	14.5	433.7	11.9	21.0	481.1
CLOSING COST	641.4	11,679.3	647.1	516.5	13,484.2
Opening regular depreciation	-307.6	-6,625.3	-505.4	0.0	-7,438.3
Disposals	–	189.9	5.7	–	195.6
Translation differences	-7.0	-143.9	-7.3	–	-158.7
Depreciation for the year	-13.6	-438.8	-17.9	–	-470.3
CLOSING REGULAR DEPRECIATION	-328.6	-7,018.1	-525.0	0.0	-7,871.6
CLOSING RESIDUAL VALUE	312.8	4,661.3	122.1	516.5	5,612.6
Opening impairment	-114.6	-1,952.8	-28.1	-71.9	-2,167.4
Impairment for the year	1,169.3	-2,238.6	-30.1	-45.0	-1,144.4
Translation differences	-2.0	-196.5	-1.4	-1.7	–
CLOSING IMPAIRMENT	1,052.3	-4,388.0	-59.6	-118.6	-3,513.8
CARRYING VALUE	1,365.1	273.3	62.5	397.9	2,098.8
Of which carrying amount, Sweden	101.0				

2022	Tank and depots	Vessels	Building and office space	Other	Total right-of use assets
Opening cost	557.7	312.4	16.5	28.3	914.8
Amended and new leases	143.7	–	13.7	6.5	164.0
Divested and terminated leases	-30.3	–	-0.3	-0.3	-30.9
Depreciation for the year	-200.4	-54.5	-15.4	-9.6	-279.9
Translation differences	13.4	-2.1	1.1	0.1	12.4
CARRYING VALUE	484.1	255.8	15.5	25.0	780.4

NOTES

Con't. Note 13

2021	Buildings	Plant and machinery	Equipment	Construction in progress	Total tangible assets
Opening cost	567.7	10,327.5	594.0	653.9	12,143.1
Acquisitions	–	–	1.4	629.4	630.8
Disposals	–	-2.4	-4.0	–	-6.4
Reclassifications	5.3	626.1	13.3	-646.4	-1.7
Translation differences	8.1	161.9	9.8	-22.0	157.8
CLOSING COST	581.1	11,113.1	614.5	614.9	12,923.6
Opening regular depreciation	-288.8	-6,062.9	-476.7	0.0	-6,828.4
Disposals	–	0.9	4.0	–	4.9
Translation differences	-2.5	-77.1	-7.5	–	-87.1
Depreciation for the year	-16.3	-486.2	-25.2	–	-527.7
CLOSING REGULAR DEPRECIATION	-307.6	-6,625.3	-505.4	0.0	-7,438.3
CLOSING RESIDUAL VALUE	273.5	4,487.8	109.1	614.9	5,485.4
Opening impairment	-41.6	-1,383.0	-4.8	-36.0	-1,465.4
Impairment for the year	-71.6	-531.4	-22.9	-67.1	-693.0
Translation differences	-1.4	-38.4	-0.4	31.2	–
CLOSING IMPAIRMENT	-114.6	-1,952.8	-28.1	-71.9	-2,167.4
CARRYING VALUE	158.9	2,535.0	81.0	543.0	3,317.9
Of which carrying amount, Sweden	77.0				

2021	Tank and depots	Vessels	Building and office space	Other	Total right-of use assets
Opening cost	674.2	235.0	11.5	29.7	950.3
Amended and new leases	78.2	123.5	20.1	6.7	228.5
Divested and terminated leases	-3.3	–	–	-0.3	-3.6
Depreciation for the year	-206.5	-48.3	-15.7	-9.1	-279.6
Translation differences	15.1	2.2	0.6	1.3	19.2
CARRYING VALUE	557.7	312.4	16.5	28.3	914.8

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 two-years' cash flow in the Group's budget and medium-term business plan that have been developed by management and the board given a directional strategy. The recent years of uncertainty and challenging circumstances, i.e., sanctions, company reorganisation, pandemic, increased costs for crude and energy and the war in Ukraine has made it necessary for Nynas to revise its plans and focus on a long-term profitable business with less risk. Nynas will in the future focus on Europe and selected product segments, drive towards an efficient organisation and rationalization in production and logistics. The Nynas

transformation programme, which was introduced in February 2022, is critical for Nynas long-term survival. It is resulting in a new, smaller Nynas, with a reduced risk profile and improved earnings to carry Nynas into the future and provide the capacity to invest in a sustainable and more modern company. During 2022 the decision was taken to merge the business of bitumen, NSP and fuels into one joint sales and marketing function that will allow Nynas to maximize the value of all products, and with the decision of closing the Harburg refinery and transfer it to a depot, that lead to in our internal reporting to split the Group into the following segments; Core business and Harburg refinery operation.

The cash-generating units in the Group consist of Core Nynas and Harburg refinery operation.

CARRYING AMOUNT ALLOCATED TO EACH OF THE CGUS:

2022	Core business	Harburg refinery	Group
Tangible and intangible assets excluding lease	900.4	1,262.2	2,162.6
Working capital	3,392.4	-36.9	3,355.5
TOTAL	4,292.8	1,225.3	5,518.1

NOTES

Con't. Note 13

The Group performed its annual impairment test per December 2022 and 2021. The Group considers the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators of impairment. As at 31 December 2022, the market capitalisation of the Core business was above the book value except for the UK assets, indicating only a small impairment need in fixed assets with SEK 81 million. All other impairment as at 31 December 2022 relates to the Harburg refinery operations.

Nynas Core business

The recoverable amount of Core business of SEK 4,435 million as at 31 December 2022 has been determined based on a value in use calculation using cash flow projections based on financials budgets and a two-year medium-term business plan given a directional strategy. The discount rate has been estimated based on a weighted average capital cost of 9,25% (8,7) applied to the cash flow projections and cash flows beyond 2025 are extrapolated using a 2.0% growth rate (2.0). It was concluded in December 2022, that the fair value less costs of disposal exceed the value in use there by no impairment need in December 2022 for Nynäshamn and Gothenburg refinery, except for the depots in UK hit by extreme high gas oil prices in the end of the year given an impairment need of SEK 81 million. The impairment charge is recorded within cost of goods sold in the statement of profit or loss.

Harburg refinery

The recoverable amount of the Harburg refinery operations of SEK 1,231 million as at 31 December 2022 has been determined based on a fair value calculation using the value on the land, the fair value is based on firm offers deducting the environmental and demolition costs. The discount rate has been estimated based on a weighted average capital cost of 9,25% (8,7) applied to the fair value cash flow projection. It was concluded for December 2022, that the fair value less costs of disposal is less than the value in use, where the management concluded the need for impairment of SEK 1,063 million. 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 2021. The discount rate has been estimated based on a weighted average capital cost of 9.25% (8.7) after tax. The same assumptions have been used in the different CGU's.

Significant assumptions used to calculate the value in use:

	2022	2021
Gross margin, %*	2.5	2.5
Rate of growth, %**	2.0	2.0
Discount rate, %***	9.3	8.7

* Budgeted gross margin.

** Weighted average rate of growth used to extrapolate cash flows outside budget period.

*** Pre-tax discount rate used in present value calculation of projected future cash flows.

NOTES

Note 14. Shares in Group companies

	2022	2021
Opening cost	2,876.6	2,876.6
Investment of shares in subsidiary	0.0	–
Liquidation	-1.1	–
Impairment of shares in subsidiary	-1,593.4	–
CLOSING COST	1,282.2	2,876.6

1) No contribution has been made during 2022 and 2021.

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	34,976
Nynas Oil Import AB	556726-8841	Stockholm	1,000	100	SEK	100
Nynäs AB ¹	556366-1957	Stockholm	1,000	100	SEK	100
Nynäs Chartering AB	559367-5381	Stockholm	25,000	100	SEK	25
Nynas Ltd, UK	02359113	London	7,647,888	100	GBP	92,304
Nynas Insurance Company Ltd, Bermuda	#11005	Hamilton	91,800	100	SEK	8,349
Nynas A/S, Denmark	A/S 66679	Copenhagen	1,000	100	DKK	2,561
Nynas AS, Norway	962022316	Drammen	5,400	100	NOK	49,789
AS Nynas, Estonia	10028991	Tallinn	13,600	100	EEK	5,891
Nynas SA, France	328o312320o049	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 Sp. z o.o., Poland	KRS:0000106219	Szczecin	430	100	PLN	1,614
Nynas (South Africa) (Pty) Ltd, South Africa	97/13041-07	Johannesburg	100	100	ZAR	–
Nynas do Brasil Ltda, Brasilia	02331563/0001	Sao Paulo	10,000	100	BRL	–
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	2,968
Nynas Servicios SA, Mexico	NSE010316NM1	Mexico City	50,000	100	MXN	57
Nynas Argentina SA, Argentina	30707778209	Buenos Aires	15,000	100	ARS	191
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	265
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	17,993
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	1,041,307
TOTAL INVESTMENTS IN GROUP COMPANIES						1,282,176

1) Dormant

NOTES

Con't. Note 14

INDIRECT HOLDINGS IN OPERATING GROUP COMPANIES	Reg. no	Reg'd office	Number of shares	% Holding	Currency
Nynas Naphthenics Ltd, UK	2450786	Guildford	10,000	100	GBP
Nynas 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 associates and 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	235.0
Share in equity of Eastham Refinery Ltd accounted for using equity method						-29.0
TOTAL INVESTMENTS IN ASSOCIATES AND JOINT VENTURES						206.0
GROUP'S INTEREST IN THE ASSOCIATE AND JOINT VENTURES ERL			Assets	Liabilities	Revenue	Profit
Eastham Refinery Ltd, UK			272.7	59.5	201.3	33.2
					2022	2021
Opening balance					192.5	192.6
Profit for the year					33.2	18.6
Dividend and capital contribution					-24.9	-35.4
Translation differences and IFRS 16 lease					5.2	16.7
CLOSING BALANCE					206.0	192.5

Note 16. Other long-term receivables

	2022	2021
Opening balance	15.1	14.6
Amounts to be received	-1.2	0.5
CLOSING BALANCE	13.9	15.1

Note 17. Inventories

	2022	2021
Raw materials	243.8	1,101.6
Semi-finished products	54.3	363.7
Finished products	1,816.2	2,191.0
TOTAL	2,114.3	3,656.3

Inventories are stated at the lower of cost and net realisable value, with due consideration of obsolescence. Impairment of the inventory value per end of 2022 have been done and resulted in a write down of 200.9 MSEK of total inventory value, where of

130.9 relates to Harburg Refinery. Remaining amounts of 70.0 relates to our fuel inventory in Sweden and UK. Amounts relating to impairment are reported under cost of goods sold 142.7 and administrative costs 58.2.

NOTES

Note 18. Accounts receivable

	2022			2021		
	Gross	Loss allowance	Net carrying amount	Gross	Loss allowance	Net carrying amount
Current receivables	1,199.6	-1.3	1,198.4	1,103.5	-1.7	1,101.8
Past due 1–30 days	191.0	-2.6	188.4	187.4	-0.5	186.9
Past due 31–90 days	60.3	-5.1	55.2	76.8	-1.2	75.6
Past due 91–180 days	15.0	-1.2	13.7	13.8	-0.2	13.6
Past due 181–360 days	6.7	-2.7	4.0	1.7	-0.2	1.5
Past due over 360 days	110.8	-107.1	3.7	96.4	-94.0	2.5
Bankruptcy	–	–	–	–	–	–
TOTAL ACCOUNTS RECEIVABLES	1,583.4	-120.0	1,463.4	1,479.6	-97.8	1,381.9

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 pass and therefore there will be no change in the timing of revenue recognition.

Factoring

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

At year-end 2022, the part used as Factoring is approximately 11 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 35.9 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 28 per cent during end of 2022 (26 per cent). Since approx. 72 per cent 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.

The allowance provision

The Nynas group companies in US, Canada, Mexico, Colombia, Brazil, Argentina, Russia and South Africa are using the allowance provision matrix for group 1 companies as per below. Rest of Nynas group companies are updating its allowance provision using matrix as per group 2 companies. Provision are always made by considering the less favourable alternative in below matrix.

Type of company	Current amount	1–30 days past due	31–60 days past due	61–90 days past due	91–180 days past due	181–365 days past due	>365 days past due	Collection	Bankruptcy
Group 1, per cent	1.5	2.5	5.0	10	25	50	100	50	100
Group 2, per cent	0.5	1.0	2.5	5.0	25	50	100	50	100

NOTES

Note 19. Prepayments and accrued income

	2022	2021
Insurances	24.9	64.3
Charter hire	22.3	26.4
Financial Expenses	12.8	–
Prepayment crude purchase	12.1	367.0
Software licences	11.5	10.8
Rent	7.1	9.7
Consultancy costs	4.9	22.2
Other prepayments	16.5	46.8
TOTAL	112.0	547.1

Note 20. Cash and cash equivalents

	2022	2021
Cash and bank balances	1,316.6	1,203.2
Restricted cash account	24.3	29.8
CASH AND CASH EQUIVALENTS RECOGNISED	1,341.0	1,232.9

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	2022	2021
Opening translation reserve and currency hedges of net investments	-294.9	-401.4
Translation reserve and currency hedges of net investments for the year	19.6	106.5
CLOSING TRANSLATION RESERVE AND CURRENCY HEDGES OF NET INVESTMENTS	-275.3	-294.9
HEDGING RESERVES		
Opening reserves	9.9	–
Changes in reserves during the year	-19.8	9.9
CLOSING RESERVES	-9.9	9.9

Reserves*Translation reserve*

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as effective portion of any foreign currency differences arising from hedges of a new investment in a foreign operation.

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.

NOTES

Con't. Note 21

Hybrid Instrument

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

The hybrid bonds issued to the syndicated lenders SEB, Davidsson Kempner and Deutsche Bank and the crude supplier GPB carry an interest 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	2022	2021
CHANGE IN TOTAL NUMBER OF SHARES		
Opening number	67,532	67,532
Change during the year	0	-
CLOSING NUMBER	67,532	67,532

Class of share	2022		2021	
	Number of shares	%	Number of shares	%
Class A	33,765	50	33,765	50
Class B	10,129	15	10,129	15
Class C	23,638	35	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 2022 is SEK 0 (0) per share. Based on the number of shares at 31 December 2022, 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 841 (3,824) million at the end of the year. The return on equity was -122.5% (-26.2).

Nynas has defined a financial goal of securing medium-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.

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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 100.

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 46.7 (49.9) million for 2022.

The pension cost and other defined benefit remunerations is to be found in the income statement under the headings Cost of Goods Sold 35.4 MSEK (52.7 MSEK), sales cost 30.3 MSEK (22.0 MSEK) and administration cost 37.1 MSEK (22.1 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 terminated 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 175 per cent. If the collective consolidation level in Alecta will be below 125 per cent or exceed 175 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 172 (171) 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.

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 per cent) Claim depends on years of service and final pay - per year of service a determined percentage is granted (between 1,9 per cent and 2,5 per cent). 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 per cent of the last salary, social security pension lessens the claim flush.

NOTES

Con't. Note 22

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 per cent) 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 per cent) and above the social security ceiling (1,7 per cent). 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 per cent for the part of the salary below the social security ceiling and up to 59,5 per cent 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 per cent) 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 per cent) and above the social security ceiling (1,7 per cent). 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 per cent 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 per cent) 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 per cent) and above the social security ceiling (1,7 per cent). 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 per cent for the part of the salary below the social security ceiling and up to 59,5 per cent 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 cent) 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

	2022				
REPORTED AS PROVISIONS FOR PENSIONS IN THE STATEMENT OF FINANCIAL POSITION	Sweden	UK	Belgium	Germany	Total
Present value of funded obligations	9.4	761.2	56.2	–	826.7
Fair value of plan assets	-17.6	-864.0	-63.6	–	-945.3
Deficit/(surplus)of funded plans	-8.2	-102.8	-7.5	–	-118.5
Present value of unfunded obligations	303.3	–	–	449.6	752.9
Total deficit/(surplus) in defined benefit plans	295.1	-102.8	-7.5	449.6	634.4
Effects of minimum funding requirements/asset ceiling	–	–	–	–	–
NET LIABILITY RECOGNISED IN STATEMENT OF FINANCIAL POSITION	295.1	-102.8	-7.5	449.6	634.4
Portion of pension liability recognised as provisions for pensions	295.1	–	-7.5	449.6	737.2
Portion recognised as financial fixed asset	–	-102.8	–	–	-102.8
	2021				
	Sweden	UK	Belgium	Germany	Total
Present value of funded obligations	11.6	1,089.3	66.8	–	1,167.7
Fair value of plan assets	-18.7	-1,428.5	-56.4	–	-1,503.6
Deficit/(surplus)of funded plans	-7.1	-339.1	10.4	–	-335.8
Present value of unfunded obligations	449.2	–	–	735.4	1,184.6
Total deficit/(surplus) in defined benefit plans	442.1	-339.1	10.4	735.4	848.8
Effects of minimum funding requirements/asset ceiling	–	–	–	–	–
NET LIABILITY RECOGNISED IN STATEMENT OF FINANCIAL POSITION	442.1	-339.1	10.4	735.4	848.8
Portion of pension liability recognised as provisions for pensions	442.1	–	10.4	735.4	1,187.9
Portion recognised as financial fixed asset	–	-339.1	–	–	-339.1

NOTES

Con't. Note 22

CHANGE IN PRESENT VALUE OF DEFINED BENEFIT OBLIGATION	2022	2021
Present value of defined benefit obligation at beginning of year	2,351.8	2,438.0
Current service cost	37.1	41.3
Interest cost/(credit)	38.4	27.1
(Gain)/loss on part service cost, curtailment and settlement	–	–
Special payroll tax in income	1.6	1.1
(Gain)/loss on changes in demographic assumptions	-1.3	7.3
(Gain)/loss on changes in financial assumptions	-914.7	-155.0
Experience (gain)/loss	56.2	-88.9
Acquisition	–	–
Special payroll tax related to remeasurements	-26.5	-1.2
Employee contributions	2.9	2.7
Benefits paid	-55.4	-39.3
Payments of special payroll tax	-11.2	-2.1
Exchange rate (gain)/loss	100.3	120.8
PRESENT VALUE OF DEFINED BENEFIT OBLIGATION AT END OF YEAR	1,579.3	2,351.8
COSTS RECOGNISED IN INCOME STATEMENT		
<i>Defined benefit pension plans:</i>		
Current service cost	37.1	41.3
Interest cost/(credit)	10.2	9.0
(Gain)/loss on part service cost, curtailment and settlement	–	–
Special payroll tax	1.6	1.2
Administration costs	3.7	2.4
TOTAL COST OF DEFINED BENEFIT PAYMENTS RECOGNISED IN INCOME STATEMENT	52.6	53.8
<i>Defined contribution pension plans:</i>		
Costs for defined contribution plans	56.5	43.0
TOTAL PENSION EXPENSE RECOGNISED IN INCOME STATEMENT	109.1	96.8
EXPENSES RECOGNISED IN OTHER COMPREHENSIVE INCOME		
Return on plan assets in excess of the amount included in interest cost/(credit)	592.1	-61.6
(Gain)/loss on changes in demographic assumptions	-1.3	7.3
(Gain)/loss on changes in financial assumptions	-914.7	-155.0
Experience (gain)/loss	56.2	-89.0
Special payroll tax related to remeasurements	-26.5	-1.2
TOTAL EXPENSES FOR DEFINED BENEFIT REMUNERATION RECOGNISED IN OTHER COMPREHENSIVE INCOME	-294.1	-299.5

THE MAIN ACTUARIAL ASSUMPTIONS USED (IN %) ARE AS FOLLOWS:

	2022				2021			
	Sweden	UK	Belgium	Germany	Sweden	UK	Belgium	Germany
Discount rate	4.0	4.7	3.8	3.6	1.8	1.9	0.8	1.3
Future salary increases	N/A	N/A	3.2	2.5	N/A	N/A	2.8	2.5
Future pension increases	2.0	3.4	2.2	1.8	2.0	3.4	1.8	1.8
Expected remaining service period	N/A	N/A	13.0	22.0	N/A	N/A	14.0	22.0

NOTES

Con't. Note 22

LIFE EXPECTANCY

	2022				2021			
	Swedish DUS21 w-c	UK Mor- tality table S3PA with CMI 2021 projections using long term improve- ment rate of 1.25%	Belgian Mortality table MR/FR	German Mortality table Richttafeln Heubeck 2018 G (statutory)	Swedish DUS14 w-c	UK Mor- tality table S3PA with CMI 2020 projections using long term improve- ment rate of 1.25%	Belgian Mortality table MR/FR	German Mortality table Richttafeln Heubeck 2018 G (statutory)
Life expectancy								
Duration	17	14	10	23	20	18	12	28

CHANGE IN FAIR VALUE OF PLAN ASSETS DURING THE YEAR

	2022	2021
Fair value of plan assets at beginning of year	1,503.6	1,328.9
Interest cost/(credit)	28.2	18.1
Past service cost, curtailment and settlement gain or losses	-	-
Return on plan assets in excess of the amount included in interest cost/(credit)	-592.1	61.6
Administrative costs	-3.7	-2.4
Employer contributions	7.5	7.1
Employee contributions	2.9	2.7
Benefits paid	-45.7	-30.2
Exchange rate (gain)/loss	44.7	117.8
FAIR VALUE AT END OF YEAR	945.3	1,503.6

PLAN ASSETS

	2022	2021
Shares and participating interests and others	301.4	542.9
Interest-bearing securities	533.3	713.2
Property	12.3	39.0
Insurance	63.6	56.4
Cash and cash equivalents, bank deposit	34.6	152.1
FAIR VALUE OF PLAN ASSETS	945.3	1,503.6

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

ACTUAL RETURN

	2022	2021
Actual return on plan assets	-563.9	79.7

SENSITIVITY ANALYSIS IMPACT OF THE BENEFIT OBLIGATION, 2021 (+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 %	284.2	-9	712.3	-6	53.4	-5	402.6	-10
Discount rate, %	-0,5 %	344.1	10	816.3	7	59.1	5	504.3	12
Life expectancy	+1 year	327.8	5	782.5	3	56.8	1	460.6	2
Inflation, %	+0,5 %	344.6	10	801.3	5	56.8	1	494.0	10
Inflation, %	-0,5 %	283.5	-9	726.0	-5	55.6	-1	410.5	-9

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 int he sensitivity analysis.

NOTES

Note 23. Other provisions

	Provision for Restructuring	Provision for environmental obligation	Provision for other obligations	Total
Balance at 31 December 2021	–	206.5	4.5	211.0
Provisions made during the year	792.6	67.3	0.4	860.3
Provisions used during the year	–	-37.7	-0.4	-38.1
Translation differences	–	0.5	0.5	1.1
Balance at 31 December 2022	792.6	236.6	5.1	1,034.2
of which current	476.6	18.7	1.6	496.8
of which non-current	316.0	217.9	3.5	537.4

**Restructuring provision
(Centennial transformation programme)**

In 2022 Nynas decided to exit or downsize in the non-core markets. This will be a process covering several years but majority of the restructuring initiatives will be completed in 2023. Of the total restructuring reserve of SEK 792.6 million, the idle of the Harburg refinery amounts to SEK 643.9 million. Remaining provision for the restructuring program SEK 148.7 million relates to the withdraw from markets in America and Asia, SEK 134.7 million and revised organisation in the mother company, SEK 14.0 million. Of the non-current restructuring provision almost all relates to the idle of Harburg refinery.

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 7 million), E2 (SEK 24 million) and J3/J4 (SEK 409 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 was started in 2021 and is expected to be completed by end of April 2023. The remaining cost for covering the land fill has been estimated at 7 MSEK.

Lagoon/Catch basins

Dredging of the lagoon and catch basins started in 2017 and was completed in 2018. The Land and Environment Court has decided that the dredging is completed. The contaminated sed-

iments are now being dewatered. The technique for final treatment of the contaminated dewatered sediments was decided by the Land and Environment Court. The remaining costs are included in the estimate 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 reported its recommendation on the technique to be used for remediation of J3/J4 to the Land and Environment Court by 30 June 2021. The court made its decision regarding remediation of J3/J4 and the final treatment of the dredged material from the Lagoon/Catch basins in 2022 and the decision has become legally binding. The remaining cost has been estimated at 409 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 in time for the turnaround in 2023. Nynas submitted the application for capping in 2022.

The remaining cost has been estimated at 24 MSEK.

NOTES

Note 24. Liabilities to credit institutions

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 per cent, and a significantly longer credit period meaning that 36 per cent is converted into long-term senior loans with a maturity of 5 years and 29 per cent converted into subordinated hybrid instruments. This led 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.

The company entered in January 2021 a Multi option facilities agreement with SEB, Stockholm of nominal value of SEK 100 million, beginning of March 2021 the company entered into a Super Senior Bridge facility with Adare Finance DAC, UK of the nominal value of EUR 75 million. In March 2021 Nynas AB together with Nynas UK AB and Nynas Singapore Pty entered into a Asset Based Lending facility with Breal Zeta CF I Limited, UK of the nominal value of GBP 100 million.

In April 2022 Nynas completed the refinancing of its existing lending facilities, the facility agreements was extended by approximately 3 years, the lenders also provided an additional EUR 40 million of financing. At the same time, Macquarie Bank (a global bank and leading provider of asset backed loans to the energy sector) provided a new inventory financing facility, providing a significant working capital benefit to Nynas core operations (off balance sheet agreement).

LONG-TERM LIABILITIES	2022	2021
Credit facility	4,441.2	3,071.7
Non-current lease liability	631.0	707.0
TOTAL	5,072.2	3,778.7
CURRENT LIABILITIES		
Credit facility	–	803.7
Current lease liability	258.2	249.3
TOTAL	258.2	1,053.0
GRAND TOTAL	5,330.4	4,831.7

2022 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	214.0	2,379.8
2020/2025	Credit facility	1.50	EUR	89.6	996.0
2021/2025	Credit facility	8.00	EUR	50.0	556.1
2021/2025	Credit facility	8.00	EUR	25.0	278.0
2022/2024	Credit facility	9.06	EUR	25.0	278.0
2021/2025	Asset Based facility	11.00	GBP	100.0	86.1
2020/2025	Up front fees				-132.9
TOTAL					4,441.2

2021 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	0.99	EUR	216.6	2,219.8
2020/2025	Credit facility	0.99	EUR	92.1	944.3
2020/2025	Up-front fees				-92.4
TOTAL					3,071.7

NOTES

Con't. Note 24

CURRENT LIABILITIES				Nominal amount (local currency)	Recognised amounts in SEK million
Year issued/maturity	Description of loan	Interest, %	Currency		
Variable-rate loans					
2021/2022	Credit facility	8.00	EUR	50.0	512.5
2021/2022	Credit facility	8.00	EUR	25.0	256.3
2021/2022	Asset Based facility	8.0 - 8.3	GBP	100.0	34.9
TOTAL					803.7

MATURITY OF EXTERNAL INTEREST-BEARING LIABILITIES AT 31 DEC 2022

2022-12-31		–
2022 and thereafter		4,441.2
TOTAL		4,441.2

MATURITY OF EXTERNAL INTEREST-BEARING LIABILITIES AT 31 DEC 2021

2022-12-31		803.7
2021 and thereafter		3,071.7
TOTAL		3,875.4

THE GROUP HAS THE FOLLOWING UNUSED CREDIT FACILITIES:

	2022	2021
Variable interest		
Uncommitted	–	–
Committed		
expires within one year	95.0	1,175.5
expires after one year	412.4	100.0
TOTAL	507.4	1,275.5

Note 25. Accrued liabilities and deferred income

	2022	2021
Accrued interest	186.4	32.7
Accrued salaries/holiday pay	154.7	166.6
Accrued environmental costs	59.0	78.2
Other selling costs	56.8	62.7
Accrued energy costs	52.8	142.3
Shipping costs	50.8	94.3
Customer provision	29.0	25.1
Consulting	21.6	13.9
Administration	4.0	–
Accrued insurance	1.4	40.9
Other accrued liabilities and deferred income	65.9	66.6
TOTAL	682.3	723.2

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:

2022	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	–	–	1,463.4	–	1,463.4	–	1,463.4	1,463.4
Other current receivables	–	–	748.2	–	748.2	513.5	1,261.7	1,261.7
Prepaid expenses and accrued income	–	–	–	–	–	112.0	112.0	112.0
Cash and cash equivalents	–	–	1,341.0	–	1,341.0	–	1,341.0	1,341.0
FINANCIAL ASSETS	–	–	3,552.6	–	3,552.6	625.5	4,178.1	4,178.1
Long-term liabilities to credit institutions	–	–	–	5,072.2	5,072.2	–	5,072.2	5,072.2
Short-term liabilities to credit institutions	–	–	–	258.2	258.2	–	258.2	258.2
Accounts payable	–	–	–	387.4	387.4	–	387.4	387.4
Joint venture liabilities	–	–	–	12.7	12.7	–	12.7	12.7
Short-term derivatives	9.9	–	–	1.5	11.4	–	11.4	11.4
Other current liabilities	–	–	–	–	–	485.9	485.9	485.9
Accrued liabilities and deferred income	–	–	–	–	–	682.2	682.2	682.2
FINANCIAL LIABILITIES	9.9	–	–	5,732.0	5,741.9	1,168.1	6,910.0	6,910.0

NOTES

Con't. Note 26

2021	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	–	–	1,381.9	–	1,381.9	–	1,381.9	1,381.9
Short-term derivatives	9.9	–	–	–	9.9	–	9.9	9.9
Other current receivables	–	–	–	–	–	485.4	485.4	485.4
Prepaid expenses and accrued income	–	–	367.0	–	367.0	180.1	547.1	547.1
Cash and cash equivalents	–	–	1,232.9	–	1,232.9	–	1,232.9	1,232.9
FINANCIAL ASSETS	9.9	–	2,981.8	–	2,991.7	665.5	3,657.2	3,657.2
Long-term interest bearing liabilities	–	–	–	3,778.7	3,778.7	–	3,778.7	3,778.7
Short-term interest bearing liabilities	–	–	–	1,053.0	1,053.0	–	1,053.0	1,053.0
Accounts payable	–	–	–	791.7	791.7	–	791.7	791.7
Joint venture liabilities	–	–	–	16.7	16.7	–	16.7	16.7
Other current liabilities	–	–	–	–	–	614.8	614.8	614.8
Accrued liabilities and deferred income	–	–	–	–	–	723.2	723.2	723.2
FINANCIAL LIABILITIES	–	–	–	5,640.1	5,640.1	1,338.0	6,978.1	6,978.1

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).

2022	Currency	Recognised liabilities	Programme size	Average remaining credit time (years)
Credit facility	EUR	2,380	2,380	3.0
Credit facility	EUR	996	996	3.0
Credit facility	EUR	556	556	2.3
Credit facility	EUR	278	278	2.3
Credit facility	EUR	278	278	2.0
Asset Based facility	GBP	86	1,254	2.3
Multi option facility	SEK	–	95	1.0
Up front fees		-133	N/A	N/A
TOTAL BORROWING		4,441	5,837	–
2021	Currency	Recognised liabilities	Programme size	Average remaining credit time (years)
Credit facility	EUR	2,220	2,220	4.0
Credit facility	EUR	944	944	4.0
Credit facility	EUR	513	513	0.2
Credit facility	EUR	256	256	0.2
Asset Based facility	GBP	35	1,220	0.3
Multi option facility	SEK	–	100	3.0
Up-front fees		-92	N/A	N/A
TOTAL BORROWING		3,876	5,153	–

NOTES

Con't. Note 27

COMMENT

At the turn of the year approximately 56 per cent (approx. 40) 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 13.

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 per cent, and a significantly longer credit period meaning that 36 per cent is converted into long-term senior loans with a maturity of 5 years and 29 per cent converted into subordinated hybrid instruments.

The company entered in January 2021 a Multi option facilities agreement with SEB, Stockholm of nominal value of SEK 100 million, beginning of March 2021 the company entered into a Super Senior Bridge facility with Adare Finance DAC, UK of the nominal value of EUR 75 million. In March 2021 Nynas AB together with Nynas UK AB and Nynas Singapore Pty entered into a Asset Based Lending facility with Breal Zeta CF I Limited, UK of the nominal value of GBP 100 million.

In April 2022 Nynas completed the refinancing of its existing lending facilities, the facility agreements were extended by approximately 3 years with the lenders also providing an additional EUR 40 million of financing. At the same time, Macquarie Bank Limited (a global bank and leading provider of asset backed loans to the energy sector) provided a new inventory financing facility, providing a significant working capital benefit to Nynas core operations (off balance sheet agreement).

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).

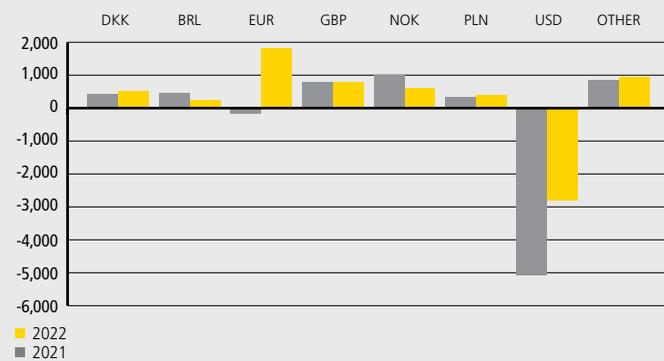
- Other comprehensive income is affected when subsidiaries' net assets denominated in different currencies are converted to Swedish kronor (conversion risk).

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, 2022 Nynas AB had one outstanding currency futures contracts.

CURRENCY RISK TRANSACTION RISK

Nynas transactions exposure, i.e. the Group's net currency flows, amounted to SEK 2,511 million in 2022 (-1,442).

EXPOSURE



COMMENT, TRANSACTION RISK

Nynas has significant foreign currency payments, primarily in USD. During 2022 the Group buys crude oil in 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 837 million (SEK 3,824 million).

EXPOSURE

Net assets in foreign currency, SEK million.

NET ASSETS IN FOREIGN CURRENCY	2022	2021
GBP	569	841
CHF	1	2
USD	18	57
SGD	44	177
BRL	-13	25
PLN	28	27
DKK	3	2
NOK	84	81
EUR	-91	2,322
Other	193	290
TOTAL	837	3,824

THE GROUP'S BORROWING BY CURRENCY *

	2022	2021
EUR	4,355	3,840
GBP	86	35
SEK	0	0
TOTAL	4,441	3,875

* excluding lease liabilities

COMMENT, CONVERSION RISK

In order to avoid conversion risk in the subsidiaries' balance sheets they are financed in the local currency via the internal bank. The currency risk incurred by the internal bank as a consequence is handled with the help of various derivatives, in order to minimise the conversion risk. Nynas' policy is in significant respects to hedge net assets in foreign subsidiaries, excluding the

tax effect. Forward foreign exchange contracts and equity loans are predominantly used to hedge net assets. Any impairment is recognised in the result of the year. 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 -225 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 2022 the inventory value on average was approximately SEK 3,273 million (3,997), 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 30 million.

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, 2022 Nynas AB had one outstanding currency futures contracts.

NOTES

Cont. Note 27

INTEREST RATE RISK	EXPOSURE					
<p>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.</p>	<p>At the close of the financial year varying rate borrowing totalled SEK 5,330 million (4,832) including lease liability. A 1 per cent change in interest rates would therefore change the pre-tax profit/loss by +/- SEK 53 million (48).</p>					
	Fixed interest rate and fixed interest periods, SEK million.	Excluding effects of derivatives		Including effects of derivatives		
		Effective interest rate, %	Fixed interest period, month	Effective interest rate, %	Fixed interest period, month	Recognised liabilities
	2022					
	Credit facility	5.5	0.6	5.5	0.6	2,286
	Credit facility	5.5	0.6	5.5	0.6	957
	Credit facility	8.0	1.0	8.0	0.6	556
	Credit facility	8.0	1.0	8.0	3.0	278
	Credit facility	10.1	2.6	10.1	3.0	278
	Asset Based facility	11.1	1.0	11.1	1.0	86
	Interest rate swaps	–	–	–	–	–
	TOTAL BORROWING	5.5	0.8	5.5	1.0	4,441
	2021					
	Credit facility	1.0	0.6	1.0	0.6	2,154
	Credit facility	1.0	0.6	1.0	0.6	917
	Credit facility	8.0	0.6	8.0	0.6	513
	Credit facility	8.0	3.0	8.0	3.0	256
	Asset Based facility	8.3	1.0	8.3	1.0	35
	Interest rate swaps	–	–	–	–	–
	TOTAL BORROWING	1.5	0.8	1.5	0.8	3,875

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 0,8 months (1,0) at the close of the financial year, taking due account of the derivatives used. The Group's average interest rate, including other loans and the effects of interest rate swap agreements, was 5.5 per cent (1.5). 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	EXPOSURE	
	2022	2021
<p>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.</p> <p>The credit risk to which Nynas is exposed can be divided into two categories:</p> <ul style="list-style-type: none"> • Financial credit risk • Credit risk in accounts receivable 	Accounts Receivable	1,463.4
	Cash and cash equivalents	1,341.0
	Non-realised gains and losses on derivatives	–
	TOTAL	2,804.4
		1,381.9
		1,232.9
		–
		2,614.8

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 -9 million (9) and approximately 0 per cent (0) of the outstanding value was secured through margin call.

Via its ongoing sales Nynas is exposed to credit risk in outstanding accounts receivable. This risk is reduced with the help

of credit insurance. The terms of the credit insurance require well-established routines to determine credit limits, follow-up and reporting of late payments. There are established internal routines to determine limits that are not granted by the insurance company. No deliveries take place before a limit has been approved. On average, approximately 72 per cent (74) 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 1,583 million (1,480). These were written down by a total of SEK -120 million (-98). 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.

At the end of December 2021 Brent prices was at 74 USD/bbl, with an average oil price level at 71 USD/bbl during 2021, prices increased during the year to end at 81 USD/bbl in December 2022 given an average oil price level at 101 USD/bbl during the year.

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	
	2022	2021	2022	2021
JAN	615	827	3,849	3,177
FEB	630	773	3,940	3,080
MAR	590	892	3,829	3,732
APR	427	1,013	3,092	4,277
MAY	383	937	3,159	4,067
JUN	406	970	3,486	4,418
JUL	398	962	3,484	4,610
AUG	416	901	3,650	4,544
SEP	364	891	3,298	4,663
OCT	305	692	2,880	3,894
NOV	253	661	2,493	3,847
DEC	250	594	2,114	3,656
AVERAGE	420	843	3,273	3,997

COMMENT, COMMODITY PRICE RISK

Inventory of oil products totalled 250 ktonnes at the close of the financial year (594 ktonnes).

A USD 20 tonne price change would thus affect the profit/loss by approximately +/- SEK 90 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 2022 due to no credit lines. On December 31, 2022 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 35 ktonnes (72) and the mark-to market valuation of the derivative contracts was SEK -10 million (10)

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	2022		2021	
	Assets	Liabilities	Assets	Liabilities
Cash flow hedges				
Currency forwards	–	–	–	–
Oil price forward	–	9.9	9.9	–
TOTAL	–	9.9	9.9	–
Other derivatives – changes in fair value recognised in income statement				
Currency forwards, currency swaps finance net	–	1.5	–	–
Oil price swaps, costs of goods sold	–	–	–	–
TOTAL	–	1.5	–	–
TOTAL DERIVATIVES	–	11.4	9.9	–

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 0 (0) million has been recognised in the income statement as a result of terminated hedge relationship in 2022.

CHANGE IN HEDGING RESERVES	2022	2021
Opening hedging reserve before tax	9.9	0.0
Change in value during the year, currency swap	–	–
Change in value during the year, oil forwards	-19.8	9.9
Realised oil hedge parked in equity	–	–
Closing hedging reserves before tax	-9.9	9.9
Deferred tax, hedging reserves	–	–
Closing hedging reserves after tax	-9.9	9.9

Accumulated hedging gains and losses from cash flow hedges which were recognised in the hedging reserve as at December 2022 and are expected to be recovered in the income statement (before tax) are SEK -9,9 million for 2022.

NOTES

Note 29. Pledged assets and contingencies

FLOATING CHARGES	2022	2021
Business mortgage and securities	4,463.3	4,691.8
Property mortgage	8,335.0	7,847.0
Security for liabilities to credit institutions	48.7	43.5
TOTAL	12,847.0	12,582.3
Guarantees	45.0	43.0
Other guarantees and contingent liabilities	4.9	4.2
TOTAL	49.9	47.2

The security is shared with creditors of certain 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 not be able to recover the full amount related to this tax disputes and has therefore made provision of SEK 36 (0) million end of 2022.

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 after pending for five years, the Supreme Court, in a ruling from February 28, 2022, reversed the lower court decision and remanded the case to another appeals court for further proceedings.

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 brought lawsuit against Shell, Kuwait and Total but not Nynas, Wintershall and BP. Shell, Kuwait and Total have served Nynas et al with contribution claim writs. It has been agreed that the contribution proceedings are stalled until the main proceedings are finalized. At this juncture it is not possible to assess the outcome of the main proceedings or the contribution proceedings.

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 of the shares in Nynas AB. Nynas haven't had any business relation with PdVSA in the last three years and hence no figures to be reported in this section of the annual report.

Eastham Refinery Ltd (ERL) acts as a tolling unit and the ownership of crude, bitumen and distillates 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.

	2022	2021
Purchases, leasing/services	229.7	181.1
Service revenue	1.5	1.5
Accounts receivable	0.2	0.1
Accounts payable	15.5	20.0

Note 31. Supplementary information to the cash flow statement

NON CASH ITEMS	2022	2021
Share of profit/loss of associates and joint ventures	-38.6	-21.4
Dividend associates and joint ventures	25.0	36.6
Composition gain	-	-
Depreciation and impairment of assets	1,631.6	1,295.4
IFRS 16 Leasing effect	-	-
Unrealised exchange differences and oil forward contracts	302.4	66.6
Provisions for pensions	-28.9	46.3
Other provisions	790.5	55.9
TOTAL	2,682.0	1,479.4

LIABILITIES IN FINANCING ACTIVITIES	Interest bearing liabilities, non-current		Lease liabilities liabilities, non-current		Interest bearing liabilities, current		Lease liabilities liabilities, current	
	2022	2021	2022	2021	2022	2021	2022	2021
Opening balance	3,071.7	2,990.0	707.0	736.6	803.7	-	249.3	227.5
Proceeds from borrowings	315.1	-			-	803.7		
Repayment of borrowings	-53.3	-			-	-		
Repayment of lease liabilities	-	-	-76.0	-29.6	-	-	8.9	21.8
Exchange rate difference	344.5	66.7			-	-		
Depreciation and accrued up front fee	-40.5	15.0			-	-		
Reclassification to short-term / long-term	803.7	-			-803.7	-		
DEBT OUTSTANDING	4,441.2	3,071.7	631.0	707.0	-	803.7	258.2	249.3

For further information regarding loan positions see note 24.

Note 32. Significant events after the fiscal year

- In February union negotiations were completed regarding staffing in Harburg refinery.

NOTES

Notes to the financial statements – Parent Company

(Amounts in SEK million unless otherwise stated)

Note 33. Information by geographical market and sales revenues

SALES REVENUES BY GEOGRAPHICAL MARKET	2022	2021
Sweden	3,028.1	1,525.6
Rest of Nordics	3,414.9	2,835.6
Rest of Europe	7,033.0	7,413.7
Americas	553.0	975.3
Asia	1,207.9	1,511.7
Other	392.1	265.3
TOTAL	15,628.9	14,527.2

TOTAL ASSETS BY GEOGRAPHICAL MARKETS	2022	2021
Sweden	7,739.5	10,085.1
TOTAL	7,739.5	10,085.1

PURCHASES AND SALES GROUP COMPANIES	2022	2021
Purchases, %	1	1
Sales, %	19	23

Note 34. Costs itemised by nature of expense

	2022	2021
Raw materials	11,755.0	10,042.2
Transport and distribution costs	1,711.8	1,566.8
Manufacturing expenses	1,056.9	1,770.2
Costs for employee benefits (note 36)	550.0	486.4
Depreciation, amortisation, impairment (notes 37,43,44)	163.0	955.4
Other expenses	726.3	675.7
TOTAL	15,963.0	15,496.7

NOTES

Note 35. Other operating income and expenses

	2022	2021
OTHER OPERATING INCOME		
Exchange gains on operating receivables/liabilities	600.3	293.2
Other service revenue	32.9	26.7
TOTAL	633.2	319.9
OTHER OPERATING EXPENSES		
Exchange losses on operating receivables/liabilities	-514.0	-259.6
TOTAL	-514.0	-259.6

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	2022			2021		
	Men	Women	Total	Men	Women	Total
PARENT						
Sweden	312	124	436	292	131	423
TOTAL PARENT	312	124	436	292	131	423

WAGES, SALARIES AND SOCIAL SECURITY CONTRIBUTIONS	2022			2021		
	Senior Executives (7 individuals)	Other Employees	Total	Senior Executives (7 individuals)	Other Employees	Total
PARENT						
Sweden						
Salaries and other benefits	18.1	311.4	329.5	21.3	293.6	314.9
(of which bonuses)	2.4	17.5	19.9	9.2	6.3	15.5
Social security contributions	12.5	198.9	211.4	12.4	159.1	171.5
(of which pension costs)	6.8	89.2	96.0	5.7	50.7	56.4
Other compensations	9.1	–	9.1	–	–	–
TOTAL PARENT	39.7	510.3	550.0	33.7	452.7	486.4

GENDER DISTRIBUTION IN MANAGEMENT PARENT	2022	2021
Female representation, %		
Board, female rep., %	12.5	16.7
Executive Board, female rep., %	0.0	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	
	2022	2021	2022	2021
Cost of sales	2.9	1.9	137.7	226.1
Distribution costs	0.0	0.4	5.5	9.9
Administrative expenses	14.7	17.3	2.1	4.8
TOTAL	17.6	19.6	145.3	240.8

IMPAIRMENT LOSSES BY FUNCTION	Intangible		Tangible	
	2022	2021	2022	2021
Cost of sales	–	1.5	–	654.4
Distribution costs	–	0.5	–	38.6
TOTAL	–	2.0	–	693.0

DEPRECIATION AND AMORTISATION BY TYPE OF ASSET	2022	2021
Computer software	17.6	19.6
Buildings	4.8	7.3
Land improvements	1.7	2.9
Plant and machinery	131.1	215.5
Equipment	7.7	15.1
TOTAL	162.9	260.4

IMPAIRMENT LOSSES BY TYPE OF ASSET	2022	2021
Computer software	–	2.0
Buildings	–	56.6
Land improvements	–	15.0
Plant and machinery	–	598.5
Equipment	–	22.9
TOTAL	–	695.0

TOTAL RECOGNISED DEPRECIATION, AMORTISATION AND IMPAIRMENT	2022	2021
	–	955.4

For further information regarding impairment see note 44.

Note 38. Auditors' fees and other remuneration

AUDIT FEES	2022	2021
KPMG		
Annual audit	3.6	3.4
Other audit services	–	0.3
Tax advisory service	0.0	0.2
Other services	–	0.2
TOTAL	3.7	4.0

NOTES

Note 39. IFRS 16 lease contracts

LEASE LIABILITY MATURITY STRUCTURE	2022	2021
2022	–	215.2
2023	237.8	194.5
2024	202.6	181.2
2025	171.3	145.1
2026	54.8	35.5
2027	54.9	132.5
2028 and later	170.0	–
	891.4	904.0

LEASE PAYMENTS	2022	2021
Payments of leases entered as liabilities	251.5	210.9
Variable lease payments not included in lease liability	91.6	68.7
TOTAL LEASE PAYMENTS	343.1	279.6

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 2022 Nynas AB had four bitumen carrier on time charter. During 2022 Nynas AB has not entered into any new

lease contract of any magnitude. Three tank rentals contract was extended during the year where a depot contract with Neste in Finland was extended with 10 years to an amount of SEK 118.5 million.

Note 40. Net financial items

	2022	2021
Interest income, bank deposits ¹	8.3	8.1
Interest income, derivative instruments (actual interest rates and changes in value)	0.2	0.3
Sales and liquidation of shares in subsidiaries	–	–
Dividends from Group companies	318.2	244.0
TOTAL FINANCE INCOME	326.7	252.5
Of which total interest income attributable to items carried at amortised cost	8.3	8.1
Interest expense, loans and bank overdrafts ²	-313.4	-159.3
Interest expense, derivative instruments (actual interest rates and changes in value)	-3.7	-2.4
Interest expense, interest bearing accounts payable	–	–
Interest expense, PRI pension obligations	-6.8	-8.3
Net exchange differences	-284.9	-85.3
Impairment of shares in subsidiaries	-1 593.4	–
Other finance costs	-124.0	-110.8
TOTAL FINANCE COSTS	-2 326,1	-366.1
Of which total interest expense attributable to items carried at amortised cost	-320.2	-167.6
TOTAL NET FINANCIAL ITEMS	-405.5	-113.6

1) Parent's interest income from Group companies is 8.0 (4.5).

2) Parent's interest expense to Group companies is -21.4 (-1.8).

NOTES

Note 41. Appropriations

APPROPRIATIONS	2022	2021
Difference between recognised depreciation and regular depreciation	1.9	0.2
Group Contribution	-54.6	0.1
TOTAL	-52.8	0.3
UNTAXED RESERVES		
Accumulated accelerated depreciation	-	-
TOTAL	-	-

Note 42. Taxes

	2022	2021
Current tax, prior years	-5.8	-6.0
Deferred tax	-	-
TOTAL	-5.8	-6.0

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

	2022	2021
Result before tax	-2,267.1	-1,022.6
Tax according to Parent Company's applicable tax rate	467.0	210.7
Tax effect of:		
Dividends from subsidiaries	65.4	50.2
Change in valuation of deferred tax assets	-	-
Other non-deductible expenses	-89.3	-55.9
Other non-taxable income	-328.2	-
Adjustment of current tax in respect of prior years	-	-6.0
Increase and change in loss carry-forwards without corresponding capitalisation of deferred tax	-114.9	-205.0
Composition gain	-	-
Other	-5.9	-
Recognised tax expense	-5.8	-6.0
Standard rate of income tax, %	20.6	21.4
Effective tax rate, %	-0.3	-0.6

On the closing date Nynas AB had unutilized loss carryforwards of just less than MSEK 3,925 (3,367). 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 808 (693), no deferred tax asset is recognized due to uncertainty as regards future profit earnings. There are no expiration dates for the loss carryforwards.

NOTES

Note 43. Intangible assets

2022	Goodwill	Computer software	Other intang. assets/trademarks	Total intangible assets
Opening cost	14.2	534.6	1.5	550.3
Acquisitions	–	10.5	–	10.5
Reclassifications	–	4.9	–	4.9
CLOSING COST	14.2	550.0	1.5	565.7
Opening regular depreciation	-10.9	-439.8	-1.5	-452.2
Amortisation for the year	–	-17.6	–	-17.6
CLOSING REGULAR DEPRECIATION	-10.9	-457.3	-1.5	-469.7
Opening impairment	-3.3	-29.5	–	-32.8
Impairment for the year	–	–	–	–
CLOSING IMPAIRMENT	-3.3	-29.5	–	-32.8
CLOSING RESIDUAL VALUE	0.0	63.2	0.0	63.2
2021	Goodwill	Computer software	Other intang. assets/trademarks	Total intangible assets
Opening cost	14.2	511.1	1.5	526.8
Acquisitions	–	21.7	–	21.7
Reclassifications	–	1.8	–	1.8
CLOSING COST	14.2	534.6	1.5	550.3
Opening regular depreciation	-10.9	-420.2	-1.5	-432.6
Amortisation for the year	–	-19.6	–	-19.6
CLOSING REGULAR DEPRECIATION	-10.9	-439.8	-1.5	-452.2
Opening impairment	-3.3	-27.5	–	-30.8
Impairment for the year	–	-2.0	–	-2.0
CLOSING IMPAIRMENT	-3.3	-29.5	–	-32.8
CLOSING RESIDUAL VALUE	0.0	65.4	0.0	65.4

NOTES

Note 44. Tangible assets

2022	Buildings	Plant and machinery	Equipment	Construction in progress	Total tangible assets
Opening cost	390.1	7,405.3	343.1	243.2	8,381.7
Acquisitions	–	–	–	178.7	178.7
Disposals	–	–	–	–	–
Reclassifications	30.6	14.6	2.2	-52.3	-4.9
CLOSING COST	420.7	7,419.9	345.3	369.6	8,555.5
Opening regular depreciation	-211.6	-5,070.0	-287.6	–	-5,569.2
Disposals	–	–	–	–	–
Depreciation for the year	-6.6	-131.1	-7.7	–	-145.4
CLOSING REGULAR DEPRECIATION	-218.2	-5,201.1	-295.3	–	-5,714.6
CLOSING RESIDUAL VALUE	202.5	2,218.8	50.0	369.6	2,840.9
Opening impairment	-101.5	-1,409.3	-25.2	-80.4	-1,616.4
Impairment for the year	–	–	–	–	–
CLOSING IMPAIRMENT	-101.5	-1,409.3	-25.2	-80.4	-1,616.4
CLOSING RESIDUAL VALUE	101.0	809.5	24.8	289.2	1,224.5
Of which carrying amount, Sweden	101.0				
2021	Buildings	Plant and machinery	Equipment	Construction in progress	Total tangible assets
Opening cost	386.3	7,104.8	337.8	348.5	8,177.4
Acquisitions	–	–	–	212.0	212.0
Disposals	–	-2.1	-3.8	–	-5.9
Reclassifications	3.8	302.6	9.1	-317.3	-1.8
CLOSING COST	390.1	7,405.3	343.1	243.2	8,381.7
Opening regular depreciation	-201.4	-4,855.1	-276.3	–	-5,332.8
Disposals	–	0.6	3.8	–	4.4
Depreciation for the year	-10.2	-215.5	-15.1	–	-240.8
CLOSING REGULAR DEPRECIATION	-211.6	-5,070.0	-287.6	–	-5,569.2
CLOSING RESIDUAL VALUE	178.5	2,335.3	55.5	243.2	2,812.5
Opening impairment	-29.9	-877.9	-2.3	-13.3	-923.4
Impairment for the year	-71.6	-531.4	-22.9	-67.1	-693.0
CLOSING IMPAIRMENT	-101.5	-1,409.3	-25.2	-80.4	-1,616.4
CLOSING RESIDUAL VALUE	77.0	926.0	30.3	162.8	1,196.0
Of which carrying amount, Sweden	77.0				

Impairment testing of tangible assets

The Group performed its annual impairment test per December 2022 and 2021. The Group considers the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators of impairment. As at 31 December 2022, the market capitalisation of the Core business was above

the book value except for the UK assets, indicating only a small impairment need in fixed assets with SEK 81 million. All other impairment as at 31 December 2022 relates to the Harburg refinery operations.

The cash-generating units in the Group consist of Core Nynas and Harburg refinery operation.

NOTES

Con't. Note 44

Nynas AB

The recoverable amount of Nynas AB was SEK 4,057 million as at 31 December 2022 compared with the carrying amount of SEK 3, 743 million. The recoverable amount has been determined based on a value in use calculation using cash flow projections based on financials budgets and a two year medium-term business plan. It was concluded in December 2022, that the fair value less costs of disposal exceed the value in use, and thereby no impairment need in December 2022.

The discount rate has been estimated based on a weighted average capital cost of 9,25% (8,7%) applied to the cash flow projections and cash flows beyond 2025 are extrapolated using a 2.0% growth rate (2.0%).

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 2021. The discount rate has been estimated based on a weighted average capital cost of 9.25% (8.7%) after tax. The same assumptions have been used in the different CGU's.

Note 45. Shares in group companies

	2022	2021
Opening cost	2,876.6	2,876.6
Investment of shares in subsidiary	0.0	–
Liquidation	-1.1	–
Impairment of shares in subsidiary	-1,593.4	–
CLOSING COST	1,282.2	2,876.6

Impairment testing of shares in subsidiaries

Shares in Nynas Germany AB owner of the participation interest of Nynas KG running the refinery in Harburg have been impaired with SEK 950 million based on a fair value calculation using the value of the land of 1,231 MSEK, the fair value is based on firm offers deducting the environmental and demolition costs.

Shares in Nynas UK AB running the operation in UK have been impaired with SEK 590 million due to the extreme high gas prices in the end of 2022 given a low fair valued cash flow projection.

List of Group Companies, see note 14.

Note 46. Inventories

	2022	2021
Raw materials	239.7	1,095.6
Semi-finished products	54.3	363.7
Finished products	1,305.4	1,406.4
TOTAL	1,599.4	2,865.7

Amounts relating to impairment losses on inventories are reported under costs of goods sold and are SEK 106.4 (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 2022 have been done. Impairment amount of SEK 106.4 million refers mainly to bitumen inventory at Harburg refinery and fuel products at Gothenburg refinery.

NOTES

Note 47. Accounts receivable

	2022			2021		
	Gross	Loss allowance	Net carrying amount	Gross	Loss allowance	Net carrying amount
Current receivables	794.0	-0.4	793.6	586.5	-0.7	585.9
Past due 1–30 days	143.8	-2.4	141.4	84.0	-0.1	83.9
Past due 31–90 days	28.8	-5.1	23.7	43.7	-0.7	42.9
Past due 91–180 days	7.0	-1.2	5.8	4.7	0.0	4.7
Past due 181–360 days	1.0	-2.1	-1.1	1.0	-0.1	0.9
Past due over 360 days	108.0	-106.4	1.6	93.1	-93.3	-0.2
Bankruptcy	–	–	–	–	–	–
TOTAL ACCOUNTS RECEIVABLES	1,082.6	-117.7	964.9	813.0	-94.9	718.1

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 has applied factoring for a limited part of the sales invoicing. At year-end 2022, the part used as Factoring is approximately 12 percent and has been accounted for as off balance sheet.

Loss allowance

Nynas has moved from an incurred loss model to an expected loss model with an earlier recognition of impairment. Nynas applies the simplified approach for trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the

debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The average credit period on sales of goods is 31.0 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 per cent during end of 2022 (35 per cent). Since approx. 72 per cent 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. For further information please see note 18.

Note 48. Prepayments and accrued income

	2022	2021
Charter hire	22.0	20.7
Financial Expenses	12.8	–
Software licences	10.0	9.7
Consultancy costs	4.9	22.2
Rent	4.7	7.5
Insurances	4.2	6.5
Prepayment crude purchase	–	367.0
Other prepayments	6.3	37.3
TOTAL	65.0	470.9

NOTES

Note 49. Cash and cash equivalents

	2022	2021
Cash and bank balances	902.8	592.4
Restricted cash	0.9	0.9
CASH AND CASH EQUIVALENTS RECOGNISED	903.8	593.4

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

Note 50. Equity

DISTRIBUTION OF SHARE CAPITAL	2022	2021
CHANGE IN TOTAL NUMBER OF SHARES		
Opening number	67,532	67,532
Change during the year	–	–
CLOSING NUMBER	67,532	67,532

CLASS OF SHARE	2022		2021	
	Number of shares	%	Number of shares	%
Class A	33,765	50	33,765	50
Class B	10,129	15	10,129	15
Class C	23,638	35	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 pages 55–59, Corporate Governance.

Proposed distribution of profit

The Board proposes that the available profits of SEK 994,031,594 in the Parent Company be distributed as follows:

Total dividend	–
Carried, forward	994,031,594
SEK	994,031,594

NOTES

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 Col-lectum. 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 10.4 (8.9) million for 2022. 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 79.0 (93.4) million, which corresponds to the value of the obligations.

RECONCILIATION OF REVISED PENSION LIABILITY	2022	2021
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	246.0	208.4
Unrecognised surplus in pension benefit plan	–	–
NET LIABILITY RECOGNISED	246.0	208.4

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 3.0 per cent (4.0 per cent).

CHANGE IN NET DEBT	2022	2021
Net debt at beginning of year	208.4	207.3
Cost recognised in income statement	46.1	9.1
Pension payments	-8.5	-8.0
NET DEBT AT END OF YEAR	246.0	208.4

Payments relating to defined benefit plans are expected to amount to SEK 10.4 million in 2023.

NOTES

Con't. Note 51

PENSION EXPENSE FOR THE PERIOD	2022	2021
Book reserve pensions	30.9	-7.2
Interest expense (calc. discount effect)	6.8	8.3
COST OF BOOK RESERVE PENSIONS	37.7	1.1
Pensions through insurance:		
Insurance premiums	109.6	70.8
RECOGNISED NET COST ARISING FROM PENSIONS EXCL. TAX	147.3	71.9
Payroll tax on pension costs	25.8	16.5
PENSION EXPENSE FOR THE YEAR	173.1	88.4

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 2021	195.5	–	–	195.5
Provisions during the year	66.9	14.0	–	80.9
Provisions used during the year	-37.4	–	–	-37.4
BALANCE AT 31 DECEMBER 2022	225.0	14.0	–	239.0
of which current	18.7	14.0	–	32.7
of which non-current	206.3	–	–	206.3

Environmental related provisions

The provision in Nynäshamn consists of three parts – the Land Farm (SEK 7 million), E2 (SEK 24 million) and J3/J4 (SEK 409 million). See note 23 for description.

All costs associated with the remediation project have been calculated using the present value method.

Note 53. Liabilities to credit institutions

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 per cent, and a significantly longer credit period meaning that 36 per cent is converted into long-term senior loans with a maturity of 5 years and 29 per cent converted into subordinated hybrid instruments. This led 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.

The company entered in January 2021 a Multi option facilities agreement with SEB, Stockholm of nominal value of SEK 100 million, beginning of March 2021 the company entered into a Super Senior Bridge facility with Adare Finance DAC, UK of the nominal value of EUR 75 million. In March 2021 Nynas AB together with Nynas UK AB and Nynas Singapore Pty entered into a Asset Based Lending facility with Breal Zeta CF I Limited, UK of the nominal value of GBP 100 million.

In April 2022 Nynas completed the refinancing of its existing lending facilities, the facility agreements were extended by approximately 3 years with the lenders also providing an additional EUR 40 million of financing. At the same time, Macquarie Bank Limited (a global bank and leading provider of asset backed loans to the energy sector) provided a new inventory financing facility, providing a significant working capital benefit to Nynas core operations (off balance sheet agreement).

NOTES

Con't. Note 53

LONG-TERM LIABILITIES	2022	2021
Credit facility	4,388.6	3,071.7
TOTAL	4,388.6	3,071.7
CURRENT LIABILITIES		
Credit facility	–	761.3
TOTAL	–	761.3
GRAND TOTAL	4,388.6	3,833.0

2022 LONG-TEM LIABILITIES				Nominal amount (local currency)	Recognised amounts in SEK million
Year issued/maturity	Description of loan	Interest, %	Currency		
Variable-rate loans					
2020/2025	Credit facility	1.50	EUR	214.0	2,379.8
2020/2025	Credit facility	1.50	EUR	89.6	996.0
2021/2025	Credit facility	8.00	EUR	50.0	556.1
2021/2025	Credit facility	8.00	EUR	25.0	278.0
2022/2024	Credit facility	9.06	EUR	25.0	278.0
2021/2025	Asset Based facility	11.00	GBP	100.0	33.5
2020/2025	Up front fees				-132.9
TOTAL					4,388.6

2021 LONG-TEM LIABILITIES				Nominal amount (local currency)	Recognised amounts in SEK million
Year issued/maturity	Description of loan	Interest, %	Currency		
Variable-rate loans					
2020/2025	Credit facility	0.99	EUR	216.6	2,219.8
2020/2025	Credit facility	0.99	EUR	92.1	944.3
2020/2025	Up-front fees				-92.4
TOTAL					3,071.7

CURRENT LIABILITIES				Nominal amount (local currency)	Recognised amounts in SEK million
Year issued/maturity	Description of loan	Interest, %	Currency		
Variable-rate loans					
2021/2022	Credit facility	8.00	EUR	50.0	512.5
2021/2022	Credit facility	8.00	EUR	25.0	256.3
2021/2022	Asset Based facility	8.0–8.3	GBP	100.0	-7.5
TOTAL					761.3

NOTES

Note 54. Accrued liabilities and deferred income

	2022	2021
Accrued interest	186.4	32.7
Accrued salaries/holiday pay	92.4	107.6
Accrued environmental costs	59.0	78.2
Shipping costs	47.5	66.5
Consulting	16.9	8.4
Other selling costs	15.1	17.2
Accrued energy costs	8.5	9.1
Customer provision	8.4	6.5
Administration	4.0	–
Accrued insurance	0.9	14.6
Other accrued liabilities and deferred income	39.6	27.6
TOTAL	478.6	368.3

Note 55. Financial assets and liabilities

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

2022	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	–	–	964.9	–	964.9	–	964.9
Receivables from Group companies	–	–	556.6	–	556.6	–	556.6
Other current receivables	–	–	748.2	–	748.2	264.2	1,012.4
Prepaid expenses and accrued income	–	–	–	–	–	65.0	65.0
Cash and cash equivalents	–	–	903.8	–	903.8	–	903.8
FINANCIAL ASSETS	–	–	3,173.5	–	3,173.5	329.2	3,502.7
Long-term liabilities to credit institutions	–	–	–	4,388.6	4,388.6	–	4,388.6
Long-term liabilities to Group companies	–	–	–	0.2	0.2	–	0.2
Current i-b liabilities to Group companies	–	–	–	367.9	367.9	–	367.9
Current non-i-b liabilities to Group companies	–	–	–	78.1	78.1	–	78.1
Accounts payable	–	–	–	245.8	245.8	–	245.8
Other current liabilities	–	–	–	–	–	440.4	440.4
Accrued liabilities and deferred income	–	–	–	–	–	478.6	478.6
FINANCIAL LIABILITIES	–	–	–	5,080.6	5,080.6	919.0	5,999.6

NOTES

Con't. Note 55

2021	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	–	–	718.1	–	718.1	–	718.1
Receivables from Group companies	–	–	1,102.0	–	1,102.0	–	1,102.0
Long-term derivatives	–	–	–	–	–	–	–
Short-term derivatives	9.9	–	–	–	9.9	–	9.9
Other current receivables	–	–	–	–	–	173.9	173.9
Prepaid expenses and accrued income	–	–	367.0	–	367.0	103.9	470.9
Cash and cash equivalents	–	–	593.4	–	593.4	–	593.4
FINANCIAL ASSETS	9.9	–	2,780.5	–	2,790.4	277.8	3,068.2
Long-term liabilities to credit institutions	–	–	–	3,071.7	3,071.7	–	3,071.7
Short-term liabilities to credit institutions	–	–	–	761.3	761.3	–	761.3
Long-term liabilities to Group companies	–	–	–	0.2	0.2	–	0.2
Current i-b liabilities to Group companies	–	–	–	314.8	314.8	–	314.8
Current non-i-b liabilities to Group companies	–	–	–	674.1	674.1	–	674.1
Accounts payable	–	–	–	575.4	575.4	–	575.4
Other current liabilities	–	–	–	–	–	437.6	437.6
Accrued liabilities and deferred income	–	–	–	–	–	368.3	368.3
FINANCIAL LIABILITIES	–	–	–	5,397.5	5,397.5	805.9	6,203.4

Note 56. Pledged assets and contingencies

FLOATING CHARGES	2022	2021
Business mortgage and securities	3,365.1	3,735.0
Property mortgage	2,106.8	2,106.8
Share pledge	1,586.1	2,746.9
Security for liabilities to credit institutions	48.7	43.5
TOTAL	7,106.7	8,632.2
Securities for Group companies	26.4	27.1
Guarantees	45.0	43.0
Other guarantees and contingent liabilities	4.9	4.2
TOTAL	76.3	74.3

For further information on pledge assets and contingencies please see note 29.

A future closure of operations within the Group may involve a requirement for decontamination and restoration works. How-

ever, 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.

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 of the shares in

Nynas AB. Nynas haven't had any business relation with PDVSA in the last three years and hence no figures to be reported in this section of the annual report.

Note 58. Supplementary information to the cash flow statement

	2022	2021
Depreciation and impairment of assets	1,756.3	956.9
Composition gain	-	-
Unrealised exchange differences and oil forward contracts	342.3	66.7
Provisions for pensions	37.7	1.0
Other provisions	43.4	48.5
TOTAL	2,179.7	1,073.1

	Interest bearing liabilities, non-current		Group companys' liabilities, non-current		Interest bearing liabilities, current		Group companys' liabilities, current	
	2022	2021	2022	2021	2022	2021	2022	2021
LIABILITIES IN FINANCING ACTIVITIES								
Opening balance	3,071.7	2,990.0	0.2	0.2	761.3	-	314.8	73.8
Proceeds from borrowings	307.2	-	-	-	-	768.8	53.1	241.0
Repayment of borrowings	-53.2	-	-	-	-	-7.5	-	-
Conversion of shareholder loan	-	-	-	-	-	-	-	-
Exchange rate difference	342.1	66.7	-	-	-	-	-	-
Accrued up front fee	-40.5	15.0	-	-	-	-	-	-
Reclassification to short-term / long-term	761.3	-	-	-	-761.3	-	-	-
DEBT OUTSTANDING	4,388.6	3,071.7	0.2	0.2	-	761.3	367.9	314.8

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 31, 2023

Alexis Pourchet

Christopher Pillar

Anabella Rivas

Ewa Björling

Christopher Plummer

Alireza Saberi

Roland Bergvik

Stein Ivar Bye

Chairman of the Board and acting President & CEO

Our Audit Report was submitted on May 31, 2023.

KPMG AB

Håkan Olsson Reising

Authorized Public Accountant

AUDITOR'S REPORT

This is a translation from the Swedish original.

Auditor's report

To the general meeting of the shareholders of Nynas AB, corp. id 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 2022, except for the corporate governance statement on pages 55–59 and the sustainability report on pages 20–39. The annual accounts and consolidated accounts of the company are included on pages 40–130 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 2022 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 2022 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. Our opinions do not cover the corporate governance statement on pages 55–59 and sustainability report on pages 20–39. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders 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.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 20–39. The Board of Directors and the Managing Director are responsible for this other information.

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

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consoli-

dated 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 error.

In preparing the annual accounts and consolidated accounts The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to 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.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

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

As part of an audit in accordance with 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 error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve

AUDITOR'S REPORT

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 2022 and the proposed appropriations of the company's profit or loss.

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

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities

section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Directors and the Managing Director

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

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

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

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and

AUDITOR'S REPORT

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 examination of the corporate governance statement
The Board of Directors is responsible for ensuring that the corporate governance statement on pages 55–59 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevR 16. This means that our examination of the corporate governance statement 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 opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

The auditor's opinion regarding the statutory sustainability report
The Board of Directors is responsible for ensuring the sustainability report on pages 20–39, 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. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

A statutory sustainability report has been prepared.

Stockholm May 31, 2023
KPMG AB

Håkan Reising
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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