



Supporting the sustainable transition

Annual Report 2021



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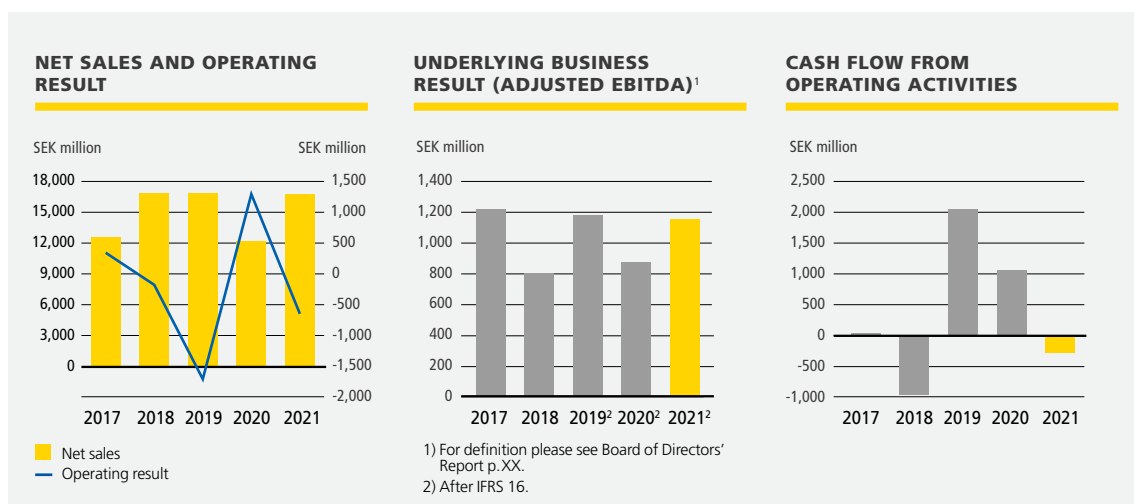
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## THE YEAR IN BRIEF

### Important events in 2021

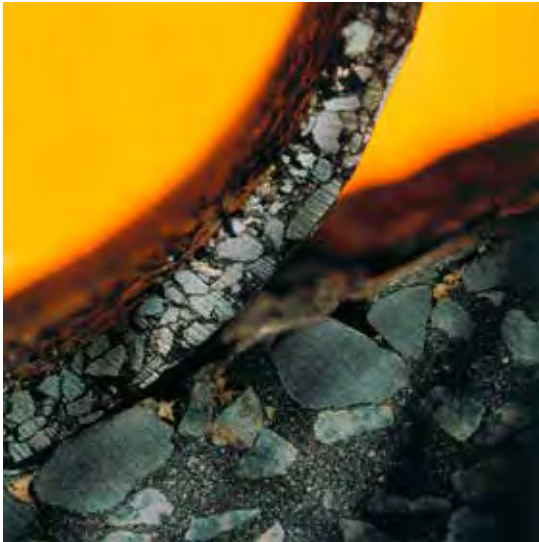
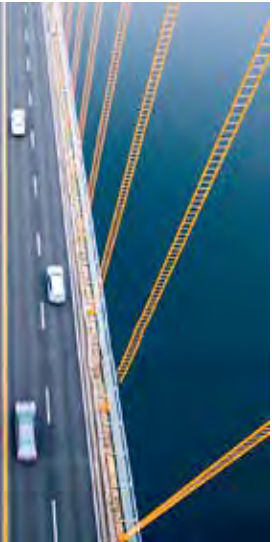
- In January, the company reorganisation was formally completed and Nynas came out as a stronger company with 5-year secured financing and a strengthened balance sheet.
- Working capital financing for the season was secured through different facilities.
- Overall Nynas safety performance for 2021 was a strong achievement given the continued change in feedstock and operations, as well as the Covid-19 pandemic.
- Effects of the pandemic have been under control thanks to testing programs at our major sites and work from home were possible.
- At the refinery in Gothenburg, Nynas invested for reliable production and reduced greenhouse gas emissions with new heaters.
- The turnaround at the Harburg refinery, south side, was successfully completed with no major unplanned repairs identified.
- Business area Bitumen was reorganised resulting in one shared business covering all Nynas bitumen markets.
- Nynas received the coveted EcoVadis Platinum CSR rating, putting us in the top 1% for sustainability performance.
- We took another important step for sustainability with our Nynas NYTROr BIO 300X for transformers and announced an upcoming range of bitumen binders incorporating biogenic material.
- In July, a private investment vehicle advised by Davidson Kempner acquired an equity stake of 49.9 per cent and became the largest individual shareholder of Nynas.



# THIS IS NYNAS



## THIS IS NYNAS



Nynas products can be found **in millions** of applications around the world, and play an **important role** in everything from consumer items such as newspapers, toys and sunglasses – to industrial products including wind turbines, asphalt and power transformers.

Simply put, **we put our heart and soul into supporting the sustainable transition.**



# NAPHTHENICS

1.25

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



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## NAPHTHENICS

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Nynas highly refined oils contribute to longer lifetime and enhanced environmental performance for end users. As the global 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.

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### **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 tyre oils lead to lower rolling resistance, improved fuel economy and a reduction in CO<sub>2</sub> 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 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.

## NAPHTHENICS

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**250** million drivers have Nynas oil in their tyres. Our bio-based tyre oil, NYTEX® BIO 6200, offers excellent performance and can help reduce rolling resistance by up to 5 per cent contributing to lower fuel consumption.

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Our bio-based tyre oil, NYTEX® BIO 6200, was ranked as one of most important sustainability projects by the European Rubber Journal.



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**50%** An exponential growth in wind and solar power generation is expected in the coming decades, generating demand for rapid development of electrical grids. Nynas bio-based insulating fluid, NYTRO® BIO 300X, helps transformers withstand stress from fluctuating wind and solar power. It is also biodegradable, which makes energy projects in sensitive environments possible.

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Nynas plays an important role in the transition to electric vehicles. Our base, tyre and process oils bring reliable and sustainable transportation through countless automotive applications.



## NAPHTHENICS

1.25

billion people have access to electricity that is distributed with the aid of Nynas oils. Our NYTRO® BIO 300X is a bio-based and renewable insulating liquid that improves the performance of transformers, helping utility companies to achieve their sustainability targets.



Our products are essential in a variety of hydraulic systems including modern aircraft. NYNAS NS 3 and NYNAS S 3B display ultra-low base oil viscosity even in ice-cold temperatures at 10,000 metres.

18

million cars are manufactured every year with Nynas oil in their grease. There are also millions of trucks, trains, rescue vehicles and snow-removal equipment with our oil.

## BITUMEN

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60%

Using our new range of polymer-modified bitumen (PMB) containing biogenic carbon can reduce the CO<sub>2</sub> footprint by up to 60 per cent compared to a conventional PMB.





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## BITUMEN

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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 CO<sub>2</sub> emissions** and **reduce noise**. Bitumen is 100 per cent reusable in asphalt, its main application.

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### Binding

Bitumen binders are used for asphalt applications in the construction and maintenance of roads, runways and bridges. Nynas high quality binders 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

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**360** million square metres of road are resurfaced with Nynas bitumen every year.

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**300** million square metres of roofs are protected by Nynas bitumen every year.



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**70,000** Energy to supply more than 70,000 households could be saved in Nynas markets alone by using Nytherm, which allows for reduced asphalt production temperatures.



## BITUMEN

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



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

## OPERATIONS

### 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 refinery is an important producer of bitumen and specialty products such as polymer modified bitumen, bitumen emulsions and oxidised bitumen.
- The refinery also produces a range of distillates.

### 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.

## Operations and supply

Nynas offers high quality sourcing and manufacturing along with a supply network that is strategically located around the world. This ensures that customers receive prompt and reliable deliveries, regardless of their location.

### Sales network

1

An established network of sales-people, offices and supply points around the world ensures that customers have a personal contact that can focus on providing efficient and reliable deliveries.

### Refineries

4

Our products are mainly manufactured at our four state-of-the-art refineries. Nynas also has access to additional production at partner refineries and through other long-term supply agreements.

## OPERATIONS

### NYNÄSHAMN REFINERY, SWEDEN

The refinery produces all Nynas product categories for the Nordic market and for export. It was established in 1928 in Nynäshamn, close to Stockholm, Sweden.

- 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.

### HARBURG REFINERY, GERMANY

The refinery produces all Nynas product categories for the German market and for export. It is situated on both the north and south sides of the Elbe river in Hamburg, Germany.

- The second largest oil refinery in the Nynas Group.
- A large supplier of bitumen for roads in Germany and Europe.
- One of the largest manufacturers of naphthenic specialty oils in the world.

### Naphthenic oil hubs

3

The naphthenic oil hubs are located in Houston, Antwerp and Singapore and operate as central storage facilities and blending stations.

### Naphthenic oil depots

22

Naphthenic oils are distributed to our customers via 22 depots strategically located around the world.

### Bitumen supply points

30

Nynas has an extensive network of bitumen supply points in Northern Europe including third-party supply points.

## MESSAGE FROM THE PRESIDENT

# Navigating Nynas through turbulent times

**2021 was another turbulent year with oil prices increasing more than 50 per cent and gas and energy prices skyrocketing to levels never seen before. This perfect storm in the energy markets has continued into 2022. Rapid movements like this will always come at a price and are a challenge for any business.**

We kicked off 2021 with the successful completion of the Nynas reorganisation on January 19. As already known, the reorganisation was a result of Nynas being impacted for more than three difficult years by the US sanctions on Venezuela and Nynas shareholder, Venezuelan state oil company PDVSA. In May 2020, PDVSA decreased its ownership to below 15 per cent to enable the lifting of the sanctions against Nynas.

### Ownership changes and financing

On July 26, 2021, private investment vehicle advised by Davidson Kempner, a major lender, acquired the entire equity stake (49.9 per cent) in Nynas owned by Bitumina Industries Limited making private investment vehicle advised by Davidson Kempner the largest individual shareholder of Nynas. The completion of the reorganisation, combined with the new ownership, gave us good momentum in the first half of 2021.

Our new ownership provides a basis for our long-term financing. In the short-term, the need for rapidly increasing working capital financing remained a challenge, particularly in the second half of 2021 with the increasing impact of external factors such as rising oil, energy and transport prices.

By January 2022 the remaining frozen debt in the reorganisation was paid back to creditors. In the early part of 2022, new incremental working capital and revolver facilities were secured.

### Supply challenges

Despite the escalating price levels, demand from the market remained on a healthy level throughout the year. During the year, our skilled teams had to manage burdensome logistical challenges in the transport sector across all markets, combined with a couple of production shutdowns that hampered mainly our ability to service the demand for naphthenic specialty products. However, with the fine efforts of our technical teams, we managed to restore production relatively quickly.

### More flexible sourcing

The US sanctions on Venezuela, the Covid-19 pandemic, and now the Russian invasion of Ukraine, have all brought the geopolitical implications of supply to the fore not only within our industry, but for the world at large. We are reassured that the feedstock flexibility programme that we have put in place and continue to develop is the way forward. We now have feedstock supplies from multiple sources in the North Sea and South America (excluding Venezuela). Our intensive efforts to be able to handle a more diversified supply of feedstock are paying off.

### Sustainability programme

Despite multiple challenges in 2021, Nynas made progress in many areas. We continued investing in R&D and the development of more sustainable customer solutions receiving, for example, acclaim from the market for our NYTEX® BIO 6200 tyre and rubber oil, produced using renewable feedstock. We are also involved in academic research investigating the recyclability and circularity aspects of bitumen. Today, our bitumen products in road applications are 100 per cent reusable. They also make it possible for customers to recycle asphalt and pave asphalt at lower temperatures, which contributes to lowering greenhouse gas emissions.

In line with our strategy, we accelerated an extensive programme to maintain our industry leadership in sustainability. Nynas activities are now aligned with the UN Sustainable Development Goals and we monitor all emissions from our operations based on the Greenhouse Gas Protocol. In March 2021, we inaugurated two new energy efficient heaters at our Gothenburg refinery that are lowering both energy costs and our carbon footprint.

### Dedication to safety

We take health and safety very seriously and are proud of our achievements in 2021, which include our best score ever for Total Recordable Injury Frequency. We also consistently score higher than the industry average. We were able to handle the Covid-19 situation in a safe manner while continuing to operate throughout the pandemic at all our sites. This was achieved by comprehensive testing, putting strict measures in place and due to the indispensable cooperation of our dedicated employees. All of our



## MESSAGE FROM THE PRESIDENT



“We take health and safety very seriously and are proud of our achievements in 2021, which include our best score ever for Total Recordable Injury Frequency.”

achievements are thanks to their can-do attitude, flexibility and attention to safety.

### **Transformation focus**

Nynas is now evaluating its business scope to become more focused, with sales activities concentrated on our core markets and select product segments. We will adapt and tailor our production and logistics capacity accordingly and become a more agile and efficient organisation. These changes, combined with a continued focus on innovation, will ensure we are an invaluable partner and supplier, serving our customers in the best way possible for many more years to come.

### **War in Europe**

On February 24, 2022, the world as we used to know it changed forever. The Russian unprovoked attack on Ukraine with its unforgivable cruelty is in-apprehensible. Nynas took the decision to halt purchase of feedstock of Russian origin, and sales to customers in Russia and Belarus was stopped. At this moment it is not possible to access the full and final impact on our business.

We can only hope for an imminent end to this war, and our thoughts and support is with the Ukrainian people.

**BO ASKVIK**  
*President 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 the most sustainable way to make our products, through an efficient supply chain, logistics and product usage. With close proximity to our customers, we are able to shorten lead times and the distances that our goods must travel.

### 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.

Nynas is committed to lowering its own environmental impact and emissions to air, sea and land. 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 emissions to air, sea and land. Our aim is to become climate-neutral by 2050\*.”**



## SUSTAINABILITY REPORT

# Sustainability governance

### Ambition and strategy

In 2021 we accelerated our focus on sustainability through multiple initiatives. Based on our sustainability ambition and the materiality assessment<sup>1</sup> conducted a few years ago, we have defined a new sustainability strategy that focuses on the following four areas:

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

Within these four key areas we have defined ambitions and strategies for 2030. It is our ambition to develop and deliver products that contribute to sustainable development; create a safe and healthy working environment for everyone; increase energy efficiency and reduce our climate impact; and be a responsible company that contributes to positive development in our local communities.

In this year's report additional Key Performance Indicators, KPIs, related to sustainability have been included. We are in the process of defining measurable targets and further KPIs to cover all four focus areas and these will be communicated in 2022.

### Sustainability policy and UN Sustainable Development Goals

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.

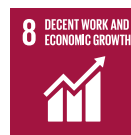
The policies are as follows:

- 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

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

During the year, Nynas revised the company policy on sustainable and committed to supporting the UN Sustainable Development Goals. Four goals

have been selected for particular attention as our products, operations and actions based on our sustainability strategy are expected to support or contribute to these four goals the most.



### SDG 8 decent work & 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.

1) See Nynas Annual Report 2020.



## SUSTAINABILITY REPORT



### SDG 13 climate action

We aim to be climate neutral by 2050<sup>2</sup> and monitor our greenhouse gas emissions (GHG) according to the Greenhouse Gas Protocol Scope 1 &

2. We continuously work to improve energy efficiency and reduce greenhouse gas and other emissions from our operational activities and we are in a process of developing clearer goals related to this. Our focus is on developing high quality products that enable longer service life, reduce greenhouse gas emissions and increase energy efficiency.

Overall sustainability is the responsibility of the Board whose decisions are carried out by the Nynas Executive Committee.

In September 2021, Nynas appointed a Vice President Group Strategy & Sustainable Development to the Executive Committee in order to accelerate sustainability efforts and ensure these efforts are closely integrated with the Nynas strategy. A steering committee consisting of executive members and a working group with representatives from key business areas and functions, has been formed in order to ensure progress.

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

## Nynas received the EcoVadis Platinum CSR rating

In 2021, we received the EcoVadis Platinum CSR rating, which puts the company in the top one per cent for sustainability performance in all aspects of sustainability, including environmental and supply chain sustainability, labour practices and ethics. EcoVadis is a global sustainability ratings provider that rates companies on the quality of their sustainability management system. Platinum is the highest score possible. Nynas previously received a Gold rating over several years.



## 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. A second delegated act for the remaining objectives will be published in 2022.

In second half of 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 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.

Even if Nynas does not have any eligible activities for the two climate objectives Nynas works actively to reduce the impact on climate change, please see the section Environment & Climate and Sustainable products.

	Total in MSEK	Proportion of Taxonomy eligible activities (%)	Proportion of non-Taxonomy eligible activities (%)
Turnover	16,716	0	100
CapEx	652	0	100
OpEx	346	0	100

# 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.

### Nynas response:

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

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.

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.

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

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, durability and the possibility of a circular product flow. Our bitumen products in road applications are 100 per cent reusable and make it possible for customers to recycle asphalt. They also enable customers to pave asphalt at lower temperatures, which contributes to lowering greenhouse gas emissions. In some applications, our specialty oils are also fully recyclable at the end of their service life and in some other cases the compositions they are a part of are recyclable.

We continue to explore and develop circular product flow solutions in dialogue with customers and other stakeholders to innovate for the future. For example, Nynas and the French road construction specialist Colas have been studying pavement

ageing and assessing bitumen's contribution to pavement durability. The project is co-sponsored by the Asphalt Institute Foundation. In 2021, Nynas and Colas began a three-year collaboration with Aston University in England, which has expertise in pavement modelling and parameters that affect pavement ageing. The purpose is to, among other things, see how binder ageing evolves with pavement depth and how asphalt mixture properties are affected. During the year we also continued a study in collaboration with Ancona University in Italy investigating the recyclability and circularity aspects of bitumen.

### Non crude feedstocks

NYTRO BIO 300X is a biobased, renewable and like all Nynas transformer oils a fully recyclable product. This high-performance transformer fluid offers superior heat transfer and exceptional cooling due to its ultra-low viscosity. Further work to study the performance benefits of NYTRO® BIO 300X has been conducted with customers, showing, for example, an up to 10K (Kelvin) lowering of the winding hotspot temperatures in the transformer compared to mineral transformer oils that comply with IEC standard 60296.



In 2021, NYTRO® BIO 300X received the USDA Certified Biobased Product Label, which helps users readily identify products with verified bio-based content.

### Innovate for sustainability

Our product development and innovation efforts are driven by quality, performance and environmental impact. Through our ReSolution framework, Nynas customers can find products and solutions that help them achieve sustainable performance by reducing temperature, reinforcing durability and/or reusing material. Today, ReSolution is available for bitumen products and by 2022 it will formally cover the naphthenic product range as well.

In 2021, we introduced a new polymer modified bitumen (PMB) product range with biogenic carbon. This high-performance PMB increases pavement life compared to unmodified bitumen and has a smaller



## SUSTAINABILITY REPORT

### Nynas breaks new ground for lower carbon roads

**Nynas has developed a new product range that offers the road construction sector a way to reduce its climate impact.**

In 2021, Nynas published a white paper, critically reviewed and approved by the IVL Swedish Environmental Research Institute, outlining the benefits and carbon footprint calculations for a new range of bitumen binders incorporating biogenic material. The new Nypol RE product range helps extend the useful life of pavement, leading to a lower carbon footprint. It will be available in select markets in 2022.

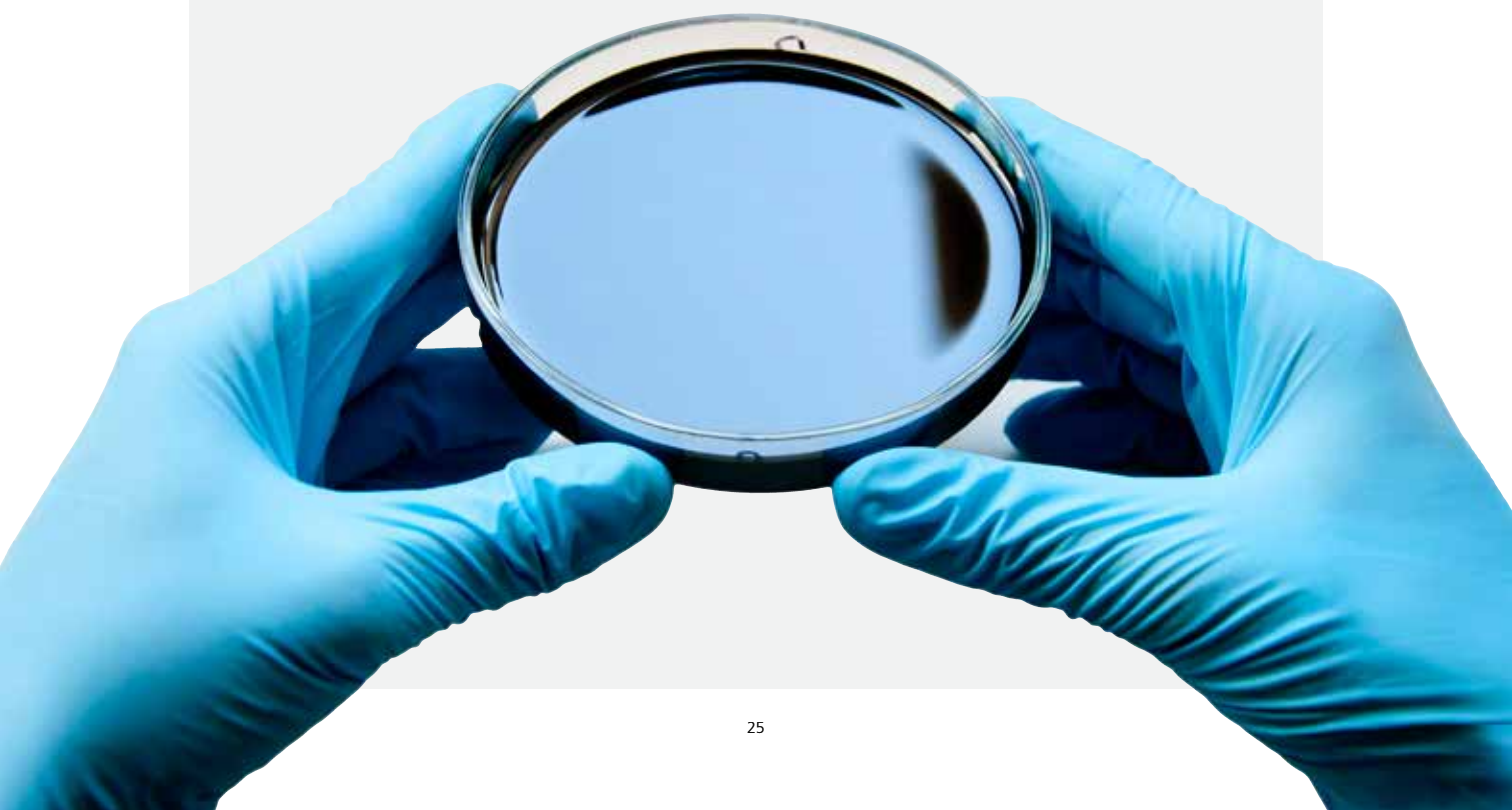
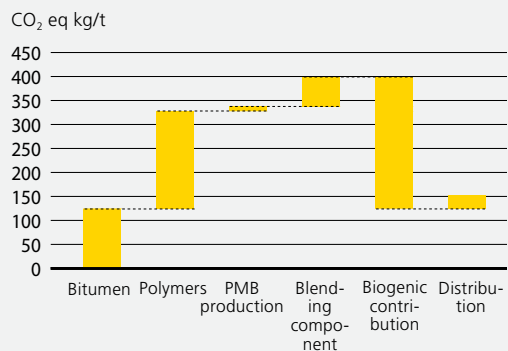
Extending the life of pavements is one of the best things one can do to improve the sustainability credentials of a road construction. Over the lifetime of the road less new raw material will be used and fewer maintenance interventions will be needed, leading to a lower carbon footprint.

For more than 50 years, polymers have been combined with bitumen to extend pavement life. Polymer, however, adds significantly to the carbon footprint of the binder. The

biogenic material in the Nypol RE polymer modified bitumen (PMB) range reduces the overall carbon footprint.

A number of academic studies involving Nynas demonstrate that the biogenic material contributes to enhanced resistance to ageing and better adhesion compared to standard PMB and can also be reused or recycled at the end of its useful service life.

**TOTAL CARBON FOOTPRINT BREAKDOWN OF FINISHED PRODUCT**



# SUSTAINABILITY REPORT

carbon footprint than other PMB products, see case story, page 25.

During the year, Nynas presented the concluding findings from a joint study and tests on naphthenic oils, revealing that grease manufacturers can reduce the lithium soap content and lower their energy consumption in the grease processing stage, see case story, page 27.

Our tyre and rubber oil, NYTEX® BIO 6200, is produced using renewable feedstock, delivering the same high quality and performance of all Nynas tyre oils, yet contributing to higher sustainability through a lower raw material carbon footprint. In 2021 *The European Rubber Journal* ranked NYTEX® BIO 6200 as the second most important sustainability project happening in the elastomers/rubber industry right now.

We continue to develop safer market alternatives. In 2021, for example, products from our NYTEX® portfolio were presented as a compliant alternative with no hazard classification choice for wood treatment producers and formulators. 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.

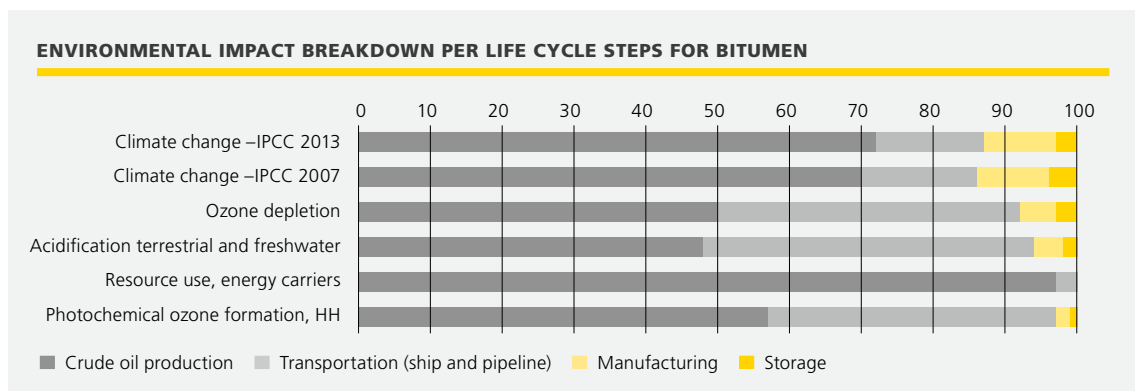
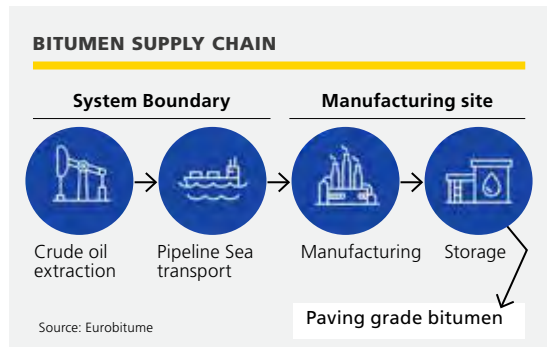
### Market dialogue

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 chair Eurobitume’s Bitumen Sustainability Steering Group, whose mission includes promoting the sustainable use of refined bitumen in road, industrial and building applications. Eurobitume has published a Life Cycle Inventory (LCI) covering cradle to gate with data on bitumen used in Europe. The Nynas naphthenic business recently updated the LCI for base oil, also with coverage from cradle-to-gate.

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. In 2021, Nynas joined the newly formed ALIA, Asian Lubricants Industry Association’s sustainability subcommittee whose purpose is to aid and support the Asian lubricant industry’s approach to sustainable development.



## SUSTAINABILITY REPORT

### Helping customers reduce energy and raw material consumption

**Nynas oils help grease producers substantially reduce their energy consumption and lithium soap content.**

In 2021, Nynas presented the concluding findings from a joint study and full scale grease production tests on naphthenic oils. The industrial-scale study was conducted by Nynas in collaboration with reactor manufacturer Stratco and grease manufacturer, Eldon’s SA. Its goal was to investigate ways to reduce the carbon footprint in the making of lithium-based greases, which represent about 75 per cent of the global grease production.

In its efforts to find out if lubricating grease could be produced in a more efficient way, the study team decided to explore what impact the solvency power of the base oil would have on the energy consumption. The

comparative study showed that naphthenic oils, such as NYNAS® T110, offer advantages versus paraffinic oils, such as a SN525 used in the study. T110-based greases showed better performance features due to the higher degree of base oil solvency.

The findings reveal that grease manufacturers can both reduce their lithium soap content and lower their energy consumption in the processing stage by about 12 per cent.

*“The soap content saving represents both a raw material cost saving for the manufacturer and a reduction in the demand for lithium. And the reduced energy during production represents a utility cost saving for the manufacturer,”* says Mehdi Fathi-Najafi, Senior Technical Advisor and Nynas Naphthenics’ grease specialist.



**“Grease manufacturers can reduce their lithium soap content and lower their energy consumption in the processing stage by about 12 per cent.”**

## 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.

The following four policies apply throughout Nynas:

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

### 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. Today we are performing in line with or better than the EU oil and gas industry and can focus on further improvements.

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.

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 (TRI) such as holding extra safety meetings, updating our minimum safety requirements and by sharing best practices. These efforts have paid off. Our Total Recordable Injury Frequency (TRIF) score for Personal Injuries has improved consistently from 4.7 in 2018 to 1.1 in 2021, which is our best score ever and better than the industry average of 1.5.

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 in line with our performance in the previous year with 15 cases, which is just above the 2021 target of 13. Nynas benchmarks its Transport Accidents against figures from the European Chemical Transport Association (ECTA) and will present KPI targets and metrics for Transport Accident Rate in the near future 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 effects. Nynas provides guidance for safe use of all its products with safety data sheets 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.



# SUSTAINABILITY REPORT

## COVID-19 and wellbeing

The COVID-19 pandemic continued to impact our operations, and since 2020 we have had a special group in place to monitor the situation and issue and update internal guidelines and Frequently Asked Questions throughout the company. Due to our global presence and the fluctuating situation throughout the world, measures and rules have been defined and applied locally with the aim of safeguarding the wellbeing of Nynas employees and the continuation of our business and operations. In 2021 we encouraged working from home whenever necessary.

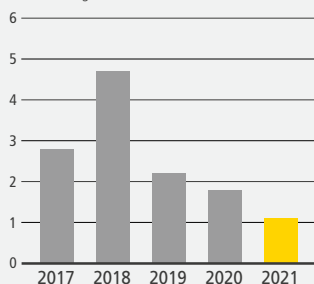
Our pandemic protocols and testing have been in place since 2020, so in 2021 we were able to increase the focus on employee mental health. Managers held more frequent online gatherings as a way to raise the level of motivation. We held our regular health and safety meetings online, with a minimum of six annual meetings for manufacturing and at least three for other Nynas personnel. We also developed material to address the issues of working from home, ergonomics and stress.

“When it comes to safety, Nynas place high demands on all levels”.

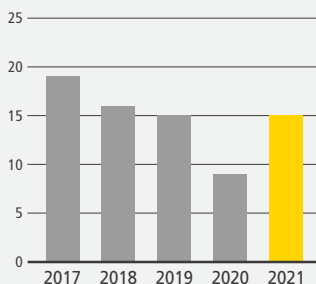


### TOTAL RECORDABLE INJURY FREQUENCY (TRIF)

Total recordable injuries per million working hours

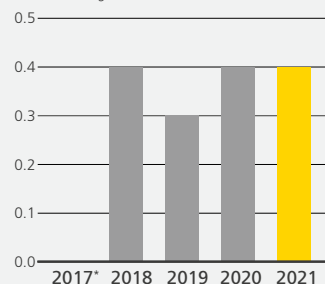


### TRANSPORT ACCIDENTS



### PROCESS SAFETY ACCIDENTS RATE (PSA)

Process safety accidents per million working hours



\*Zero PSA 2017

## SUSTAINABILITY REPORT

### Healthy turnarounds in the middle of a pandemic

**Despite the COVID-19 pandemic, Nynas managed to complete two successful operational turnarounds. Both of them were carried out incident-free due to strict health and safety measures.**

Performing an operational turnaround (maintenance shutdown) is never an easy task. Gathering hundreds of people on site in the middle of a pandemic made the challenge even more daunting. Yet throughout the COVID-19 pandemic, the Nynas Harburg refinery has managed to achieve safe turnarounds, with the most recent one taking place at Harburg’s South Plant in the spring of 2021.

For the 2021 turnaround, Nynas once again relied on the health and safety measures used in the previous year for the North Plant. For both turnarounds, the health and safety of hundreds of workers from all over Europe had to be ensured.

*“Looking after their health and safety was our top priority,” says Turnaround Manager Pierre Chastel, who has over 30 years of experience carrying out turnarounds at refineries throughout the world. “As well as the thousands of documents already required, we developed a safety concept for COVID-19, and proactively coordinated it with the local authorities.”*

Adhering to physical distancing rules was crucial, in addition to measures such as providing personal protective equipment. To ensure physical distancing, a tent was erected in which 40 participants could sit on chairs two metres apart and, instead of offering a canteen, a takeaway service was set up. *“We furthermore significantly reduced the number of external employees per changing room and office – work that necessitated the construction of over 500 containers on site,” says Chastel.*

All new arrivals had to present a negative COVID-19 test result and they were later retested. This helped stop the spread of a few discovered cases. *“These efforts paid off,” says Chastel. “The authorities praised our concept and have been using it ever since as best practice for other companies.”*

For the first turnaround, 8,000 different activities were carried out over a period of 200,000 work hours, including opening, cleaning and inspecting containers, heat exchangers and filters. On top of the planned work, unexpected repairs were also necessary. *“To avoid accidents, the highest possible level of safety is required. Our main focus was ensuring that for the next five years we would have a reliable plant that would allow uninterrupted production,” Chastel explains.*


The maintenance and auditing of Nynas plants takes place every five years in line with legal regulations. *“Our remit was to carry out projects to modernise refinery operations and ensure they were sustainable,” says Chastel.*

This was achieved without any accidents, any environmental pollution or leakage in the plant. It was also achieved without spreading COVID-19 on the site.



Turnaround Manager, Pierre Chastel, was responsible for pandemic safety measures at the Harburg refinery in Germany during the turnaround.

# SUSTAINABILITY REPORT

A high-angle photograph of an industrial facility, likely a refinery or chemical plant. In the foreground, a worker wearing a bright yellow high-visibility safety jacket with reflective stripes, a bright orange hard hat, and safety glasses is operating a yellow scissor lift. The worker is looking down and to the left, focused on the task. The lift is positioned on a blue metal structure. In the background, the vast industrial complex is visible under a clear blue sky. The facility includes numerous large white storage tanks, tall distillation columns, and a dense network of blue and silver pipes and walkways. The sun is high in the sky, creating a bright, clear atmosphere. The overall scene conveys a sense of active industrial operations and safety.

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



## SUSTAINABILITY REPORT

# Focus area — Environment and Climate

Our focus is increasingly on how we can 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.

The following 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 Greenhouse Gas Protocol. In 2021 we mapped our GHG emissions and

began defining scope 1 and 2 reduction targets for 2030 and 2050. Our aim is to become climate-neutral by 2050\*. Reduction targets for 2030 will be developed in 2022. In 2022 we will also start collecting data on GHG emission from selected categories of scope 3.

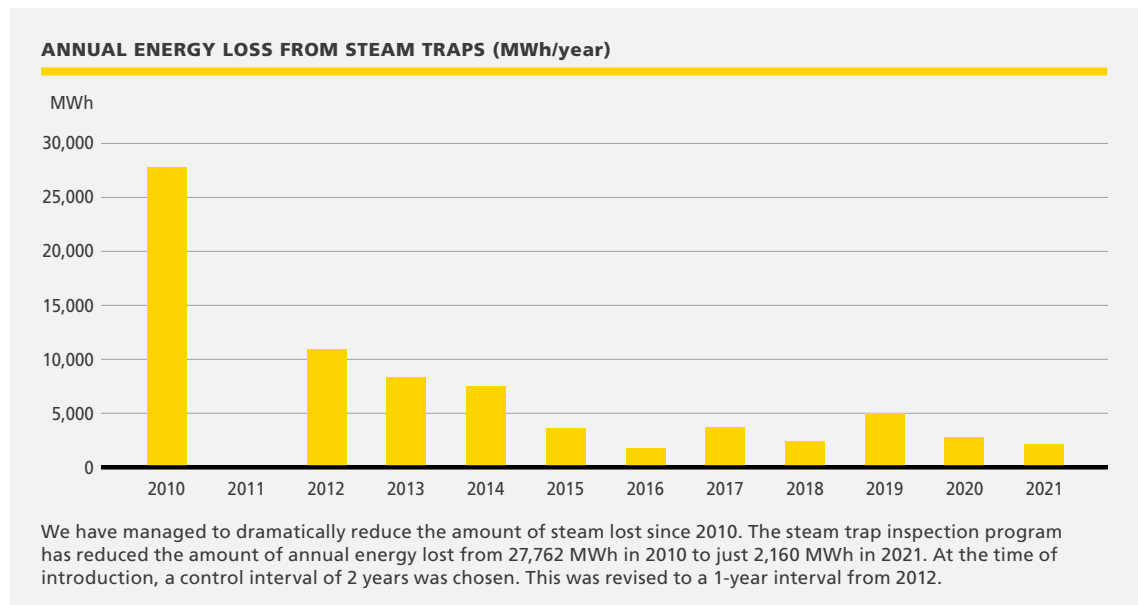
All Nynas refineries carried out measures in accordance with environmental legislation in 2021. The Swedish refineries are fully compliant with the Industrial Emissions Directive (IED) BAT conclusions from October 2018. The BAT conclusions for refineries in Germany have been adopted into several legal regulations and the Harburg refinery is fully compliant with all regulations that have been fixed in different permits by the authority. The TA Luft (Clean Air Act), which came into force in Germany in December 2021, will have a significant impact on all German industrial units.

### Environmental programmes

We have managed to dramatically reduce the amount of steam lost since 2010 in Nynäshamn. The steam savings have reduced the amount of annual energy lost from 27,762 MWh in 2010 to just 2,160 MWh in 2021.

We have ongoing programmes to improve our energy efficiency. Our Harburg refinery, for example, began a five-year programme in 2021 with a target to

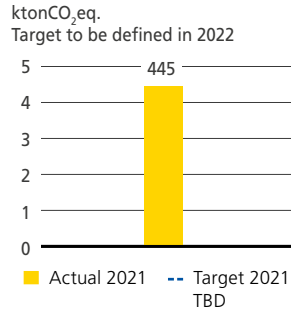
\*In accordance with the EU aim to have an economy with net-zero greenhouse gas emissions





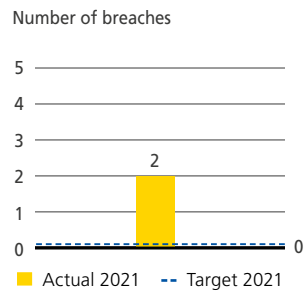
# SUSTAINABILITY REPORT

## GHG EMISSIONS IN SCOPE 1 AND 2



In 2021 we mapped our scope 1 & 2 greenhouse emissions (GHG). Nynas aims to have climate neutral scope 1 & 2 GHG emissions by 2050. Reduction targets for 2030 will be defined in 2022.

## ENVIRONMENTAL PERMIT NON-COMPLIANCE



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



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

reduce energy consumption by 25 per cent by 2025. During the year, the Harburg refinery, which manufactures bitumen, naphthenic specialty oils and medical white oils, insulated two tanks for better energy efficiency. The stripper column of a hydrotreater was fitted with a new tray in order to reduce the steam consumption of this column by up to 50 per cent. We also replaced a smaller heater with a more efficient one. The new heater will reduce energy consumption by 20 per cent and lower the heater’s flue gas emissions of NO<sub>x</sub> by 80 per cent. There are also plans to replace Harburg’s old bitumen gas heater with electrical heaters for improved efficiency and environmental performance, starting in 2024–2025. Within all of our operations we are moving to 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 will reduce carbon dioxide (CO<sub>2</sub>) emissions by 34 per cent, and emissions of nitrogen (NO<sub>x</sub>) and sulphur oxides (SO<sub>x</sub>) by 80 per cent, see case story. 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 2,880 tonnes in 2021. The steam savings have reduced the amount of annual energy lost from 27,762 MWh in 2010 to just 2,160 MWh in 2021.

## SUSTAINABILITY REPORT

### 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 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 80,000m<sup>2</sup>. Remediation of the contaminated area is ongoing in line with a decision by the Land and Environment Court and annual consultation with the County Administrative Board.

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. Remediation of the area is challenging due to the potential to release toxic gas (SO<sub>2</sub>) 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.

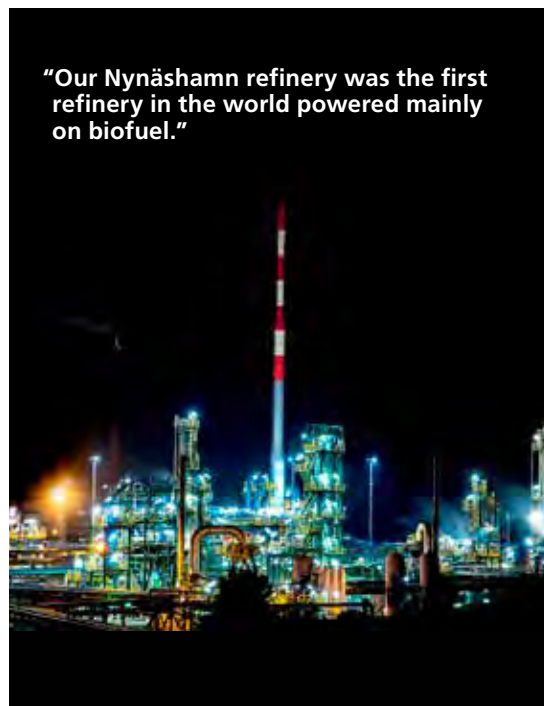
This year marks the final stage in the Landfarmen landfill covering and decontamination project, which has been running for some 30 years. In 2017, a plan was developed for the final covering, situated at the Nynäshamn refinery, and approved by the local County Administrative board in 2020. That work began in 2021 and is expected to be completed in 2022.

At our Harburg refinery we have come to an agreement with the local authorities on a decontamination/groundwater cleaning project of PFAS, which was included in firefighting foams in the past. We are now finalising 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 Värmevärden, 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 Värmevärden, reduces the consumption of water at the refinery by around 120,000 tonnes per year and provides clean water for both the refinery and Värmevärden’s district heating production.



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

## SUSTAINABILITY REPORT

### New investment reduces emissions

**A SEK 190 million investment has resulted in major emission reductions at the Nynas refinery in Gothenburg.**

Nynas inaugurated two new heaters at the Gothenburg refinery in March 2021. It is the biggest investment since the refinery opened in 1956 and will have a major impact on both the environment and the supply of bitumen binders.

The investment in more energy efficient heaters is reducing the refinery's carbon dioxide emissions by 34 per cent and emissions of nitrogen (NO<sub>x</sub>) and sulphur oxides (SO<sub>x</sub>) by 80 per cent. The new natural gas heaters are also adapted to be fired with renewable biogas as it becomes more readily available.

*"This is an example of Nynas now implementing a series of investments and measures in our refinery system with the aim of reducing our greenhouse gas emissions. We work actively with suppliers and other partners to seek new and effective solutions to meet the climate challenges facing the industry,"* says Rolf Allgulander, Nynas Vice President Manufacturing.

The Gothenburg refinery mainly produces bitumen, the binder in asphalt, and the furnaces are used to heat the crude oil feedstock before it is distilled into various bitumen products. The investment in new heaters also contributes to securing the critical supply of bitumen for infrastructure within the Nordic region.

*"Through the investment, we now secure access to binders for our Nordic customers while improving our environmental performance,"* Rolf concludes.



## SUSTAINABILITY REPORT

# Focus area — People and Society

Nynas is a responsible member of the community that aims to be an attractive employer. We offer competitive salaries, career opportunities, international work experiences and training, along with a non-hierarchical and open-minded culture. In 2021 we escalated our efforts to work with a sustainability mind-set 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 behaviour. Nynas should also be seen as a good neighbour and partner in the local business environment, with responsible supply chain management.

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*

Among our recruiting challenges is to attract employees with specific competences and make our industry more attractive. Stronger employer branding and a greater focus on sustainability is therefore essential.

In 2021, we increased efforts to strengthen the Nynas employer brand. An employer branding manager was recruited to develop a long-term employer branding strategy and to explore a more structured way of attracting and retaining employees, using both external and internal methods and channels. As well as overseeing the recruitment process, focus is on the candidate experience and in-house recruitments.

#### *Encouraging diversity and inclusion*

Diversity and inclusion come naturally in our multicultural company, and we continuously strive for a diverse workforce. In our workplaces, everyone should feel welcome, regardless of gender, social background, ethnicity, religion, sexual orientation, age, or disability.

We recruit many employees from around the world and offer support and service to these employees such as relocation assistance. Building relationships in the workplace and having a social context is a very important factor especially if you just moved to a new country, which is why we encourage social activities and forums particularly for our newcomers.

We have an even ratio between female employees, 27 per cent and female leaders, 26 per cent and have focused efforts on having female participants in major management programmes and networks such as the Swedish Ruter Dam.

#### *Programmes and development*

Nynas offers a specialist career programme, leadership programme and other training opportunities. We monitor employee progress through an annual performance appraisal process. The Nynäshamn facility offers NyEx, a trainee and job rotation programme designed to secure future resources and engineering expertise while providing work opportunities to recent engineering graduates. We also offer 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*

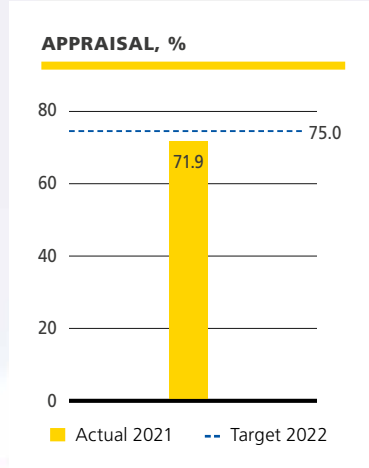
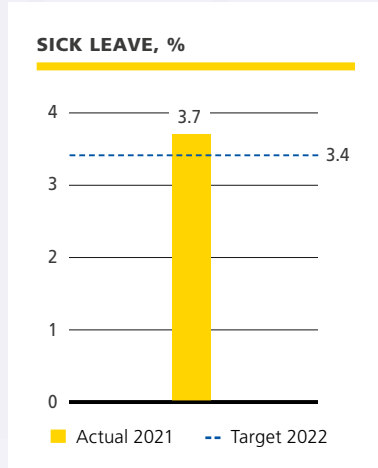
Every other year Nynas conducts an employee survey to identify areas indicating a need for improvement. The Compass survey results in 2021 had a slightly higher engagement index score compared to the previous survey and the results were higher or on par with industry benchmark comparisons. The response rate was 88 per cent. Though we can see from the survey an indication that managers show signs of weariness, as a consequence of the changes in the company in recent years, a majority of the respondents consider Nynas to be well managed. They also recognise that there are development opportunities and believe that Nynas values are prevalent in the workplace.

#### *Leadership*

Strong leadership is a key to our future success and we offer 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.



# SUSTAINABILITY REPORT



## SUSTAINABILITY REPORT

### Responsible member of the community

#### *Good neighbour*

Being a good corporate citizen is important for every Nynas production site, Nynäshamn, Harburg, Gothenburg, and we want to be seen as a good neighbour and partner in the local community. We are achieving this through high HSE 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. In 2021 we conducted a survey in Nynäshamn to find out how our operations are perceived locally. The results show that Nynas is regarded as an attractive workplace and a company that contributes in a positive way to the local society.

Our Harburg operations work with neighbouring companies on flood protection and emergency response in the local area. When possible, all three of our plants offer study visits to students and the community, as well as educational opportunities, such as supporting chemistry lessons in local schools. Nynas offers university students and graduates internships through collaborations with universities located near its facilities, such as the Hamburg University of Technology (TUHH) in Germany, KTH Royal Institute of Technology in Stockholm, Sweden and Chalmers University of Technology in Gothenburg, Sweden.

#### *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. 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.

We recognise the need to increase our follow up and auditing activity and a new road map for

evaluating suppliers is under development and will be launched in 2022.

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

Non-compliance issues are handled through a whistleblowing system that is currently being updated to comply with new EU regulations coming into force in 2022. This will enable 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

### With the world as a workplace

**In a global company like Nynas, opportunities arise regularly for employees to apply to work across national borders. This kind of job rotation benefits both the individual and the company as a whole.**

Rena Soh, Marketing Analyst & Project Coordinator moved from Nynas in Singapore to Stockholm in 2021. *“I’ve always been open to new experiences,” she says. “This opportunity to move to Sweden and join our marketing team has been an exciting change and development for me after my time in both sales and customer service.”*

Rena, appreciates the way employees are given the opportunity to try their hand in both new functions and other countries.

*“By trying out something new, you can discover new sides and competences in yourself, while acquiring a better understanding of the company’s operations.”*

Coming from sales, she hopes to support the marketing team in enhancing value and cooperation with sales. Rena has also been enchanted by her new hometown, Stockholm.



Rena Soh, Marketing Analyst & Project Coordinator

Maxime Olausson, Process & Project Engineer, moved from Nynäshamn, Sweden to Hamburg, Germany and a new job at the refinery in Harburg.

*“One of the reasons I chose to work for Nynas is that it’s an international company with production facilities in several countries,” he says. “I was open with my managers right from the outset about wanting to work abroad, and this year I was given the chance to start my job rotation in Harburg.”*

Maxime is convinced that there is a lot to be learned by working at another site. *“Even though all the sites are Nynas refineries, they differ both technically and logistically. I hope to continue to be involved in running lots of exciting projects from now on, so that we can achieve the common production, quality and safety goals we’re striving towards at a global level.”*

For Nynas, it’s important to stimulate the sharing of knowledge between refineries and departments, he adds. *“For example, I’m sharing my experiences from Nynäshamn and how we run projects in Engineering. In return, I have access to the combined expertise of my experienced colleagues here in Harburg.”*



Maxime Olausson, Process & Project Engineer

## 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 2021. Nynas AB is registered in Stockholm and the address of its head office is Lindetorpsvägen 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 is a leading brand and global market leader in NSP and a market leader in bitumen in the European market where it operates. Nynas' products support growth in infrastructure and touch the lives of nearly everyone every day through their presence in roads, roofs, running shoes, adhesives, rubber, paint, magazines and lubricants, which are just some of the thousands of everyday objects that contain Nynas oils and the products are sold in markets worldwide.

### STRATEGY

For many years Nynas strategy and vision have been to strengthen its position as the global leader in naphthenic products and as the premier bitumen partner in Europe. Nynas strategy for achieving this vision is aligned with key global trends and comprises activities to improve operational excellence and expand our product and service offerings. The world around us is however changing at a rapid pace, and Nynas need to take the next step to stay ahead of the competition and manage the impact of the many external factors.

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.

- Nynas will concentrate direct sales activities to its core markets in Europe and selected other markets and segments and investigate new options to serve customers in remote geographies.
- Nynas will become a more focused company while retaining an innovative leadership role in the industry.
- Nynas will adapt and tailor its production capacity and depot structure to the markets to be served.
- Nynas will create a more agile and efficient organisation for the benefit of its customers.

### COMPANY REORGANISATION AND GOING CONCERN ASSESSMENT

Nynas company reorganisation was completed in January 2020, 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. But already in January 2021, following the successful exit from the formal reorganisation, Nynas has secured further working capital facilities in the form of a 12 month bridge facility and factoring arrangements on both recourse and nonrecourse basis for bitumen and NSP customers. In addition, Nynas has sufficient liquidity to cover day to day operations, and Nynas could complete planned and necessary purchases of oil to meet demand and maintain production volumes during almost the whole year of 2021.

Towards the end of 2021, Nynas took the decision to preserve cash and limit the risks related to the current market situation in oil and energy until conditions stabilized. Most importantly due to the risk related to building stocks based on crude oil at very high price levels. Therefore, Nynas reduced the number of crude cargoes, leading to a reduction of production affecting our sites. The Gothenburg refinery was closed for winter earlier than planned, the feed to ERL was limited and we introduced a partial standstill for the production in Harburg, Germany, until March 2022.

For Nynas the recent years of uncertainty and challenging circumstances, i.e., sanctions, company reorganisation, pandemic, increased costs for crude, energy and transportation had a significant 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 and related sanctions, assumptions and actions, including the various liquidity sources identified to find additional financing headroom for working capital, as well as the Business Plan. Based on the above-mentioned circumstances taken as a whole, it is Nynas assessment that the financial statements shall be prepared on a going concern basis despite the uncertainties still identified.



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### SIGNIFICANT EVENTS DURING THE FISCAL YEAR

- On January 19, 2021, the decision to adopt Nynas composition from 30 November 2020 became final in Södertörn District Court. This means that Nynas company reorganisation is formally completed and that Nynas creditors will be paid in accordance with the composition agreement.
- On February 2021 the Board of Nynas AB has appointed Bo Askvik as President and CEO of Nynas on a continuing basis.
- On March 4, 2021, a EUR 75 million Bridge Facility was signed for financing of the company's working capital with private investment vehicle advised by Davidson Kempner and Deutsche Bank.
- On March 12, 2021, an Asset Based Lending facility for up to GBP 100 million was signed with Breal Zeta Ltd.
- On July 26, 2021, a binding agreement was signed by an investment vehicle managed by Davidson Kempner Capital Management LP (together with its affiliates and affiliated investment vehicles, "Davidson Kempner") for the acquisition of the entire equity stake (49.9 per cent) in Nynas from Bitumina Industries Limited. Following completion of the acquisition, Davidson Kempner will be the largest individual shareholder of Nynas.
- On August 16, at an Extraordinary General Meeting in Nynas AB, new directors of the board in Nynas AB were appointed by Davidson Kempner.
- On September 27, the transaction involving the sale of a 49.9 per cent shareholding in Nynas between Bitumina Industries Limited (in administration) and an investment vehicle managed by Davidson Kempner Capital Management LP together with its affiliates and affiliated investment vehicles ("Davidson Kempner") was completed.
- In the autumn a high-level analysis were made on future discounted cash flows plans where the management concluded a need for an impairment write-down of SEK 695 million, relating to the Bitumen refinery assets.
- Through quarter four, Nynas worked with its strategic advisors to develop a go-forward strategy, leading to focus on its core markets in Europe. This directional strategy has received strong support from existing and new lenders and has allowed the company pursue and to secure new financing facilities.

### 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, with world GDP and oil demand recovering throughout the year. Global GDP is estimated to have increased by approximately 6 per cent vs the previous year, with the Eurozone and US GDP increasing by approximately 5 per cent and 6 per cent respectively. The China GDP increased by approximately 8 per cent with India increasing by approximately 9 per cent. Demand for crude oil and base oils continued to recover, with crude oil demand growing by approximately 5 million barrels/day, ending the year only 1 million barrels/day below pre-pandemic levels. Demand recovered strongly in all the main industrial oil segments relevant to Nynas, however the rate of demand growth was constrained by global supply chain and logistic issues.

At the end of December 2020 Brent prices was at 50 USD/bbl, with an average oil price level at 42 USD/bbl during 2020, prices increased during the year to end at 74 USD/bbl in December 2021 given an average oil price level at 71 USD/bbl during the year. The US dollar and British pound strengthening versus the Swedish krona during 2021 compared to 2020. For the year, US dollar was by the end of the year 11 per cent stronger than last year at 9,09 and British pound strengthening by 8 per cent compared to 2020 ending at 12,10 versus the Swedish krona. Euro ended at 10,27 and was in average compared to end of 2020 somewhat stronger.

### Naphthenics

Sales volumes in 2021 increased by 9 per cent compared to 2020 actuals, with growth in all regions with the exception of APAC and in all segments with the exception of the Electrical Industry. Sales were constrained by supply availability mainly due to a planned shutdown coinciding with production issues. The 2021 full year net sales increased to SEK 9,037 million (6,401) due to a combination of increased sales volumes and a higher oil price. The underlying business result before depreciation (EBITDA) increased to SEK 862 million (65) driven by improved pricing and inventory gains due to the rising oil price level during 2021.

### Bitumen

The year 2021 has seen lower sales volumes than planned, a decrease with 6 per cent compared to 2020. All regions were affected, however high prices and inventory gains have allowed for a positive underlying business result before depreciation (EBITDA).

The Nordic region had low inventories levels at the beginning of the year and a fierce competition did not

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allow to participate in the preseason replenishment of customers' depots, reduced sales of upgraded products partly driven by the impact of Covid-19 pandemic and supply limitations.

All new major accounts in the UK region successfully came online, unfortunately, an emergency shutdown at the Eastham Refinery during the summer impacted volumes which was only partly offset by very good sales in the end of the year. Sales prices in the UK region have remained under pressure all year and sales of upgraded products which relied on specific feedstock were affected by expensive logistics for the selected feedstock.

Bitumen sales in Western Europe were constrained by the shutdown of the truck loading in Harburg early in the season, extreme weather in the spring and supply restrictions in the autumn, as a result sales were focused on the higher end of the range and the share of added value products.

2021 full year net sales reached SEK 7,063 million (5,190) and the underlying business result before depreciation (EBITDA) was SEK 703 million (499).

### PERFORMANCE OF THE GROUP'S OPERATIONS AND EARNINGS

#### Net sales

Net sales during the year amounted to SEK 16,716 million (12,151). The Naphthenics 2021 sales volume increased by 9 per cent due to the somewhat recovery from the Covid-19-pandemic but impacted from the tight supply and shipping availability. Bitumen volumes in 2021 decreased with 6 per cent compared to last year mainly due to crude supply constraints but also due to the Covid-19-pandemic and the still the uncertainties of the reorganisation process.

#### Operating result and underlying business result (adjusted EBITDA)

Operating income during 2021 amounts to SEK -648 million (1,294). Company reorganisation, pandemic, increased costs for crude, energy and transportation

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 with an average 70 per cent higher level compared to 2020. Non-recurring affecting the operating result totalled SEK -956 million (1,295), mainly explained by the impacted of an impairment loss of SEK 695 million mainly due to Bitumen refinery assets value in use was higher than net realisable value, the impairment loss valuation is based on future discounted cash flows.

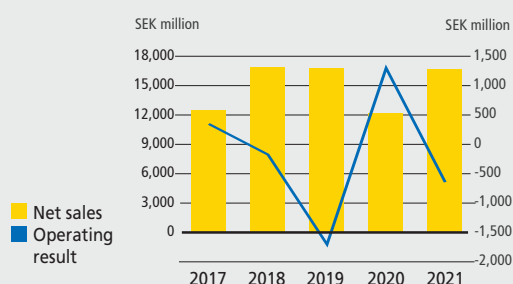
Bridge between operating result and underlying business result (EBITDA):

	2021	2020
<b>Operating result according to income statement</b>	<b>-648</b>	<b>1,294</b>
Composition gain	-	-2,958
Impairment write-down fixed assets and contracts	750	200
Sanction related effects, inventory losses	-	923
Lack of crude supply	-	266
Advisors	56	157
Cancelled oil hedge portfolio	-	79
Environmental and Co2 provision	134	-
Other	16	46
<b>TOTAL ITEMS AFFECTING COMPARABILITY</b>	<b>956</b>	<b>-1,287</b>
Share of profit joint ventures	17	17
Depreciation and amortisation	547	573
Depreciation right of use assets	280	277
<b>UNDERLYING BUSINESS RESULT (ADJUSTED EBITDA)</b>	<b>1,151</b>	<b>873</b>

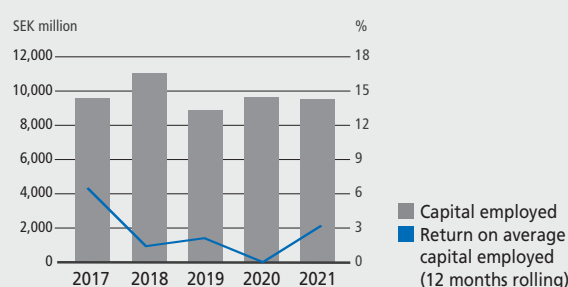
#### Net financial items

Net financial items for the year amounted to SEK -389 million (-397) of which SEK -193 million (-535) is related to net interest expenses. The lower net interest expense are largely explained by the reduced interest rate on debt but offset by exchange rate loss of SEK -69 million due to the strengthening in EUR versus SEK.

### NET SALES AND OPERATING RESULT



### CAPITAL EMPLOYED AND RETURN ON AVERAGE CAPITAL EMPLOYED



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### Taxes

The effective tax rate including non-deductible and non-recurring items was -6 per cent (4). The effective tax rate for 2021 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 3.2 per cent (0.0), return on average capital employed, calculated excluding non-recurring items and return on equity was -26.2 per cent (37.2).

## FINANCIAL POSITION

### Working capital

The seasonal pattern of Nynas' bitumen business is normally reflected in the development of the financial position during the fourth quarter, with an expected reduction in working capital compared, to previous quarters during the year. Working capital is also impacted by changes in the crude oil price, quoted in US dollars, and by currency when reported in Swedish krona. Working capital at the end of December 2021 was at SEK 3,933 million, an increase of SEK 657 million compared to last year. Main driver of the increase is the higher oil price level compared to 2020 level. Oil price level effects are seen mainly in the inventory and accounts receivables, the higher oil price level increased working capital with approximately SEK 1,800 million offset by lower volumes in the inventory with SEK 650 million and an increase in current non-interest bearing liabilities with SEK 500 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, 2021, average working capital amounted to SEK 4,732 (753) million, more representing a normal working capital level since inventory and accounts receiv-

able are higher in peak season. Year-end working capital as of December 31, 2021 of SEK 3,933 million.

### Fixed assets

Fixed assets have decreased by SEK 609 million, a decrease due to an impairment write-down of SEK 695 million, mainly due to Bitumen refinery assets value in use was higher than net realisable value, impairment write-down was based on future discounted cash flows. See further description regarding impairment process Note 13.

### Capital expenditures

The main investment in 2021 was in relation to the planned turn-around in Harburg. Nynas has, during the past few years, undertaken investments to increase the reliability, productivity and flexibility of its manufacturing operations. During 2021 cash capital expenditures totalled SEK 652 million (662) for the full year, with the main portion relating to maintenance investments.

### Financing

Net debt increased by SEK 733 million at the end of December compared with last year, primarily reflecting by the Super Senior Bridge facility of EUR 75 million with Deutsche Bank, private investment vehicle advised by Davidson Kempner, Adare Finance DAC, UK and the Asset Based facility with Breal Zeta CF I Limited, UK of the nominal value of GBP 100 million, with a drawn value of SEK 35 million by the end of December 2021.

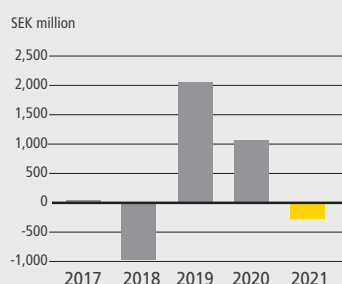
### Equity

Equity at year end amounted to SEK 3,824 million (4,579), the decrease is mainly reflecting by the negative profit in 2021. The equity/assets ratio was decreased to 31.9 per cent (39.5).

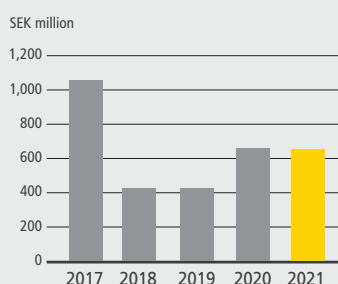
### Cash Flow

Full year cash flow from operating activities amounted to SEK -276 million compared to last year's SEK 1,071 million. Operating cash flow in 2021 was negatively

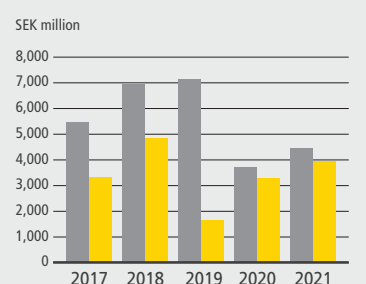
### CASH FLOW FROM OPERATING ACTIVITIES



### INVESTMENTS



### NET DEBT AND WORKING CAPITAL



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affected by the higher oil price level given higher a working capital compared to last year mainly on inventory and accounts receivables.

### Employees

As a global company, Nynas comprises a diverse group of employees from different countries and cultural backgrounds. What they all share is a strong Nynas culture with its three core values: Dedication, Cooperation and Proactivity. The average number of employees during 2021 was 936 (928).

### PARENT COMPANY

Net sales during the year amounted to SEK 14,527 million (10,477), with the increase mainly explained by the higher oil price level. Operating result amounted to SEK -909 million (351). The parent company's total assets increased by SEK 320 million (from 9,766 million SEK to SEK 10,085 million). Capital expenditures totalled SEK 234 million (325) for the full year. The number of employees in the parent company on December 31, 2021 was 449 (422).

### ENVIRONMENTAL AND RESEARCH

During 2021 Nynas had three refineries under its own management, in Nynäshamn and Gothenburg in Sweden and in Harburg Germany. The refining activities require continual investments and environmental initiatives in order to reduce emissions to air and water as much as possible, and to eliminate the risk of accidents. The operations require permits and are subject to local environmental legislation. In Sweden the environmental permits are regulated by the Land and Environment Court.

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

In the process of implementing the Industrial Emissions Directive (IED), BAT (Best Available Techniques) conclusions for refineries were published in October 2014 and the associated BREF (BAT reference document) was published in 2015. Nynas must demonstrate compliance with the BAT conclusions within the four-year time limit from publication. BAT requirements for emission limits to air and water have been implemented in 2020/2021 within new permits with the exception of the bitumen heater in South. Another IED requirement is to produce a baseline report on pollutants in the ground and groundwater in the areas in which the operations are located. The baseline report will subsequently serve as a benchmark on the day that operations are closed down. Baseline reports have been submitted for all refineries.

### Nynäshamn refinery

Sweden Compliance and changes to environmental permits in 2021 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.
- E2 is a well-defined area with contaminated sediments on the seabed outside the refinery. The Land and Environment Court has decided that Monitored Natural Recovery is to be applied on the deeper parts of E2 and that the shallower parts are to be capped.
- Capping requires another decision by the Land and Environment Court and the process for application of a permit is ongoing 2021 and an application will be sent in the year after. Since a full environmental assessment is required, the date for the earliest possible time for performing the capping is set to 2027 as it is turnaround dependent.
- Consultation with the County Administrative Board regarding the technique for monitoring and evaluating the Monitored Natural Recovery (MNR) has been performed. The second part of sampling and evaluation has been performed during 2021. During 2020 the BCA4 cavern from the 1970's was taken into operation. The stipulated period for evaluating VOC-emissions has been performed and reported to the Land and Environment Court by Feb 2021. Sept 2021 a final decision was made regarding VOC-emissions by the Environmental Court with no further conditions.
- An application for a change of the environmental limits for phenols has been submitted during 2021.

### Gothenburg refinery, Sweden

Compliance and changes to environmental permits in 2021 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 charge of fuel have resulted in emission reductions of approx. 5 tonnes of CO<sub>2</sub>, 5 tonnes of SO<sub>x</sub> and 10 tonnes of NO<sub>x</sub>.

### Harburg refinery, Germany

Compliance and changes to environmental permits in 2021 were as follows:

- Harburg applied for a new permit for the allocation of cost-free CO<sub>2</sub> allowances for the fourth trading period starting in 2021, allocation for 2021 and 2022 have been granted by authority. Moni-



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toring concept and concept for calculation of the activity level ("Zuteilungsdatenbericht") have been approved by authority.

- The permits for the installation of additional fixed firefighting installations and the reduction of the staff of the fire brigade were received in December 2018. Within collateral clauses a recalculation of the capacity of the fire water system has been fixed. After modulation of the system, additional technical changes in the system are required. The changes require an additional permit process. The permit for North has been granted in 2020, permit for South has been granted in 2021. Implementation will be finalised in 2022.
- Revision of emergency response plan postponed due to separation process with Shell terminal. Separation for emergency response scheduled for Q1 2022. Safety report for South finalised and submitted to authority in 2021.
- Permitting process for the replacement of furnace F-5401 in LHT-1 has been agreed with the authority. Application documents have been prepared and submitted to authority and the permitting process has been finalised in 2021, project implemented in turnaround and heater in operation since May 2021.
- Feasibility study for remediation of the PFT contamination in the soil and groundwater of the refinery finalised and submitted to authority. Follow-up actions have been agreed with the authority. The planned groundwater remediations shall start in 2022. For soil contaminations no remediation planned. Capacity tests for wells conducted in 2021 tender for supplier have been placed. Pilot operations planned for 2022, Start of groundwater remediation scheduled for 2023.

### Depots and emulsion plants

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

### 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 2021.

### 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 the risk aware culture within the organisation.

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

Twelve risk areas were identified and divided into nine different risk groups. Two workshops were held with each risk group. During spring 2021 workshop number one was held where focus was to identify and evaluate the risks against two criteria: impact and likelihood. These plans contain specific actions, success measures and responsible parties for improving Nynas' risk mitigating strategies.

After summer 2021 the second workshop was held where focus was on finding risk mitigating actions for each identified risk.

In total, there were 124 risks identified which later were consolidated into the top strategic, operational and financial risks that Nynas will focus on going forward.

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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 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.

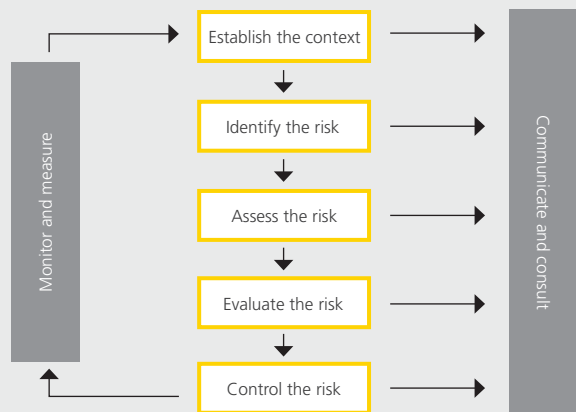
Risks are also monitored continuously in order to determine if the level of risk (i.e. likelihood or impact) has been reduced and whether other measures could be implemented.

### 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 defence 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.

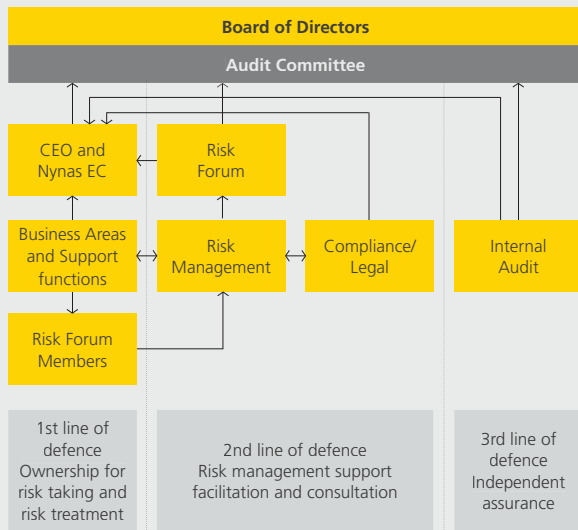
#### 2nd Line of Defence

The role of the second line of defence 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 programmes and supports the ERM process and internal captive. Furthermore, the Group Risk Manager prepares reports and acts as liaison between risk owners and the Risk Forum and ensures that significant risks are addressed and significant opportunities for pro-actively reducing uncertainty are advocated. The

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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 Defence

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

### Insurance

Nynas transfers certain and specific risk exposures to the commercial insurance and reinsurance markets. Further actions are also taken to reduce these insurable risks as part of Nynas' loss prevention strategy. This is done to reduce the potential for significant losses and to ensure the Group's ability to deliver to its customers without interruptions. The insurance and reinsurance capacity are 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 pur-

pose 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.

### Pandemic Risks

The Group conducts its business within the specialty oils market and is consequently affected by general economic trends outside the Group's control. The occurrence of extraordinary events, such as the outbreak of disease epidemics, has an adverse impact on the global economy as a whole and may lead to a global recession, or even depression. Covid-19, is considered a pandemic and has led to continued slowdown in economic growth during 2021, partly due to the spread of Covid-19 itself, but even more so due to the political decisions enacted across different nations in order to try to contain Covid-19, such as quarantines, lockdowns and restrictions on mobility. A number of central banks and governments have continued with financial stimulus packages to reduce significant negative impact on GDP during 2021. Concerns remain as to whether these policy tools will counter anticipated macro-economic risks. A prolongation of the pandemic could significantly adversely affect economic growth, and impact business operations across the economy generally and, by extension, Nynas sales and operations, both as a result of weakened economic activity and in terms of the health and wellbeing of employees being affected. Such weakening of the economy and/or operations could have a material adverse impact on the financial performance or operations of, or the cost of funding for, the Group. In addition, there is currently no reliable way to predict, with certainty, the timing or value of

## REPORT BY THE BOARD OF DIRECTORS

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

transactions affected. Thus, the pandemic may lead to investments being postponed or planned acquisitions and/or divestments possibly not being carried out as planned, which could have a material adverse effect on the Group's business. The longer the pandemic goes on it would have a negative impact on the Group's operations, financial position and earnings and it may become more difficult to raise capital, obtain loans or other financings or service existing debt.

### 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. Nynas takes proactive steps to assess the risks and opportunities in its business environment and manage them accordingly.

### 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 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.



## REPORT BY THE BOARD OF DIRECTORS

### 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 safeguards 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 28.

### Operational Risks

The operational risks in Nynas Group are risks directly attributable to business operations with a potential significant impact on financial performance. These are risks mainly associated with Nynas' business operations such as refinery production, supply chain, products and services and include the effectiveness of processes and operations. Other operational risks are commodity price volatility, dependence on information technology and systems, insurance risks, political risks including sanctions. Risks relating to compliance with laws and regulations are also included in this category. Operational risks also include certain sustainability risks, e.g. health & safety, environmental risks, dependence on human resources, business ethics and human rights risks. Nynas' sustainability activities are further described in the Sustainable Report on page 20–39.

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

## REPORT BY THE BOARD OF DIRECTORS

OPERATIONAL RISKS	CONTEXT	MITIGATING ACTIVITIES
<p><b>Supply Chain risks</b></p>	<p>The availability of suitable crude oil and other feedstock for production of refined petroleum products at Nynas refineries is a critical factor enabling Nynas to deliver its strategy.</p> <p>The Group is further dependent on a number of important suppliers of certain materials and utilities to ensure un-interrupted and high-quality production at its refinery facilities. Interruption in such supplies can influence the quality of products and/or cause business interruption which may result in, e.g., limited production capacity, lack of product and reputational impact.</p>	<p>The Group is technically prepared to run several different crudes and raw materials to handle variations in the feedstock market and in product demand.</p> <p>Nynas supply chain management works continuously with mitigating activities to minimize the consequences of lack of certain materials and utilities e.g. third-party sourcing of finished products to mitigate supply interruptions.</p> <p>Business interruption at Nynas due to damage at key suppliers are to a large extent transferred to the insurance and reinsurance markets.</p>
<p><b>Products and Services risks</b></p>	<p>The Group is exposed to risk for product liability claims where the Group's refined products are claimed to be defective and/or are claimed to have caused property damage or personal injury. This could have an adverse effect on the Group's financial position and results and could cause reputational damage.</p>	<p>The Group has extensive quality control including sampling throughout the entire supply chain and testing performed by independent inspectors.</p> <p>Nynas is actively participating in international bodies, setting global standards such as IEC and ASTM.</p> <p>The Group has extensive worldwide product liability and professional liability insurance programmes in place.</p>
<p><b>Environmental risks</b></p>	<p>The refineries and depots could have a risk of damaging the environment through operations, e.g., spills and emissions.</p> <p>Nynas is dependent on certain licenses to operate its refineries, e.g., individual environmental permits are required for the refinery sites. Failure to meet environmental regulations, e.g., REACH, environmental directive, SEVESO, etc. can result in loss of license, negative reputational impact, loss of business and customers.</p> <p>Shipping vessels are the best way to transport Nynas' products and the Group charters a significant number of voyages per year for crude oil and manufactured products. Damages to or sinking of a vessel could cause environmental pollution and could potentially damage Nynas' brand.</p>	<p>The Group's production facilities are designed and constructed in accordance with well-established international technical standards in the refining industry.</p> <p>Nynas ensures adherence to these standards through a system of internal technical standards and minimum requirements that are systematically internally and externally audited.</p> <p>There is a Group Health, Safety, Security and Environment (HSSE) Director available to support the operations, and all large sites have appointed local HSSE resources.</p> <p>Nynas has representatives in international organisations in the HSE field such as CONCAWE, SPBI &amp; 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&amp;I insurance, as well as environmental impairment liability insurance worldwide.</p>

## REPORT BY THE BOARD OF DIRECTORS

OPERATIONAL RISKS	CONTEXT	MITIGATING ACTIVITIES
<p><b>Health and Safety risks</b></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><b>Innovation risks</b></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.</p> <p>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><b>Legal, Compliance and Regulatory risks</b></p>	<p>Nynas is engaged in many different areas at a global level and conducts its business within the framework of rules and regulations that apply in various countries, markets and industry sectors. Non-compliance with import and export regulations, trade compliance rules, legislation protecting national security, transfer pricing, excise duty and VAT could result in fines and penalties, trade restrictions, invalidity, personal liability on behalf of Directors and reputational impact.</p> <p>The Group's business includes sales in territories subject to international sanctions. Non-compliance with international sanctions could result in fines and penalties, personal liability on behalf of Directors and reputational impact.</p> <p>There is a risk that present US and/or EU sanctions targeting Venezuela and/ or their state-owned oil company PDVSA affect Nynas' business which could have an adverse effect on the Group's operations, financial position and result.</p>	<p>The Group has an established governance framework including Group policies, Group procedures and other steering documents. The scope of the governance framework, including the controls implemented, is partly based on legal requirements and risk exposure.</p> <p>At Group level, Nynas has several functions monitoring legal and regulatory risks such as Legal, HSSE and Product HSE to ensure compliance.</p> <p>The Group has implemented a Trade Compliance Policy including a policy document, training of relevant employees and third-party security screening.</p> <p>Nynas continuously works together with leading international legal advisors and other specialists on analysing and addressing issues to ensure compliance with international sanctions.</p>
<p><b>Anti-bribery and Anti-corruption risks</b></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><b>Human Resources Risks</b></p>	<p>There is strong competition for qualified employees in high hazard industries where production sites are in geographically remote areas. The oil &amp; 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 &amp; 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>
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 &amp; 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 2021 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.

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

### *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.

### *Financial reporting*

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

### *Tax risks*

Nynas is a multinational Group with many cross-border transactions. Therefore, transfer pricing and indirect taxes comprise two main areas that are the subject of investigations by the tax authorities of various countries. At times, Nynas is involved in discussions with the tax authorities concerning transfer pricing issues,

## REPORT BY THE BOARD OF DIRECTORS

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 2021

- 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 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.

#### Proposed distribution of profit

The Board proposes that the available profits of SEK 3,286,736,619 in the Parent Company be distributed as follows:

Total dividend	0
Carried forward	3,286,736,619
SEK	3,286,736,619

## CORPORATE GOVERNANCE

# Corporate Governance

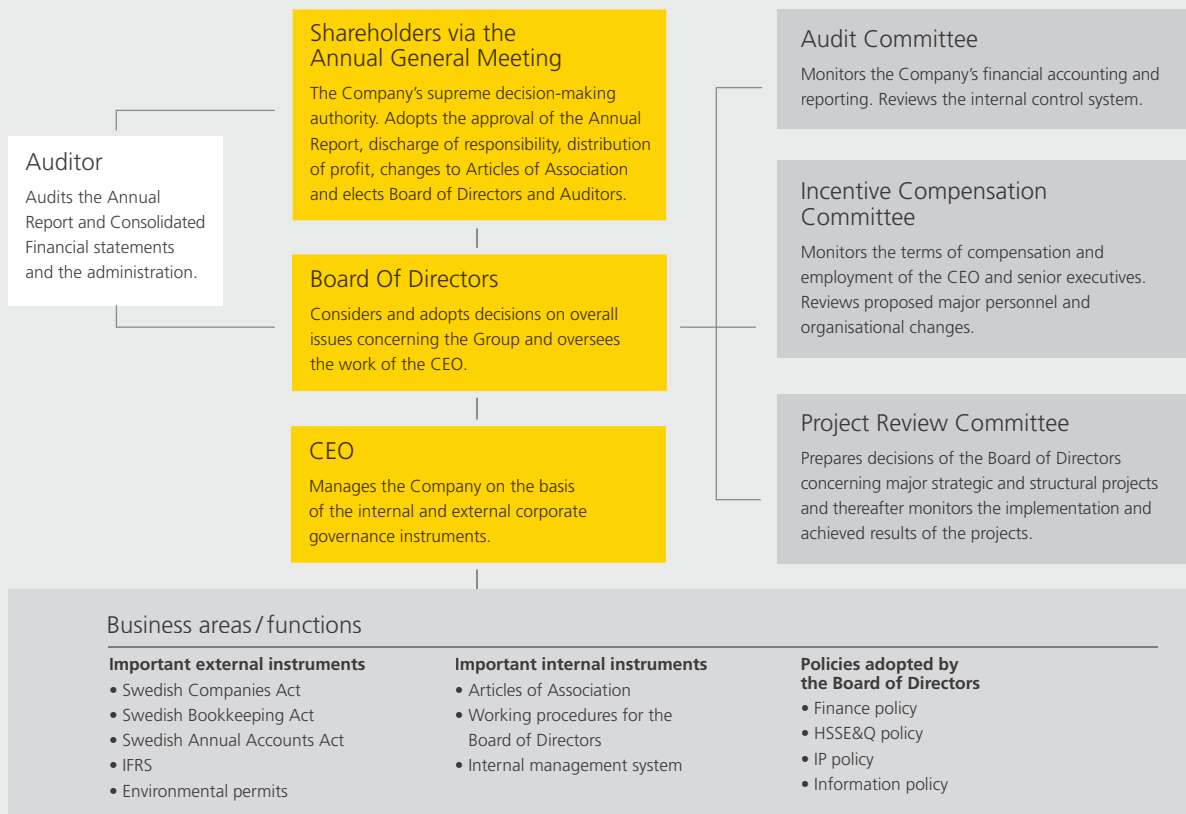
**Corporate Governance at Nynas comprises guide- lines, structures and processes, through which the Group is managed and controlled. The aim is to ensure efficient and value-creating decision making by clearly specifying the division of roles and responsibilities between the Shareholders, the Board and 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, 35.03 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

Governance structure of Nynas AB



## CORPORATE GOVERNANCE

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 CEO is not a member of the Board of Directors.

#### *The work and responsibility of the Board of Directors*

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

Working procedures govern the work of the Board of Directors, as well as the division of responsibility

between the Board of Directors and the CEO. The Board of Directors monitors the work of the CEO via on-going follow-up of the activities during the year. It is the responsibility of the Board of Directors to ensure that effective systems are in place for follow-up and control of the Company's activities, that there are satisfactory internal control procedures, and that internal Corporate Governance instruments have been determined. The responsibility also includes determining the objectives and strategy, deciding on major acquisitions and divestments of companies, or other major investments, deciding placements and loans, and to adopt the Company's Finance Policy. In addition to the constituent meeting the Board of Directors holds at least three ordinary meetings per year. In 2021 five ordinary Board meetings were held and in addition thereto a vast number of extraordinary meetings. Following the successful outcome of a complex company reorganisation in 2020, the work in 2021 aimed to restore Nynas's business with a focus on production, renewed sales efforts and working capital financing in challenging oil and energy price conditions.

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

- The objective of the Audit Committee is to represent the Board of Directors and to monitor the Company's financial reporting, and to monitor the effectiveness of the Company's internal controls, internal audit and risk management. The Committee must keep itself informed of the audit of the Annual Report and the Consolidated Annual Report, review and monitor the impartiality and independence of the auditors, and assist in the preparation of proposals for the Annual General Meeting's decision on the election of auditors. The Audit Committee must also represent the Board of Directors by supporting and monitoring the Group's work on the overall coordination of the Group's risk management. The results of the Audit Committee's work in the form of observations, recommendations and proposed decisions and measures must be reported to the Board of Directors on an on-going basis. As of 26 May 2021, the duties of the Audit Committee were performed by the entire Board, no separate Audit Committee meetings were held in 2021.
- 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



## CORPORATE GOVERNANCE

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 2021 the duties of the Incentive Compensation Committee were performed by the entire Board and the Committee did not hold any separate meetings.

- The objective of the Project Review Committee is to review proposals from the Company's management concerning major strategic and structural projects. The Committee also follows up and approves the implementation of specific projects as determined by the Board of Directors. The Project Review Committee must report on its work to the Board of Directors on an ongoing basis. During 2021 the duties of the Project Review Committee were performed by the entire Board, and the Committee did not hold any separate meetings.

### Auditors

#### *External auditor*

At the 2021 Annual General Meeting the authorised public accounting firm KMPG AB was elected as the Company's external auditor up to and including the 2022 Annual General Meeting. The auditor in charge is Håkan 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 2021 there were nine members of the Group Executive Committee. The Group Executive Committee meets one to two times per month to consider the Group's financial development, Group development projects, management and competence provision, and other strategic issues

### Group Treasury

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

### External Corporate Governance instruments

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

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

#### *The shareholders' meeting*

*Sub sections 1.3 and 1.4:* Nynas does not have a nomination committee as the three shareholders independently nominate their respective Board members and any shareholder can nominate candidates as Independent chairman. All three shareholders have internal processes in their own Boards and provide Nynas with their respective nominees. The three shareholders

## CORPORATE GOVERNANCE

participate with their appointed representatives at the Annual General Meeting.

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

*Appointment and remuneration of the Board and the statutory auditor*

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

*The size and composition of the Board*

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

*Evaluation of the Board of Directors and the Chief Executive Officer*

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

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

*Information on Corporate Governance*

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

### **Internal Corporate Governance instruments**

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

In addition to these Corporate Governance instruments there is also an internal management system that includes a number of policies and binding rules stating guidelines and instructions for the Group's

activities and employees. The most important policy document is the Nynas Code of Conduct, which for instance includes regulations for compliance with competition legislation, policies that prohibit bribery and corruption, policy on people and human rights, policy on information management and policy on health, safety, security, environment and quality

### **Internal control of financial reporting**

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

*Control environment*

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

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

*Control activities*

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

Controllers in the business areas and functions

## CORPORATE GOVERNANCE

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

### *Information and communication*

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

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

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

Information to external parties is communicated on the Nynas website, which contains news and press releases. The Annual Report is made available to shareholders and the general public on Nynas' website, [nynas.com](http://nynas.com).

### *Monitoring and follow-up*

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

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

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

The external auditors continuously examine the level of internal control over financial reporting. They review internal control procedures during the autumn including a more detailed examination of the operations. Finally, the external auditors perform a standard examination of the annual accounts of almost all legal entities in the Group, as well as the Annual Report and consolidated financial statements.

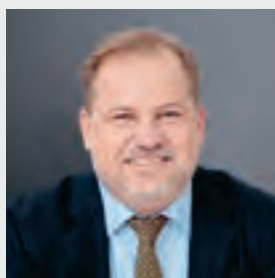
## BOARD OF DIRECTORS



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

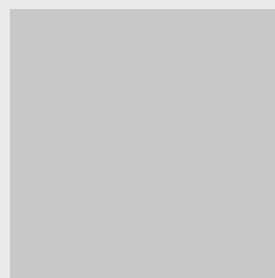


**FREDRIK LUNDSTRÖM**  
Senior Advisor, AB Lundström & Far.  
Board member since 2020.  
Born: 1964.  
Nationality: Swedish.



**JOACHIM MORATH**  
CEO Feelgood Svenska AB.  
Board member since 2020.  
Resigned from the board in  
December 2021  
Born: 1968.  
Nationality: Swedish.

*In December 2021 Joachim Morath  
resigned from the Board of Directors.*



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



**STEIN IVAR BYE**  
Director and Partner, ByeNorth –  
Consulting & Strategic Advisor.  
Board member since 2021.  
Born: 1966.  
Nationality: Norwegian.



**ANTHONY PLACE**  
Managing Partner, THM Partners  
LLP.  
Board member since 2021.  
Born: 1976.  
Nationality: British.



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



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



**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



**BO ASKVIK**

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



**ROLF ALLGULANDER**

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



**JOHAN ANDERSSON**

Vice President Group Strategy & Sustainable Development  
Education: IHM Business School, Executive Management Program – Kellogg School of Management.  
Previous experience: CEO Drivkraft Sverige, Managing Director and Global Strategy Director BP Lubricants, Global Key Account Director BASF.  
Employed since 2022.  
In current position since 2022.  
Born: 1966.  
Nationality: Swedish.



**SIMON DAY**

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



**INGEGERD ENGQUIST**

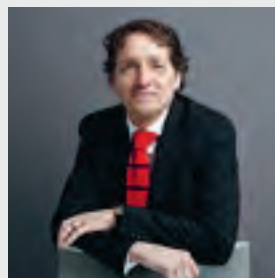
Director Human Resources.  
Education: Bachelor of Science (BSc) in Human Resource development and Labour relations  
Previous experience: Head of HR Bravida, HR Director Holmen, HR manager Electrolux, HR manager IFS  
Employed since 2021.  
In current position since 2021.  
Born: 1968.  
Nationality: Swedish.



**EVA KAIJSER**

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

*On March 31 2022 Eva Kaijser resigned as CFO.*



**ANDERS NILSSON**

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



**RAFAEL RENAUDEAU**

Vice President Nynas Bitumen  
Education: MBA at Insead  
Previous experience: Different leading positions at Nynas. Export Sales Manager at CECA S.A.  
Employed since 2003.  
In current position 2021.  
Born: 1973.  
Nationality: French and Spanish.



**HANS ÖSTLIN**

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

## FINANCIAL REPORT

### Multi-year overview

	GROUP				
SEK million	2021	2020	2018	2018	2017
<b>INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME</b>					
Net sales	16,716	12,151	16,841	16,863	14,990
Operating expenses	-16,140	-10,110	-16,712	-16,060	-14,071
Depreciation and impairment excluding leases	-1,242	-766	-1,855	-647	-591
Share of profit/loss of joint ventures	18	19	19	21	14
<b>OPERATING RESULT</b>	<b>-648</b>	<b>1,294</b>	<b>-1,707</b>	<b>-178</b>	<b>343</b>
Net financial items	-389	-397	-775	-414	-328
<b>NET INCOME BEFORE TAX</b>	<b>-1,037</b>	<b>897</b>	<b>-2,482</b>	<b>-592</b>	<b>15</b>
Tax	-62	-37	-198	-202	-5
<b>NET INCOME FOR THE YEAR</b>	<b>-1,099</b>	<b>860</b>	<b>-2,680</b>	<b>-793</b>	<b>10</b>
<b>STATEMENT OF FINANCIAL POSITION</b>					
Fixed assets	4,663	5,271	5,849	5,784	6,088
Inventories	3,656	2,950	4,396	5,004	3,352
Current receivables	2,449	2,044	2,397	2,559	2,277
Cash & cash equivalents and short-term investments	1,233	1,349	1,696	845	546
<b>ASSETS</b>	<b>12,001</b>	<b>11,615</b>	<b>14,338</b>	<b>14,192</b>	<b>12,262</b>
Equity	3,824	4,579	46	3,250	3,539
Long-term interest-bearing liabilities	4,628	4,837	2,161	7,497	4,667
Long-term non-interest-bearing liabilities	296	243	310	421	386
Current interest-bearing liabilities	1,053	228	6,669	301	1,350
Current non-interest-bearing liabilities	2,201	1,729	5,152	2,723	2,320
<b>EQUITY AND LIABILITIES</b>	<b>12,001</b>	<b>11,615</b>	<b>14,338</b>	<b>14,192</b>	<b>12,262</b>
<b>STATEMENT OF CASH FLOWS</b>					
Cash flow from operating activities	372	-1,198	-588	-8	415
Changes in working capital	-648	2,269	2,642	-955	-413
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>-276</b>	<b>1,071</b>	<b>2,054</b>	<b>-963</b>	<b>2</b>
Cash flow from investing activities	-660	-662	-629	-428	-464
<b>CASH FLOW AFTER INVESTING ACTIVITIES</b>	<b>-936</b>	<b>409</b>	<b>1,425</b>	<b>-1,391</b>	<b>-462</b>
Proceeds from borrowings, repayment of borrowings	820	-756	-574	1,690	592
Dividend	0	0	0	0	0
<b>CHANGE IN CASH &amp; CASH EQUIVALENTS</b>	<b>-116</b>	<b>-347</b>	<b>851</b>	<b>299</b>	<b>130</b>
<b>CASH &amp; CASH EQUIVALENTS AT END OF YEAR</b>	<b>1,233</b>	<b>1,350</b>	<b>1,696</b>	<b>845</b>	<b>546</b>
<b>KEY FINANCIAL RATIOS</b>					
Operating result before depreciation (EBITDA) before IFRS 16 <sup>1</sup>	835.0	560.0	816.0	805.0	1,218.0
Operating result before depreciation (EBITDA) after IFRS 16 <sup>1</sup>	1,151.0	873.0	1,177.0		
Net debt	4,447.6	3,714.7	7,134.0	6,953.0	5,471.0
Working capital	3,933.3	3,276.8	1,652.0	4,853.0	3,341.0
Return on average capital employed (12 months rolling), % <sup>1</sup>	3.2	0.0	2.1	1.4	6.5
Return on average capital employed, %	-8.7	15.5	-18.4	-2.2	3.4
Return on equity, %	-26.2	37.2	-162.6	-23.4	0.3
Net debt/equity ratio	116.3	81.1	15,569.6	213.9	154.6
Equity to assets ratio, %	31.9	39.4	0.3	22.9	28.9
Number of full-time employees	970.0	935.0	948.0	1,003.0	1,016.0

1) Excluding non-recurring items.

## FINANCIAL REPORT

# Income statement and statement of comprehensive income

GROUP

SEK million	Note	2021	2020
<b>INCOME STATEMENT</b>			
Net sales	2	16,715.6	12,151.4
Cost of sales	3	-14,493.9	-10,804.2
<b>GROSS RESULT</b>		<b>2,221.7</b>	<b>1,347.2</b>
Other income and value changes	3	0.0	0.0
Distribution costs	3	-2,756.9	-2,544.1
Administrative expenses	3	-265.9	-320.6
Share of profit/loss of joint ventures	15	18.0	19.0
Other operating income	4	453.1	3,308.8
Other operating expenses	4	-318.2	-516.0
<b>OPERATING RESULT</b>	2, 3, 4, 5, 6, 7, 8	<b>-648.2</b>	<b>1,294.4</b>
Finance income	9	9.8	10.8
Finance costs	9	-398.5	-408.1
<b>NET FINANCIAL ITEMS</b>		<b>-388.7</b>	<b>-397.4</b>
<b>NET INCOME BEFORE TAX</b>		<b>-1,036.8</b>	<b>897.1</b>
Tax	10	-61.8	-36.7
<b>NET INCOME FOR THE YEAR</b>		<b>-1,098.7</b>	<b>860.4</b>
<b>STATEMENT OF COMPREHENSIVE INCOME</b>			
Net income for the year		-1,098.7	860.4
Items that will be reclassified to the income statement:			
Translation differences		106.5	-218.8
Cash flow hedges	28	9.9	93.1
Income tax associated with cash flow hedges		0.0	0.0
<b>TOTAL AMOUNT THAT WILL BE RECLASSIFIED TO THE INCOME STATEMENT</b>		<b>116.4</b>	<b>-125.7</b>
Items that will not be reclassified to the income statement:			
Actuarial loss/gain pensions		299.6	-53.6
Income tax associated with actuarial loss/gains pensions		-80.2	14.8
Inflation adjustment Argentina according to IAS 29		7.8	4.3
<b>TOTAL AMOUNT THAT NOT WILL BE RECLASSIFIED TO THE INCOME STATEMENT</b>		<b>227.2</b>	<b>-34.5</b>
Other Comprehensive Income for the year, net after tax		343.5	-160.3
<b>COMPREHENSIVE INCOME</b>		<b>-755.2</b>	<b>700.1</b>
Attributable to equity owners of the Parent		-755.2	700.1

### 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 2021 and 2020 was 67,532.

	2021			2020		
	Profit for the year	Numbers of shares	Per share	Profit for the year	Numbers of shares	Per share
Earnings per share	-1,098.7	67,532	-16,269	860.4	67,532	12,740

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

## FINANCIAL REPORT

### Statement of financial position

		GROUP	
SEK million	Note	2021-12-31	2020-12-31
<b>ASSETS</b>			
FIXED ASSETS			
INTANGIBLE ASSETS			
Computer software	12	66.1	64.4
<b>TOTAL INTANGIBLE ASSETS</b>		<b>66.1</b>	<b>64.4</b>
TANGIBLE ASSETS			
Land and buildings	13	158.9	237.3
Plant and machinery	13	2,535.0	2,881.6
Equipment	13	81.0	112.5
Construction in progress	13	543.0	617.9
<b>TOTAL TANGIBLE ASSETS</b>		<b>3,317.9</b>	<b>3,849.3</b>
<b>LEASED RIGHT-OF-USE ASSETS</b>	<b>8, 13</b>	<b>914.8</b>	<b>950.3</b>
FINANCIAL ASSETS			
Investments in associates and joint ventures	15	192.5	192.6
Other long-term receivables	16	15.1	14.6
Deferred tax assets	10	156.3	200.3
<b>TOTAL FINANCIAL ASSETS</b>		<b>363.9</b>	<b>407.4</b>
<b>TOTAL FIXED ASSETS</b>		<b>4,662.7</b>	<b>5,271.4</b>
CURRENT ASSETS			
Inventories	17	3,656.3	2,950.1
Accounts receivable	18, 26	1,381.9	1,018.9
Receivables from joint ventures	30	0.1	0.1
Derivative instruments	26, 27, 28	9.9	0.0
Tax receivables		24.4	27.6
Other current receivables	26	485.4	560.3
Prepayments and accrued income	19, 26	547.1	437.2
Cash and cash equivalents	20, 26	1,232.9	1,349.4
<b>TOTAL CURRENT ASSETS</b>		<b>7,338.0</b>	<b>6,343.6</b>
<b>TOTAL ASSETS</b>		<b>12,000.8</b>	<b>11,615.0</b>



## FINANCIAL REPORT

# Statement of financial position

		GROUP	
SEK million	Note	2021-12-31	2020-12-31
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY, GROUP</b>			
Share capital	21	67.5	67.5
Reserves		-285.0	-401.4
Hybrid Instrument		2,512.7	2,512.7
Retained earnings, incl. net income for the year		1,528.6	2,400.0
<b>TOTAL EQUITY</b>		<b>3,823.8</b>	<b>4,578.8</b>
<b>INTEREST-BEARING LIABILITIES</b>			
Liabilities to credit institutions	24, 26	3,071.7	2,990.0
Non-current lease liabilities	8, 24	707.0	736.6
Provisions for pensions	22	848.8	1,109.9
<b>TOTAL INTEREST-BEARING LIABILITIES</b>		<b>4,627.6</b>	<b>4,836.6</b>
<b>NON-INTEREST BEARING LIABILITIES</b>			
Other long-term liabilities		22.7	21.6
Deferred tax liability	10	91.3	71.0
Other provisions	23	181.6	150.6
<b>TOTAL LONG-TERM NON-INTEREST-BEARING LIABILITIES</b>		<b>295.6</b>	<b>243.2</b>
<b>TOTAL LONG-TERM LIABILITIES</b>		<b>4,923.2</b>	<b>5,079.7</b>
<b>INTEREST-BEARING LIABILITIES</b>			
Liabilities to credit institutions	24, 26	803.7	0.0
Current lease liabilities	8, 24	249.3	227.5
<b>TOTAL CURRENT INTEREST-BEARING LIABILITIES</b>		<b>1,053.0</b>	<b>227.5</b>
<b>NON-INTEREST-BEARING LIABILITIES</b>			
Accounts payable	26	791.7	750.6
Liabilities to joint ventures	30	16.7	8.3
Derivative instruments	26, 27, 28	0.2	-
Tax liabilities		24.8	22.3
Other current liabilities	26	614.8	389.1
Accrued liabilities and deferred income	25, 26	723.2	547.1
Other provisions	23	29.4	11.6
<b>TOTAL CURRENT NON-INTEREST-BEARING LIABILITIES</b>		<b>2,200.8</b>	<b>1,729.0</b>
<b>TOTAL CURRENT LIABILITIES</b>		<b>3,253.8</b>	<b>1,956.5</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>12,000.8</b>	<b>11,615.0</b>

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						
	Share Capital	Cash flow Hedges	Currency Hedges of Net Investments	Translation Reserve	Hybrid Instrument	Retained Earnings	Total Equity
OPENING BALANCE JAN 1, 2020	67.5	-93.1	-402.6	220.0	–	254.1	46.1
Net income for the year	–	–	–	–	–	860.4	860.4
Other comprehensive income	–	93.1	–	-218.8	–	-34.5	-160.2
Conversion existing Shareholder loan to equity	–	–	–	–	–	1,320.0	1,320.0
Syndicate Hybrid Instrument	–	–	–	–	2,512.7	–	2,512.7
<b>COMPREHENSIVE INCOME</b>	<b>–</b>	<b>93.1</b>	<b>–</b>	<b>-218.8</b>	<b>2,512.7</b>	<b>2,145.9</b>	<b>4,532.9</b>
CLOSING BALANCE DEC 31, 2020	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	–	–	–	–	–	–	–
<b>COMPREHENSIVE INCOME</b>	<b>–</b>	<b>9.9</b>	<b>–</b>	<b>106.5</b>	<b>–</b>	<b>-871.5</b>	<b>-755.1</b>
DIVIDEND PAID	–	–	–	–	–	–	–
CLOSING BALANCE DEC 31, 2021	67.5	9.9	-402.6	107.7	2,512.7	1,528.6	3,823.8

## FINANCIAL REPORT

### Cash flow statement

		GROUP	
SEK million	Note	2021	2020
<b>OPERATING ACTIVITIES</b>			
Profit after financial items		-1,036.8	897.1
Reversal of non-cash items	31	1,479.4	-2,037.2
Taxes paid		-70.3	-58.2
<b>CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL</b>		<b>372.2</b>	<b>-1,198.3</b>
<b>WORKING CAPITAL</b>			
Operating receivables		-447.1	247.9
Inventories		-669.7	1,346.5
Operating liabilities		468.4	674.9
<b>CHANGES IN WORKING CAPITAL</b>		<b>-648.4</b>	<b>2,269.3</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		<b>-276.2</b>	<b>1,071.0</b>
<b>INVESTING ACTIVITIES</b>			
Acquisition of intangible assets		-21.4	-17.3
Acquisition of tangible fixed assets		-631.1	-644.5
Disposal/reduction of financial assets		-7.4	0.0
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		<b>-660.0</b>	<b>-661.8</b>
<b>FINANCING ACTIVITIES</b>			
	31		
Proceeds from borrowings		803.7	-
Amortisations of lease liabilities		-7.8	-384.7
Amortisations of borrowings		0.0	-273.3
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		<b>795.9</b>	<b>-658.0</b>
<b>CASH FLOW FOR THE YEAR</b>		<b>-140.3</b>	<b>-248.8</b>
<b>CASH &amp; CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		<b>1,349.4</b>	<b>1,696.0</b>
Exchange rate differences		23.8	-97.8
<b>CASH &amp; CASH EQUIVALENTS AT END OF YEAR</b>	20	<b>1,232.9</b>	<b>1,349.4</b>

## FINANCIAL REPORT

# Income statement and statement of comprehensive income

SEK million	Note	PARENT COMPANY	
		2021	2020
<b>INCOME STATEMENT</b>			
Net sales	33	14,527.2	10,477.0
Cost of sales	34	-13,381.6	-10,824.7
<b>GROSS RESULT</b>		<b>1,145.6</b>	<b>-347.7</b>
Other income and value changes	34	0.0	0.0
Distribution costs	34	-1,814.6	-1,672.7
Administrative expenses	34	-300.5	-377.7
Other operating income	35	319.9	3,195.2
Other operating expenses	35	-259.6	-445.9
<b>OPERATING RESULT</b>	34, 35, 36, 37, 38, 39, 40	<b>-909.3</b>	<b>351.1</b>
Finance income	40	252.5	192.5
Finance costs	40	-366.1	-340.3
<b>NET FINANCIAL ITEMS</b>		<b>-113.6</b>	<b>-147.7</b>
<b>PROFIT/LOSS AFTER FINANCIAL ITEMS</b>		<b>-1,022.9</b>	<b>203.4</b>
Appropriations	41	0.2	0.0
<b>NET INCOME BEFORE TAX</b>		<b>-1,022.7</b>	<b>203.3</b>
Tax	42	-6.0	-0.8
<b>NET INCOME FOR THE YEAR</b>		<b>-1,028.7</b>	<b>202.6</b>
<b>STATEMENT OF COMPREHENSIVE INCOME</b>			
Net income for the year		-1,028.7	202.6
Items that will be reclassified to the income statement:			
Cash flow hedges		9.9	78.6
Income tax associated with cash flow hedges		0.0	0.0
<b>TOTAL AMOUNT THAT WILL BE RECLASSIFIED TO THE INCOME STATEMENT</b>		<b>9.9</b>	<b>78.6</b>
<b>COMPREHENSIVE INCOME</b>		<b>-1,018.8</b>	<b>281.2</b>



## FINANCIAL REPORT

# Balance sheet

PARENT COMPANY

SEK million	Note	2021-12-31	2020-12-31
<b>ASSETS</b>			
<b>FIXED ASSETS</b>			
<b>INTANGIBLE ASSETS</b>			
Computer software	43	65.4	63.5
<b>TOTAL INTANGIBLE ASSETS</b>		<b>65.4</b>	<b>63.5</b>
<b>TANGIBLE ASSETS</b>			
Land and buildings	44	77.0	155.0
Plant and machinery	44	926.0	1,371.8
Equipment	44	30.3	59.1
Construction in progress	44	162.8	335.2
<b>TOTAL TANGIBLE ASSETS</b>		<b>1,196.0</b>	<b>1,921.1</b>
<b>FINANCIAL ASSETS</b>			
Investments in Group companies	45	2,876.6	2,876.6
Derivative instruments		0.0	0.0
Other long-term receivables		12.9	12.9
Deferred tax assets	42	0.0	0.0
<b>TOTAL FINANCIAL ASSETS</b>		<b>2,889.5</b>	<b>2,889.5</b>
<b>TOTAL FIXED ASSETS</b>		<b>4,151.0</b>	<b>4,874.1</b>
<b>CURRENT ASSETS</b>			
Inventories	46	2,865.7	2,271.2
<b>CURRENT RECEIVABLES</b>			
Accounts receivable	47, 55	718.1	547.8
Receivables from Group companies	55	1,102.0	748.7
Derivative instruments	26, 27, 55	9.9	–
Tax receivables		0.2	0.2
Other current receivables	55	173.9	280.9
Prepayments and accrued income	48, 55	470.9	369.1
<b>TOTAL CURRENT RECEIVABLES</b>		<b>2,475.0</b>	<b>1,946.7</b>
<b>CASH &amp; CASH EQUIVALENTS</b>	49, 55	<b>593.4</b>	<b>673.5</b>
<b>TOTAL CURRENT ASSETS</b>		<b>5,934.1</b>	<b>4,891.5</b>
<b>TOTAL ASSETS</b>		<b>10,085.1</b>	<b>9,765.6</b>

## FINANCIAL REPORT

# Balance sheet

		PARENT COMPANY	
SEK million	Note	2021-12-31	2020-12-31
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>	50		
Share capital		67.6	67.6
Statutory reserve		96.0	96.0
<b>TOTAL RESTRICTED EQUITY</b>		<b>163.7</b>	<b>163.7</b>
Hybrid Instrument		2,512.7	2,512.7
Retained earnings		1,802.7	1,590.3
Net income for the year		-1,028.7	202.6
<b>TOTAL UNRESTRICTED EQUITY</b>		<b>3,286.7</b>	<b>4,305.5</b>
<b>TOTAL EQUITY</b>		<b>3,450.4</b>	<b>4,469.2</b>
<b>UNTAXED RESERVES</b>	41	<b>3.6</b>	<b>3.8</b>
<b>LONG-TERM LIABILITIES</b>			
<b>INTEREST-BEARING LIABILITIES</b>			
Liabilities to credit institutions	53, 55	3,071.7	2,990.0
Liabilities to Group companies		0.2	0.2
Provisions for pensions	51	208.4	207.3
<b>TOTAL LONG-TERM INTEREST-BEARING LIABILITIES</b>		<b>3,280.3</b>	<b>3,197.6</b>
<b>NON-INTEREST-BEARING LIABILITIES</b>			
Other long-term liabilities		22.7	21.6
Other provisions	52	166.1	135.9
<b>TOTAL LONG-TERM NON INTEREST-BEARING LIABILITIES</b>		<b>188.8</b>	<b>157.4</b>
<b>TOTAL LONG-TERM LIABILITIES</b>		<b>3,469.1</b>	<b>3,355.0</b>
<b>CURRENT LIABILITIES</b>			
<b>INTEREST-BEARING LIABILITIES</b>			
Liabilities to credit institutions	53, 55	761.3	–
Liabilities to Group companies		314.8	73.8
<b>TOTAL CURRENT INTEREST-BEARING LIABILITIES</b>		<b>1,076.0</b>	<b>73.8</b>
<b>NON-INTEREST-BEARING LIABILITIES</b>			
Accounts payable	55	575.4	583.2
Liabilities to Group companies	55	674.1	677.7
Derivative instruments	26, 27, 55	0.2	–
Tax liabilities		1.0	1.1
Other current liabilities	55	437.6	254.7
Accrued liabilities and deferred income	54, 55	368.3	336.0
Other provisions	52	29.4	11.1
<b>TOTAL CURRENT NON-INTEREST-BEARING LIABILITIES</b>		<b>2,086.0</b>	<b>1,863.8</b>
<b>TOTAL CURRENT LIABILITIES</b>		<b>3,162.0</b>	<b>1,937.7</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>10,085.1</b>	<b>9,765.6</b>

## 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, 2020	67.6	96.0	–	191.7	355.4
Net income for the year	–	–	–	202.6	202.6
Other comprehensive income	–	–	–	78.5	78.5
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	–	–	–	<b>281.1</b>	<b>281.1</b>
Conversion existing Shareholder loan to equity	–	–	–	1,320.0	1,320.0
Syndicate Hybrid Instrument	–	–	2,512.7	–	2,512.7
<b>CLOSING BALANCE DEC 31, 2020</b>	<b>67.6</b>	<b>96.0</b>	<b>2,512.7</b>	<b>1,792.8</b>	<b>4,469.2</b>
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
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	–	–	–	<b>-1,018.8</b>	<b>-1,018.8</b>
<b>CLOSING BALANCE DEC 31, 2021</b>	<b>67.6</b>	<b>96.0</b>	<b>2,512.7</b>	<b>774.0</b>	<b>3,450.4</b>

Share capital at 31 Dec 2021 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 2021.

## FINANCIAL REPORT

# Statement of cash flow

PARENT COMPANY			
SEK million	Note	2021-12-31	2020-12-31
<b>OPERATING ACTIVITIES</b>			
Profit after financial items		-1,022.8	203.3
Reversal of non-cash items	58	1,073.1	-1,747.9
Taxes paid		-6.2	-2.0
<b>CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL</b>		<b>44.2</b>	<b>-1,546.5</b>
<b>WORKING CAPITAL</b>			
Operating receivables		-518.3	441.9
Inventories		-594.5	1,262.5
Operating liabilities		220.1	381.9
<b>CHANGES IN WORKING CAPITAL</b>		<b>-892.8</b>	<b>2,086.3</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		<b>-848.6</b>	<b>539.8</b>
<b>INVESTING ACTIVITIES</b>			
Acquisition of intangible assets		-21.5	-24.7
Acquisition of tangible fixed assets		-212.2	-297.4
Investment and in financial assets		0.0	0.0
Disposal/reduction of financial assets		0.0	0.0
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		<b>-233.7</b>	<b>-322.1</b>
<b>FINANCING ACTIVITIES</b>			
Proceeds from borrowings	58	1,009.7	0.0
Amortisations of borrowings		-7.5	-275.6
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		<b>1,002.2</b>	<b>-275.6</b>
<b>CASH FLOW FOR THE YEAR</b>		<b>-80.2</b>	<b>-58.0</b>
<b>CASH &amp; CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		<b>673.5</b>	<b>731.6</b>
Exchange rate differences		0.0	0.0
<b>CASH &amp; CASH EQUIVALENTS AT END OF YEAR</b>	49	<b>593.4</b>	<b>673.5</b>

### NOTES TO THE CASH FLOW STATEMENT

The Parent Company received dividends of SEK 244.0 (186.8) million and interest income of SEK 8.4 (6.0) million, while interest expenses amounted to SEK 170.0 million (478.5).



## 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 Lindetorpsvägen 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 Petróleos de Venezuela S.A., company reg. no. 73023, Caracas, Venezuela, is the Parent Company.

The annual accounts and consolidated annual financial statements were approved for issue by the Board on April 27, 2022.

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 April 28, 2022.

#### 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, energy and transportation had a significant negative impact on the Company's ongoing business. In its assessment of going concern, the Company has considered and assessed the related plans recovering from sanctions, reorganisation and the Covid-19-pandemic impact on the business, assumptions and actions, including the various liquidity sources identified to find additional financing headroom for working capital, as well as the Business Plan. Based on the above-mentioned circumstances taken as a whole, it is the Company's assessment that the financial statements shall be prepared on a going concern basis despite the material uncertainties still identified.

#### Composition gain

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

## NOTES

### Con't. Note 1

The tax authority's objection however delayed the composition effective date with some weeks, and it became effective on 19 January 2021.

In relation to the formal composition the lapse of time until the effectiveness is a formality and there is no risk that the court decision on the formal public composition could be rejected. The effectiveness of the formal composition became a formality when Nynas AB made the payment to the Swedish Tax Authority the 22 December 2020, since this payment eliminated the Swedish Tax Authority's rights to object. Therefore Nynas recognised the effects of the formal public composition and the agreement with the major creditors in its financial statements on 22 December 2020. The 19 of January 2022 the reorganisation was formally completed when Nynas creditors was paid according to the composition agreement.

### 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 Parent Company's owners and to the non-controlling interests. All intra-Group transactions, balance-sheet items, revenue and expenses are eliminated on consolidation.

### Joint ventures

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

### Foreign branches

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

### Foreign currency

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

financial statements are presented in Swedish kronor, which is the Group's reporting currency.

### Foreign currency transactions

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

### Financial statements of foreign operations

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

### Net investment hedge

The Parent Company has taken positions in foreign currencies in order to hedge the majority of its net investments in foreign subsidiaries against exchange rate changes. Exchange differences on these positions have been recognised directly in the Group's other comprehensive income for the year, taking into account the tax effect, to the extent that they correspond to translation differences recognised during the year.

### Reporting of operating segments and geographical market

#### Reporting of operating segments

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

#### Reporting of geographical market

Sales figures are based on the country in which the customer is located, for example, to goods exported to a customer in another country. Sales revenue contains mainly of goods (bitumen, NSP and fuel) only minor part is related to sales of service. Assets and investments are reported in the location of the asset.

### Revenue recognition

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

## NOTES

### Con't. Note 1

#### *Sale of goods*

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

#### *Interest income*

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

#### *Dividend*

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

### Income taxes

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

### Tangible assets

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

#### *Basis of depreciation for tangible fixed assets*

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

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

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

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

### Leases

Nynas, when being a lessee identifies if a contract contains a lease by testing if Nynas has the right to obtain substantially all of the economic benefits from use of the identified assets and has the right to direct the use of the identified asset and that the supplier has no substantial rights of substitution.

Nynas has decided to separate non-lease components from the lease components in contracts concerning vessels and depots. The non-lease component cost should then be 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 leasing liability and right-of-use asset is calculated by using the implicit rate in the contract. If the implicit rate cannot be identified the incremental borrowing rate is instead applied, which is the interest rate the company had been given if the investment had been financed through a loan from a financial institute.

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

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

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

### Intangible assets

#### *Goodwill*

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



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life and is tested annually for impairment or when there is an indication of impairment.

#### *Computer software*

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

#### *Basis of amortisation for intangible assets*

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

- Goodwill – indefinite
- Trademarks over 5 years
- Computer software over 3–10 years

### Impairment of assets

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

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

When calculating value in use, future cash flows are discounted using a pre-tax discount rate that reflects the current market view of risk-free interest and risk specific to the asset, for further information regarding CGU's and testing procedures please see Note 13.

#### *Reversal of impairment losses*

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

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

### Hybrid bond

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

### Financial instruments

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

#### *Recognition of financial assets and liabilities*

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

A financial asset is derecognised when the rights to receive benefits have been realised, expired or the Company loses control over them. The same applies to a component of a financial 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

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

#### *Hedging of net investments*

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

### **Inventories**

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

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

### **Employee benefits**

#### *Post-employment benefits*

The Group has defined contribution and defined benefit pension plans. 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

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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 2021 financial year, the Company did not have access to sufficient information to enable it to report this plan as a defined benefit plan. Consequently, the ITP pension plan insured through Collectum is reported as a defined contribution plan.

### Provisions

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

### Restructuring

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

### Contingent liabilities

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

### Accounting policies – Parent Company

The Parent Company prepares its financial statements in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2, Accounting for Legal Entities. RFR 2 requires the Parent Company, as a legal entity, to prepare its annual financial statements in compliance with all the IFRS and IFRIC interpretations adopted by the EU, to the extent possible within the framework of the Swedish Annual Accounts Act and the Swedish Pension Obligations Vesting Act, and taking into account the relationship between tax income/expense and accounting profit. Nynas AB applies the same

recognition criteria and accounting policies as the Group, apart from the exceptions described below.

### Employee benefits/defined benefit plans

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

### Taxes

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

### Group contributions and shareholder contributions

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

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

### Investments in group companies

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

### Guarantees

The Parent Company's financial 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 outflow of resources is likely to be required to settle the obligation.

Nynas AB has issued a parent company guarantee pursuant to Section 479(C) of the UK Companies Act 2006 for the financial year 2021 on behalf of the subsidiaries companies registered in England, see below. The parent company guarantee applies to all outstanding liabilities for the subsidiaries at the balance sheet date until the obligations have been fulfilled. The subsidiaries have applied the exemption from statutory audit provided for in Section 479(A) of the UK Companies Act 2006.

Subsidiaries:

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

### Leased assets

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

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### **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.

#### **Composition gain and hybrid bond**

The Group has reviewed and made the following classification and judgment regarding the composition gain and hybrid bond. In relation to the formal composition the lapse of time until the effectiveness is a formality and there is no risk that the court decision on the formal public composition could be rejected. The effectiveness of the formal composition became a formality when Nynas AB made the payment to the Swedish Tax Authority the 22 December 2020, since this payment eliminated the Swedish Tax Authority's rights to object. Therefore, Nynas recognised the effects of the formal public composition and the agreement with the major creditors in its financial statements on 22 December 2020. All 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 three refineries and a number of bitumen terminals requiring operating permits under Swedish environmental law. The refinery in Eastham – jointly owned with another party –

and the bitumen terminal in Dundee are operated under the United Kingdom's national environmental laws. The refinery in Harburg operation is regulated between Nynas and environmental authority of the city of Hamburg. Future restoration costs associated with the operations' environmental impacts may be difficult to establish, both in terms of size and timing. Changes in environmental legislation and the emergence of new cleaning up technology are factors that may affect the size of the provision. Consequently, the provision may need to be adjusted in the future, which may have a material effect on future financial results. See also Note 23.

#### **Tax**

Significant estimates are made to determine both current and deferred tax liabilities and assets, not least the value of deferred tax assets. The company must then determine the possibility that deferred tax assets will be utilized and offset against future taxable profits. The actual results may differ from these estimates, for instance due to changes in the business climate, changed tax legislation, or the outcome of the final review by tax authorities and tax courts of tax returns. A change in these estimates could result in a decrease in deferred tax assets in future periods for assets that are currently 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 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

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discount rate increases the present value of the pension liability and the annual pension cost), or if actual inflation levels, salary adjustments and life expectancies deviate from the Group's assumptions. Any change in these assumptions could potentially result in a significant change to the pension assets, obligations and pension costs in future periods. The actuarial assessment of pension obligations and pension costs is based on the actuarial assumptions which are specified in Note 22.

### Disputes

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

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

SALES REVENUES BY GEOGRAPHICAL MARKET	2021	2020
Sweden	1,525.6	1,233.0
Rest of Nordics	2,836.0	2,038.1
Rest of Europe	9,151.1	5,769.6
Americas	1,084.0	1,194.9
Asia	1,792.1	1,616.1
Other	326.8	299.8
<b>TOTAL</b>	<b>16,715.6</b>	<b>12,151.4</b>

TOTAL ASSETS BY GEOGRAPHICAL MARKET	2021	2020
Sweden	4,937.1	5,032.0
Rest of Nordics	152.6	149.9
Rest of Europe	5,372.0	5,147.4
Americas	719.7	582.8
Asia	604.5	491.3
Other	215.1	211.6
<b>TOTAL</b>	<b>12,000.8</b>	<b>11,615.0</b>

INVESTMENTS BY GEOGRAPHICAL MARKET	2021	2020
Sweden	233.7	324.6
Rest of Nordics	4.9	8.2
Rest of Europe	412.7	328.4
Americas	1.2	0.7
Asia	0.0	0.0
Other	0.0	-
<b>TOTAL</b>	<b>652.5</b>	<b>662.0</b>

SALES REVENUES BY CATEGORY	2021	2020
Sale of goods, external	16,695.7	12,124.7
Revenue from services	19.9	26.8
<b>TOTAL</b>	<b>16,715.6</b>	<b>12,151.4</b>



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### Note 3. Costs itemised by nature of expense

	2021	2020
Raw materials	10,838.3	8,258.1
Transport and distribution costs	1,624.8	1,560.4
Manufacturing expenses	1,723.7	1,188.3
Costs for employee benefits (Note 5)	1,014.9	978.1
Depreciation, amortisation, impairment (Note 8, 12, 13)	1,242.4	765.5
Depreciation, amortisation, impairment, Leases (Note 8, 12, 13)	279.6	276.5
Other expenses	775.0	615.0
<b>TOTAL</b>	<b>17,498.7</b>	<b>13,641.9</b>

### Note 4. Other operating income and expenses

<b>OTHER OPERATING INCOME</b>	2021	2020
Exchange rate gains on operating receivables/liabilities	376.6	286.9
Composition gain	–	2,958.4
Other service revenue	75.9	63.5
<b>TOTAL</b>	<b>452.5</b>	<b>3,308.8</b>
<b>OTHER OPERATING EXPENSES</b>	2021	2020
Exchange rate losses on operating receivables/liabilities	-317.6	-516.0
<b>TOTAL</b>	<b>-317.6</b>	<b>-516.0</b>

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

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### 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	2021			2020		
	Men	Women	Total	Men	Women	Total
<b>PARENT</b>						
Sweden	292	131	423	296	126	422
<b>TOTAL PARENT</b>	<b>292</b>	<b>131</b>	<b>423</b>	<b>296</b>	<b>126</b>	<b>422</b>
Germany	253	36	289	253	30	283
United Kingdom	41	19	60	39	18	57
Estonia	14	3	17	14	3	17
Poland	12	5	17	13	5	18
Belgium	5	10	15	7	9	16
Singapore	8	5	13	7	6	13
China	5	4	9	5	4	9
India	8	0	8	7	0	7
Argentina	5	6	11	5	6	11
Brazil	7	2	9	6	2	8
Other countries	34	31	65	33	34	67
<b>TOTAL OUTSIDE SWEDEN</b>	<b>392</b>	<b>121</b>	<b>513</b>	<b>389</b>	<b>117</b>	<b>506</b>
<b>TOTAL GROUP</b>	<b>684</b>	<b>252</b>	<b>936</b>	<b>685</b>	<b>243</b>	<b>928</b>

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

	2021	2020
Wages, salaries and other benefits	738.9	761.7
Pension costs, defined benefit (see also Note 22)	53.8	-17.6
Pension costs, defined contribution (see also Note 22)	43.0	66.8
Social security contributions	179.2	167.2
<b>TOTAL GROUP</b>	<b>1,014.9</b>	<b>978.1</b>

REMUNERATION AND OTHER BENEFITS. SENIOR EXECUTIVES. GROUP	2021			2020		
	President and CEO	Other senior executives	Total	President and CEO*	Other senior executives	Total
Basic salary	4.2	11.2	15.4	3.1	10.5	13.6
Variable pay	5.5	6.3	11.8	3.4	5.4	8.8
Other benefits	0.1	0.5	0.6	0.1	0.6	0.7
Social security contributions	3.1	4.3	7.4	2.1	3.8	5.9
Pension costs	1.8	4.5	6.3	1.0	4.2	5.2
<b>TOTAL</b>	<b>14.7</b>	<b>26.8</b>	<b>41.5</b>	<b>9.7</b>	<b>24.5</b>	<b>34.2</b>

Nynas Group Management 2020 (not including CEO), Rolf Allgulander, Simon Day, Eva Kaijser (acting), Anders Nilsson, Ingegerd Engquist, Rafael Renaudeau (from 1 of September 2021), Jim Christie (to 31 of August 2021), Mikael Blank (to 31 of August 2021), Hans Östlin.

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

In 2021 3.0 MSEK (1.0) was paid in board member fees.

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### Group president and CEO

Termination of employment in relation to the President requires 6 months notice by either party. If the employment is terminated by the company for any other reason than retirement at the age of 65, the Employee shall, furthermore, be entitled to severance pay equivalent to 12 times the monthly base salary.

### GENDER DISTRIBUTION IN SUBSIDIARIES BOARD

	2021	2020
Female representation, %		
Board	28,8	28,6
Group Management	22,2	22,2

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

DEPRECIATION AND AMORTISATION BY FUNCTION	Intangible		Tangible	
	2021	2020	2021	2020
Cost of sales	1.9	2.5	485.5	504.3
Distribution costs	0.5	0.8	34.8	38.9
Administrative expenses	17.3	19.3	7.4	7.7
<b>TOTAL</b>	<b>19.7</b>	<b>22.6</b>	<b>527.7</b>	<b>550.9</b>
<b>IMPAIRMENT LOSSES</b>				
Cost of sales	1.5	0.8	654.4	191.8
Distribution costs	0.5	–	38.6	–
<b>TOTAL</b>	<b>2.0</b>	<b>0.8</b>	<b>693.0</b>	<b>191.8</b>
<b>TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT BY FUNCTION</b>	<b>21.2</b>	<b>23.4</b>	<b>1,182.1</b>	<b>742.7</b>
<b>DEPRECIATION AND AMORTISATION OF TANGIBLE AND INTANGIBLE ASSETS BY TYPE OF ASSET</b>			<b>2021</b>	<b>2020</b>
Computer software			19.7	22.6
Buildings			10.7	13.1
Land improvements			5.6	6.0
Plant and machinery			486.3	500.7
Equipment			25.1	31.1
<b>TOTAL AMORTISATION OF TANGIBLE AND INTANGIBLE ASSETS</b>			<b>547.4</b>	<b>573.5</b>
<b>IMPAIRMENT LOSSES</b>				
Goodwill			–	8.1
Computer software			2.0	0.8
Buildings			56.6	–
Land improvements			15.0	–
Plant and machinery			598.5	191.2
Equipment			22.9	–
<b>TOTAL IMPAIRMENT LOSSES</b>			<b>695.0</b>	<b>200.1</b>
<b>TOTAL RECOGNISED DEPRECIATION, AMORTISATION AND IMPAIRMENT</b>			<b>1,242.4</b>	<b>773.6</b>
<b>DEPRECIATION AND AMORTISATION OF RIGHT OF USE ASSETS</b>				
Tank and depots			206.5	201.4
Vessels			48.3	43.2
Building and office space			15.7	23.3
Other			9.1	8.6
<b>TOTAL DEPRECIATION AND AMORTISATION OF RIGHT OF USE ASSETS</b>			<b>279.6</b>	<b>276.5</b>

Information regarding impairment see Note 13.

## NOTES

### Note 7. Auditors' fees and other remuneration

AUDIT FEES	2021	2020
KPMG		
Annual audit	7.3	12.2
Other audit services	0.3	3.2
Tax advisory services	0.4	0.7
Other services	0.2	10.6
<b>TOTAL</b>	<b>8.1</b>	<b>26.7</b>

### 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	2021	2020
2021	–	272.5
2022	293.4	226.1
2023	246.4	203.3
2024	218.8	183.0
2025	147.3	126.0
2026	37.5	92.4
2027 and later	147.9	–
<b>TOTAL PAYMENTS</b>	<b>1,091.3</b>	<b>1,103.3</b>
Discounting effect	-135.1	-139.2
<b>TOTAL LIABILITY ACCORDING TO BALANCE SHEET</b>	<b>956.2</b>	<b>964.1</b>
of which current liability	249.2	227.5
of which non-current liability	707.0	736.6

LEASE PAYMENTS	2021	2020
Payments of leases entered as liabilities	316.1	312.6
Variable lease payments not included in lease liability	73.8	65.9
<b>TOTAL LEASE PAYMENTS</b>	<b>389.9</b>	<b>378.5</b>

## NOTES

### Note 9. Net financial items

	2021	2020
Interest income, bank deposits	9.5	9.4
Interest income, derivative instruments (actual interest rates)	0.3	1.3
<b>TOTAL FINANCE INCOME</b>	<b>9.8</b>	<b>10.8</b>
Of which total interest income attributable to items carried at amortised cost	9.5	9.4
Interest expense, loans and bank overdrafts	-141.1	-255.5
Interest expense, derivative instruments (actual interest rates and changes in value)	-2.4	-1.6
Interest expense, interest bearing accounts payable	–	-210.4
Interest expense, PRI pension obligations	-8.3	-8.2
Interest expense, lease	-51.1	-59.6
Sales of shares in subsidiaries	–	–
Net exchange rate differences	-69.4	157.1
Other finance costs*)	-126.2	-29.9
<b>TOTAL FINANCE COSTS</b>	<b>-398.5</b>	<b>-408.1</b>
Of which total interest expense attributable to items carried at amortised cost	-149.4	-474.2
<b>TOTAL NET FINANCIAL ITEMS</b>	<b>-388.7</b>	<b>-397.4</b>

\* Mainly relates to up front fee.

### Note 10. Taxes

	2021	2020
Current tax	-69.3	-43.5
Current tax prior years and other taxes	-10.1	3.3
Deferred tax	17.7	3.6
<b>TOTAL</b>	<b>-61.8</b>	<b>-36.7</b>

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:

	2021	2020
Result before tax	-1,036.8	897.1
Tax according to Parent Company's applicable tax rate	213.6	-192.0
<b>Tax effect of:</b>		
Other non-deductible expenses	-69.2	-11.5
Other non-taxable income	18.0	8.9
Effect of different tax rates for foreign subsidiaries	-13.8	-0.6
Adjustment of current tax in respect of prior years	-10.1	3.3
Composition gain	–	633.1
Increase/decrease in tax carry forwards without corresponding capitalisation of deferred tax	-204.4	-481.9
Tax attributable to Joint Venture	2.7	4.0
Other	1.4	0.0
<b>RECOGNISED TAX EXPENSE</b>	<b>-61.8</b>	<b>-36.7</b>
Standard rate of income tax, %	20.6	21.4
Effective tax rate, %	-6.0	4.1



## NOTES

Con't. Note 10

DEFERRED TAX ASSETS AND LIABILITIES	Assets		Liabilities		Net	
	2021	2020	2021	2020	2021	2020
Land and buildings	-	-	8.3	8.2	-8.3	-8.2
Machinery and equipment	10.5	11.2	24.2	28.4	-13.7	-17.2
Inventories	-	-	-	17.5	-	-17.5
Other operating receivables/liabilities	1.7	1.1	-	-	1.7	1.1
Pension liabilities	142.6	185.8	58.7	16.8	83.9	169.0
Tax loss carry forwards	1.4	2.1	-	-	1.4	2.1
<b>TOTAL</b>	<b>156.2</b>	<b>200.2</b>	<b>91.2</b>	<b>70.9</b>	<b>65.0</b>	<b>129.3</b>
Offsets	0.1	0.1	0.1	0.1	-	-
<b>TOTAL</b>	<b>156.3</b>	<b>200.3</b>	<b>91.3</b>	<b>71.1</b>	<b>65.0</b>	<b>129.3</b>

CHANGE IN DEFERRED TAX ON TEMPORARY DIFFERENCES DURING YEAR 2021	Opening Balance	Recognised in income statement	Recognised in OCI	Acquisition	Exchange rate differences	Closing Balance
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
<b>TOTAL</b>	<b>129.3</b>	<b>17.7</b>	<b>-80.2</b>	<b>-</b>	<b>-1.9</b>	<b>65.0</b>

### 2020

Land and buildings	-8.7	0.5	-	-	-	-8.2
Machinery and equipment	-26.8	9.6	-	-	-	-17.2
Inventories	-24.8	7.3	-	-	-	-17.5
Other operating receivables/liabilities	3.5	-2.1	-0.3	-	-	1.1
Pension liabilities	151.1	4.1	14.8	-	-1.0	169.0
Tax loss carry forwards	17.8	-15.7	-	-	-	2.1
<b>TOTAL</b>	<b>112.2</b>	<b>3.6</b>	<b>14.5</b>	<b>-</b>	<b>-1.0</b>	<b>129.3</b>

On the closing date Nynas had unutilized loss carry forwards of just less than MSEK 4,154 (3,144). Based on these loss carry forwards, the Group recognised a deferred tax asset of MSEK 1 (2). Deferred tax assets are recognised 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 890 (682), no deferred tax asset is recognised due to uncertainty as regards future profit earnings. There are no expiration dates for the loss carry forwards. The composition agreement approved by the District Court of Södertörn

the 30 of November 2020 was accounted for by Nynas AB as a composition gain of total 2,958 MSEK in 2020. The composition gain has been treated as non-taxable. At the same time receiving the composition gain led to the write down of saved tax losses from 2019 and earlier of 2,538 MSEK.

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 2021 and 2020 was 67,532.

	2021			2020		
	Profit for the year	Number of shares	Per share	Profit for the year	Number of shares	Per share
Earnings per share	-1,098.7	67,532	-16,269	860.4	67,532	12,741

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

## NOTES

### Note 12. Intangible assets

<b>2021</b>	<b>Goodwill</b>	<b>Supply contracts/ Customer lists</b>	<b>Computer software</b>	<b>Other intang. assets/ Trademarks</b>	<b>Total Intangible Assets</b>
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	–	–	–	–	–
<b>CLOSING COST</b>	<b>198.7</b>	<b>364.0</b>	<b>540.2</b>	<b>1.6</b>	<b>1,104.5</b>
Opening regular depreciation	-190.0	-237.0	-427.4	-1.6	-856.0
Disposals	–	–	–	–	–
Translation differences	–	–	–	–	–
Amortisation for the year	–	–	-19.7	–	-19.7
<b>CLOSING REGULAR DEPRECIATION</b>	<b>-190.0</b>	<b>-237.0</b>	<b>-447.1</b>	<b>-1.6</b>	<b>-875.7</b>
Opening impairment	-8.7	-127.0	-25.0	–	-160.8
Impairment for the year	–	–	-2.0	–	-2.0
Translation differences	–	–	–	–	–
<b>CLOSING IMPAIRMENT</b>	<b>-8.7</b>	<b>-127.0</b>	<b>-27.0</b>	<b>–</b>	<b>-162.8</b>
<b>CARRYING VALUE</b>	<b>0.0</b>	<b>0.0</b>	<b>66.1</b>	<b>0.0</b>	<b>66.1</b>
<b>2020</b>	<b>Goodwill</b>	<b>Supply contracts/ Customer lists</b>	<b>Computer software</b>	<b>Other intang. assets/ Trademarks</b>	<b>Total Intangible Assets</b>
Opening cost	198.7	364.0	491.6	1.6	1,055.9
Acquisitions	–	–	25.2	–	25.2
Disposals	–	–	–	–	–
Reclassifications	–	–	1.0	–	1.0
Translation differences	–	–	-1.0	–	-1.0
<b>CLOSING COST</b>	<b>198.7</b>	<b>364.0</b>	<b>516.8</b>	<b>1.6</b>	<b>1,081.1</b>
Opening regular depreciation	-190.0	-237.0	-405.6	-1.6	-834.2
Disposals	–	–	–	–	–
Translation differences	–	–	0.8	–	0.8
Amortisation for the year	–	–	-22.6	–	-22.6
<b>CLOSING REGULAR DEPRECIATION</b>	<b>-190.0</b>	<b>-237.0</b>	<b>-427.4</b>	<b>-1.6</b>	<b>-856.0</b>
Opening impairment	-0.6	-127.0	-24.2	–	-151.9
Impairment for the year	-8.1	–	-0.8	–	-8.9
Translation differences	0.0	–	–	–	0.0
<b>CLOSING IMPAIRMENT</b>	<b>-8.7</b>	<b>-127.0</b>	<b>-25.0</b>	<b>–</b>	<b>-160.8</b>
<b>CARRYING VALUE</b>	<b>0.0</b>	<b>0.0</b>	<b>64.4</b>	<b>0.0</b>	<b>64.4</b>

## NOTES

### Note 13. Tangible assets

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
<b>CLOSING COST</b>	<b>581.1</b>	<b>11,113.1</b>	<b>614.5</b>	<b>614.9</b>	<b>12,923.6</b>
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
<b>CLOSING REGULAR DEPRECIATION</b>	<b>-307.6</b>	<b>-6,625.3</b>	<b>-505.4</b>	<b>0.0</b>	<b>-7,438.3</b>
<b>CLOSING RESIDUAL VALUE</b>	<b>273.5</b>	<b>4,487.8</b>	<b>109.1</b>	<b>614.9</b>	<b>5,485.4</b>
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	–
<b>CLOSING IMPAIRMENT</b>	<b>-114.6</b>	<b>-1,952.8</b>	<b>-28.1</b>	<b>-71.9</b>	<b>-2,167.4</b>
<b>CARRYING VALUE</b>	<b>158.9</b>	<b>2,535.0</b>	<b>81.0</b>	<b>543.0</b>	<b>3,317.9</b>
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
<b>CARRYING VALUE</b>	<b>557.7</b>	<b>312.4</b>	<b>16.5</b>	<b>28.3</b>	<b>914.8</b>

## NOTES

Con't. Note 13

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

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

### Impairment testing of tangible assets

The book 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 five-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, energy and

transportation 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 new strategy base has changed the allocation of fixed assets between the segments in year 2021 compared to 2020 related to Harburg.

The cash-generating units in the Group consist of Bitumen and NSP segment.

CARRYING AMOUNT ALLOCATED TO EACH OF THE CGUS:	Naphthenics		Bitumen		Group	
	2021	2020	2021	2020	2021	2020
Tangible and intangible assets excluding lease	1,444.0	590.0	1,940.0	3,324.0	3,384.0	3,914.0
Working capital excluding debt to crude supplier	2,953.0	1,710.0	981.0	1,567.0	3,934.0	3,277.0
<b>TOTAL</b>	<b>4,397.0</b>	<b>2,300.0</b>	<b>2,921.0</b>	<b>4,891.0</b>	<b>7,318.0</b>	<b>7,191.0</b>

## NOTES

### Con't. Note 13

The Group performed its annual impairment test per December 2021 and 2020, as well as a high level impairment test per September 2021 in Nynas AB. 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 2021, the market capitalisation of the Group was above the book value, indicating no impairment of fixed assets and impairment of the assets of the operating segments.

### Naphthenics CGU

The recoverable amount of the Naphthenics CGU of SEK 5,707 million as at 31 December 2021 has been determined based on a value in use calculation using cash flow projections based on financials budgets and a five-year medium-term business plan given a directional strategy. The discount rate has been estimated based on a weighted average capital cost of 8,7 per cent (9,0 per cent) applied to the cash flow projections and cash flows beyond 2026 are extrapolated using a 2.0 per cent growth rate (2.0 per cent). It was concluded for December 2021, that the fair value less costs of disposal exceed the value in use, and thereby no impairment need December 2021. The same analysis was made in December 2020 and a high level analysis in September 2021 where the management concluded the need for impairment of SEK 200 million in December 2020 and SEK 0 million September 2021. The impairment charge is recorded within cost of goods sold in the statement of profit or loss.

### Bitumen CGU

The recoverable amount of the Bitumen CGU of SEK 3,636 million as at 31 December 2021 has been determined based on a value in use calculation using cash flow projections based on financials budgets and a five-year medium-term business plan given a directional strategy. The discount rate has been estimated based on a weighted average capital cost of 8,7 per cent (9,0 per cent) applied to the cash flow projections and cash flows beyond 2026 are extrapolated using a 2.0 per cent growth rate (2.0 per cent). It was concluded for December 2020, that the fair value less costs of disposal exceed the value in use, and thereby no impairment need December 2021. The same analysis was made in December 2020 and a high level analysis in September 2021 where the management concluded the need for impairment of SEK 0 million in December 2020 and SEK 695 million September 2021. The impairment charge is recorded within cost of goods sold in the statement of profit or loss.

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

The projected cash flows are based on assumptions regarding sales volume, unit revenue, operating margins and discount rates, which have been established by the management based on historical experience and market data specific on oil price level assumptions and demand trend looking forward. The policies applied in the above assessment are unchanged from the assessment in fiscal year 2020. The discount rate has been estimated based on a weighted average capital cost of 8.7 per cent (9.0 per cent) after tax. The same assumptions have been used in the different CGU's. Decreased demand, delayed or not a full recovery from pandemic can lead to a decline in volumes and the operating margin vs plans. A decrease in the Naphthenics and Bitumen market or not recapture from pandemic according to planned volumes and margins could result in further impairment need in the the coming years.

Significant assumptions used to calculate the value in use:

	2021	2020
Gross margin, %*	2.5	2.5
Rate of growth, %**	2.0	2.0
Discount rate, %***	8.7	9.0

\* 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

	2021	2020
Opening cost	2,876.6	2,876.6
Contribution in cash <sup>1</sup>	–	–
Liquidation	–	–
Impairment of shares in subsidiary	–	–
<b>CLOSING COST</b>	<b>2,876.6</b>	<b>2,876.6</b>

1) No contribution has been made during 2021 and 2020.

<b>GROUP COMPANIES: (SEK thousands)</b>	<b>Reg. no</b>	<b>Reg'd office</b>	<b>Number of shares</b>	<b>% Holding</b>	<b>Currency</b>	<b>Carrying amount</b>
Nynas UK AB, Sweden	556431-5314	Stockholm	1,000	100	SEK	625,176
Nynas Oil Import AB	556726-8841	Stockholm	1,000	100	SEK	100
Nynäs AB <sup>2</sup>	556366-1957	Stockholm	1,000	100	SEK	100
Nynas Ltd, UK	02359113	London	7,647,888	100	GBP	92,323
Nynas Insurance Company Ltd, Bermuda	#11005	Hamilton	91,800	100	SEK	8,349
Nynas A/S, Denmark	A/S 66679	Copenhagen	1,000	100	DKK	36,461
Nynas AS, Norway	962022316	Drammen	5,400	100	NOK	50,017
AS Nynas, Estonia	10028991	Tallinn	13,600	100	EEK	5,891
Nynas SA, France	32803123200049	Bobigny	10,994	99.95	EUR	2,872
Nynas Petroleo SA, Spain	esa78474475	Madrid	49,916	100	EUR	4,534
Nynas Srl, Italy	1249541	Milan	50,000	100	EUR	1,850
Nynas GmbH, Germany	121304433	Düsseldorf	1	100	EUR	2,105
Nynas Pty Ltd, Australia	ACN076.139.029	Brisbane	10,000	100	AUD	54
Nynas Sp. z o.o., Poland	KRS:0000106219	Szczecin	430	100	PLN	1,614
Nynas (South Africa) (Pty) Ltd, South Africa	97/13041-07	Johannesburg	100	100	ZAR	–
Nynas do Brasil Ltda, Brasilia	02331563/0001	Sao Paulo	10,000	100	BRL	584
Nynas Canada Inc, Canada	870209335	Toronto	10,000	100	CAD	1,001
Nynas Naphthenics Yagları Ticaret Ltd Sti, Turkey	632 011 3964	Istanbul	38,489	100	TRL	4,808
Nynas Mexico SA, Mexico	NME010316RF1	Mexico City	50,000	100	MXN	2,910
Nynas Servicios SA, Mexico	NSE010316NM1	Mexico City	50,000	100	MXN	115
Nynas Argentina SA, Argentina	30707778209	Buenos Aires	15,000	100	ARS	181
Nynas Technol Handels GmbH, Austria	FN219950	Graz	1	100	EUR	323
Nynas Petroleum Shanghai Co., Ltd., China	315137	Shanghai	1	100	CNY	2,071
Nynas Baltic Sweden AB, Sweden	556625-4511	Stockholm	1,000	100	SEK	37
Nynas Belgium AB, Sweden	556613-4473	Stockholm	1,000	100	SEK	–
Nynas NV, Belgium	893.286.262	Zaventem	1	0.01	EUR	–
Nynas PTE. Ltd, Singapore	200723567N	Singapore	36,720	100	SGD	217
Nynas AG, Switzerland	CH-170.3.025.994-5	Zug	79,998	99.99	CHF	–
Nynas Inc, USA	800197875	Delaware	100	100	USD	36,693
Nynas OY, Finland	1834987-6	Vantaa	100	100	EUR	125
PT Nynas Indonesia, Indonesia	21.069.383.4-417.000	Jakarta	150,000	100	IDR	1,258
Nynas Naphthenics Private Ltd, India	US1109MH2009FTL195149	Mumbai	1,000,000	100	INR	753
Nynas Colombia S.A.S	NIT 901.011.627-3	Bogotá	1,000,000	100	COP	2,770
Nynas Germany AB	556858-4170	Stockholm	500	100	SEK	1,991,297
<b>TOTAL INVESTMENTS IN GROUP COMPANIES</b>						<b>2,876,590</b>

2) Dormant

## NOTES

Con't. Note 14

<b>INDIRECT HOLDINGS IN OPERATING GROUP COMPANIES</b>	<b>Reg. no</b>	<b>Reg'd office</b>	<b>Number of shares</b>	<b>% Holding</b>	<b>Currency</b>
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 joint ventures

<b>GROUP</b>	<b>Reg. no</b>	<b>Reg'd office</b>	<b>Number of shares</b>	<b>Holding %</b>	<b>Currency</b>	<b>Carrying amount</b>
Eastham Refinery Ltd, UK	2205902	London	8,000,000	50	GBP	235.0
Share in equity of Eastham Refinery Ltd accounted for using equity method						-42.5
<b>TOTAL INVESTMENTS IN ASSOCIATES AND JOINT VENTURES</b>						<b>192.5</b>

#### GROUP'S INTEREST IN THE ASSOCIATES AND JOINT VENTURES ERL

	<b>Assets</b>	<b>Liabilities</b>	<b>Revenue</b>	<b>Profit</b>
Eastham Refinery Ltd, UK	263.5	69.4	181.2	18.6
			<b>2021</b>	<b>2020</b>
Opening balance			192.6	188.9
Profit for the year			18.6	18.0
Dividend and capital contribution			-35.4	0.0
Translation differences and IFRS 16 lease			16.7	-14.3
<b>CLOSING BALANCE</b>			<b>192.5</b>	<b>192.6</b>

### Note 16. Other long-term receivables

	<b>2021</b>	<b>2020</b>
Opening balance	14.6	14.6
Amounts to be received	0.5	-0.1
<b>CLOSING BALANCE</b>	<b>15.1</b>	<b>14.6</b>

## NOTES

### Note 17. Inventories

	2021	2020
Raw materials	1,101.6	637.7
Semi-finished products	363.7	248.1
Finished products	2,191.0	2,064.3
<b>TOTAL</b>	<b>3,656.3</b>	<b>2,950.1</b>

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

Test of any impairment need of the inventory value per end of 2021 have been done with no need for write down, amounts relating to impairment of inventories are reported under costs of goods sold.

### Note 18. Accounts receivable

	2021			2020		
	Gross	Loss allowance	Net carrying amount	Gross	Loss allowance	Net carrying amount
Current receivables	1,103.5	-1.7	1,101.8	824.5	-1.3	823.2
Past due 1–30 days	187.4	-0.5	186.9	116.8	-0.4	116.4
Past due 31–90 days	76.8	-1.2	75.6	49.1	-0.6	48.5
Past due 91–180 days	13.8	-0.2	13.6	8.6	-0.2	8.4
Past due 181–360 days	1.7	-0.2	1.5	18.9	-6.8	12.2
Past due over 360 days	96.4	-94.0	2.5	86.4	-76.1	10.3
Bankruptcy	–	–	–	–	–	–
<b>TOTAL ACCOUNTS RECEIVABLES</b>	<b>1,479.6</b>	<b>-97.8</b>	<b>1,381.9</b>	<b>1,104.3</b>	<b>-85.5</b>	<b>1,018.9</b>

#### Performance obligation

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

#### Factoring

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

At year-end 2021, the part used as Factoring is approximately 7 per cent 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 32.7 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 26 per cent during end of 2021 (28 per cent). Since approx. 74 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.

## NOTES

### Note 19. Prepayments and accrued income

	2021	2020
Prepayment crude purchase	367.0	254.0
Insurances	64.3	43.5
Charter hire	26.4	79.9
Consultancy costs	22.2	2.2
Software licences	10.8	13.3
Rent	9.7	5.1
Other prepayments	46.8	39.3
<b>TOTAL</b>	<b>547.1</b>	<b>437.2</b>

### Note 20. Cash and cash equivalents

	2021	2020
Cash and bank balances	1,203.2	1,349.4
Restricted cash account	29.8	–
<b>CASH AND CASH EQUIVALENTS RECOGNISED</b>	<b>1,232.9</b>	<b>1,349.4</b>

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

<b>SPECIFICATION OF EQUITY ITEM 'RESERVES', TRANSLATION RESERVE AND CURRENCY HEDGES</b>	2021	2020
Opening translation reserve and currency hedges of net investments	-401.4	-182.6
Translation reserve and currency hedges of net investments for the year	106.5	-218.8
<b>CLOSING TRANSLATION RESERVE AND CURRENCY HEDGES OF NET INVESTMENTS</b>	<b>-294.9</b>	<b>-401.4</b>
<b>HEDGING RESERVES</b>		
Opening reserves	–	-93.1
Changes in reserves during the year	9.9	93.1
<b>CLOSING RESERVES</b>	<b>9.9</b>	<b>–</b>

#### Reserves

##### *Translation reserve*

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

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

##### *Hedging reserve*

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

## 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 EURIBOR plus a margin of 800 bps and the nominal amount and the accrued interest is in EUR. The hybrid bonds are subordinated and only senior to the share capital. All hybrids are perpetual and Nynas controls the payment of interest and principal in the instruments. The recognition of the hybrid bond as equity has the effect that the interest on the bond becomes a type of preference dividend in accounting terms; i.e. a right to equity-related payments that have preference over ordinary share dividends.

### Retained earnings

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

### Share capital

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

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

DISTRIBUTION OF SHARE CAPITAL	2021	2020
CHANGE IN TOTAL NUMBER OF SHARES		
Opening number	67,532	67,532
Change during the year	–	–
<b>CLOSING NUMBER</b>	<b>67,532</b>	<b>67,532</b>

Class of share	2021		2020	
	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
<b>TOTAL</b>	<b>67,532</b>	<b>100</b>	<b>67,532</b>	<b>100</b>

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 2021 is SEK 0 (0) per share. Based on the number of shares at 31 December 2021, 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 3,824 (4,587) million at the end of the year. The return on equity was -26.2 (37.2) per cent.

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



## NOTES

### 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 96.

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 49.9 (56.3) 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 52.7 MSEK (13.2 MSEK), sales cost 22.0 MSEK (17.4 MSEK) and administration cost 22.1 MSEK (18.6 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-taggt" 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 reorganisation. 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 consists 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 171 (148) per cent.

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

#### 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 (60per 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.

	<b>2021</b>				
<b>REPORTED AS PROVISIONS FOR PENSIONS IN THE STATEMENT OF FINANCIAL POSITION</b>	<b>Sweden</b>	<b>UK</b>	<b>Belgium</b>	<b>Germany</b>	<b>Total</b>
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	–	–	–	–	–
<b>NET LIABILITY RECOGNISED IN STATEMENT OF FINANCIAL POSITION</b>	<b>442.1</b>	<b>-339.1</b>	<b>10.4</b>	<b>735.4</b>	<b>848.8</b>
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
	<b>2020</b>				
	<b>Sweden</b>	<b>UK</b>	<b>Belgium</b>	<b>Germany</b>	<b>Total</b>
Present value of funded obligations	12.9	1,093.8	71.3	–	1,178.1
Fair value of plan assets	-19.4	-1,255.6	-53.8	–	-1,328.9
Deficit/(surplus)of funded plans	-6.5	-161.8	17.5	–	-150.8
Present value of unfunded obligations	459.2	–	0.0	801.5	1,260.7
Total deficit/(surplus) in defined benefit plans	452.7	-161.8	17.5	801.5	1,109.9
Effects of minimum funding requirements/asset ceiling	–	–	–	–	–
<b>NET LIABILITY RECOGNISED IN STATEMENT OF FINANCIAL POSITION</b>	<b>452.7</b>	<b>-161.8</b>	<b>17.5</b>	<b>801.5</b>	<b>1,109.9</b>
Portion of pension liability recognised as provisions for pensions	452.7	–	17.5	801.5	1,271.7
Portion recognised as financial fixed asset	–	-161.8	–	–	-161.8

## NOTES

Con't. Note 22

<b>CHANGE IN PRESENT VALUE OF DEFINED BENEFIT OBLIGATION</b>	<b>2021</b>	<b>2020</b>
Present value of defined benefit obligation at beginning of year	2,438.0	2,434.8
Current service cost	41.3	39.7
Interest cost/(credit)	27.1	35.7
(Gain)/loss on part service cost, curtailment and settlement	–	-59.4
Special payroll tax in income	1.1	-12.9
(Gain)/loss on changes in demographic assumptions	7.3	–
(Gain)/loss on changes in financial assumptions	-155.0	228.2
Experience (gain)/loss	-88.9	-17.0
Special payroll tax related to remeasurements	-1.2	2.7
Employee contributions	2.7	2.7
Benefits paid	-39.3	-83.3
Payments of special payroll tax	-2.1	-2.4
Exchange rate (gain)/loss	120.8	-130.9
<b>PRESENT VALUE OF DEFINED BENEFIT OBLIGATION AT END OF YEAR</b>	<b>2,351.8</b>	<b>2,438.0</b>
<b>COSTS RECOGNISED IN INCOME STATEMENT</b>		
<i>Defined benefit pension plans:</i>		
Current service cost	41.3	39.7
Interest cost/(credit)	9.0	11.4
(Gain)/loss on part service cost, curtailment and settlement	–	-59.4
Special payroll tax	1.2	-12.9
Administration costs	2.4	3.5
<b>TOTAL COST OF DEFINED BENEFIT PAYMENTS RECOGNISED IN INCOME STATEMENT</b>	<b>53.8</b>	<b>-17.6</b>
<i>Defined contribution pension plans:</i>		
Costs for defined contribution plans	43.0	66.8
<b>TOTAL PENSION EXPENSE RECOGNISED IN INCOME STATEMENT</b>	<b>96.8</b>	<b>49.3</b>
<b>EXPENSES RECOGNISED IN OTHER COMPREHENSIVE INCOME</b>		
Return on plan assets in excess of the amount included in interest cost/(credit)	-61.6	-160.4
(Gain)/loss on changes in demographic assumptions	7.3	–
(Gain)/loss on changes in financial assumptions	-155.0	228.2
Experience (gain)/loss	-89.0	-17.0
Special payroll tax related to remeasurements	-1.2	2.7
<b>TOTAL EXPENSES FOR DEFINED BENEFIT REMUNERATION RECOGNISED IN OTHER COMPREHENSIVE INCOME</b>	<b>-299.5</b>	<b>53.5</b>

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

	2021				2020			
	Sweden	UK	Belgium	Germany	Sweden	UK	Belgium	Germany
Discount rate	1.8	1.9	0.8	1.3	1.2	1.4	0.3	0.8
Future salary increases	N/A	N/A	2.8	2.5	N/A	N/A	2.8	2.5
Future pension increases	2.0	3.4	1.8	1.8	1.5	2.9	1.8	1.8
Expected remaining service period	N/A	N/A	14.0	22.0	N/A	N/A	16.0	21.0

## NOTES

Con't. Note 22

### LIFE EXPECTANCY

	2021				2020			
	Swedish DUS14 w-c	UK Mortality table PCA00 CMI2017 with long term rates of improvement of 1.5% for Males and 1.0% for Females	Belgian Mortality table MR/FR	German Mortality table Richttafeln Heubeck 2018 G (statutory)	Swedish DUS14 w-c	UK Mortality table PCA00 CMI2017 with long term rates of improvement of 1.5% for Males and 1.0% for Females	Belgian Mortality table MR/FR	German Mortality table Richttafeln Heubeck 2018 G (statutory)
Duration	20	18	12	28	21	18	12	30

### CHANGE IN FAIR VALUE OF PLAN ASSETS DURING THE YEAR

	2021	2020
Fair value of plan assets at beginning of year	1,328.9	1,322.7
Interest cost/(credit)	18.1	24.3
Return on plan assets in excess of the amount included in interest cost/(credit)	61.6	160.4
Administrative costs	-2.4	-3.5
Employer contributions	7.1	10.6
Employee contributions	2.7	2.7
Benefits paid	-30.2	-75.1
Exchange rate (gain)/loss	117.8	-113.3
<b>FAIR VALUE AT END OF YEAR</b>	<b>1,503.6</b>	<b>1,328.9</b>

### PLAN ASSETS

	2021	2020
Shares and participating interests	542.9	658.9
Interest-bearing securities	713.2	558.2
Property	39.0	31.2
Insurance	56.4	53.8
Cash and cash equivalents, bank deposit	152.1	26.8
<b>FAIR VALUE OF PLAN ASSETS</b>	<b>1,503.6</b>	<b>1,328.9</b>

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

### ACTUAL RETURN

	2021	2020
Actual return on plan assets	79.7	184.7

### SENSITIVITY ANALYSIS IMPACT OF THE BENEFIT OBLIGATION, 2021 (+Increase/-Decrease), per country

Significant actuarial assumptions		Sweden Present Value	Sweden %	UK Present Value	UK %	Belgium Present Value	Belgium %	Germany Present Value	Germany %
Discount rate, %	+0.5	412.9	-10	1,000.3	-8	66.8	0	641.2	-13
Discount rate, %	-0.5	514.7	12	1,191.8	9	66.8	0	847.9	15
Life expectancy	+1 year	485.0	5	1,130.8	4	66.8	0	760.7	3

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

Furthermore it is very most likely that the changes of the assumptions occurs. Estimations have been done by analysing

every changes separately. If there should be any relation between the assumptions, the estimations have not been taken this into consideration. The assumption of a decrease in life expectancy is seen as limit and therefore it has not been estimated in the sensitivity analysis.

## NOTES

### Note 23. Other provisions

	Provision for environmental obligation	Provision for other obligations	Total
Balance at 31 December 2020	158.2	4.0	162.2
Provisions made during the year	56.0	1.8	57.8
Provisions used during the year	-7.8	–	-7.8
Unutilized provision reversed during the year	–	-1.6	-1.6
Translation differences	0.2	0.2	0.4
<b>Balance at 31 December 2021</b>	<b>206.5</b>	<b>4.5</b>	<b>211.0</b>
of which current	–	–	–
of which non-current	206.5	4.5	211.0

#### Other provisions

Other provisions relate mainly to the take-over of the Harburg refinery, committed consideration but not paid and to its amount preliminary and subject to fulfilment of terms and conditions by the parties and future tax provision relating to Nynas foreign operations arising in the ordinary course of a global business. For further information regarding legal and tax proceedings see Note 29.

#### Environmental related provisions

Environmental related provisions include provisions for environmental remediation measures related to the Group's sites, mainly in Sweden (Nynäshamn), Wandre in Belgium, Køge in Denmark and Dundee in Scotland. The provision in Nynäshamn consists of three parts – the Land Farm (SEK 30 million), E2 (SEK 15 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 2022.

The remaining cost for covering the land fill has been estimated at 30 MSEK.

#### Lagoon/Catch basins

Dredging of the lagoon and catch basins started in 2017 and was completed in 2018. The Land and Environment Court is now reviewing if the shoreline of the lagoon needs further dredging. The contaminated sediments are now being dewatered. The

technique for final treatment of the contaminated dewatered sediments has not yet been decided by the Land and Environment Court. Nynas reported its recommendation on the technique to be used to the court by 30 June 2021 and 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 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 for the turnaround in 2023.

The remaining cost has been estimated at 15 MSEK.

## NOTES

### Note 24. Liabilities to credit institutions

Nynas exited the reorganisation 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 bank syndikate (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 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.

LONG-TERM LIABILITIES	2021	2020
Credit facility	3,071.7	2,990.0
Non-current lease liability	707.0	736.5
<b>TOTAL</b>	<b>3,778.7</b>	<b>3,726.5</b>
<b>CURRENT LIABILITIES</b>		
Credit facility	803.7	–
Current lease liability	249.3	227.6
<b>TOTAL</b>	<b>1,053.0</b>	<b>227.6</b>
<b>GRAND TOTAL</b>	<b>4,831.7</b>	<b>3,954.1</b>

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
<b>TOTAL</b>					<b>3,071.7</b>

CURRENT LIABILITIES Year issued/maturity	Description of loan	Interest, %	Currency	Nominal amount (local currency)	Recognised amounts in SEK million
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
<b>TOTAL</b>					<b>803.7</b>



## NOTES

Con't. Note 24

2020 LONG-TERM LIABILITIES Year issued/maturity	Description of loan	Interest, %	Currency	Nominal amount (local currency)	Recognised amounts in SEK million
Variable-rate loans					
2020/2025	Credit facility	1.50	EUR	216.6	2,173.0
2020/2025	Credit facility	1.50	EUR	92.1	924.5
2020/2025	Up-front fees				-107.4
<b>TOTAL</b>					<b>2,990.0</b>

### MATURITY OF EXTERNAL INTEREST-BEARING LIABILITIES AT 31 DEC 2021

2022-12-31	803.7
2021 and thereafter	3,071.7
<b>TOTAL</b>	<b>3,875.4</b>

### MATURITY OF EXTERNAL INTEREST-BEARING LIABILITIES AT 31 DEC 2020

2021-12-31	–
2020 and thereafter	2,990.0
<b>TOTAL</b>	<b>2,990.0</b>

### THE GROUP HAS THE FOLLOWING UNUSED CREDIT FACILITIES:

	2021	2020
Variable interest		
Uncommitted	–	–
Committed		
expires within one year	1,175.5	–
expires after one year	100.0	–
<b>TOTAL</b>	<b>1,275.5</b>	<b>–</b>

## Note 25. Accrued liabilities and deferred income

	2021	2020
Accrued salaries/holiday pay	166.6	165.0
Accrued energy costs	142.3	25.5
Shipping costs	94.3	63.9
Accrued environmental costs	78.2	–
Other selling costs	62.7	16.6
Accrued insurance	40.9	19.3
Accrued interest	32.7	0.7
Customer provision	25.1	33.4
Consulting	13.9	3.6
Accrued legal fee, reorganisation process	–	67.8
Accrued stamp duty costs	–	35.8
Other accrued liabilities and deferred income	66.6	115.6
<b>TOTAL</b>	<b>723.2</b>	<b>547.1</b>

## 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:

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
<b>FINANCIAL ASSETS</b>	<b>9.9</b>	<b>–</b>	<b>2,981.8</b>	<b>–</b>	<b>2,991.7</b>	<b>665.5</b>	<b>3,657.2</b>	<b>3,657.2</b>
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
<b>FINANCIAL LIABILITIES</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>5,640.1</b>	<b>5,640.1</b>	<b>1,338.0</b>	<b>6,978.1</b>	<b>6,978.1</b>

## NOTES

Con't. Note 26

2020	Derivatives used in hedge accounting	Derivatives held at fair value through income statement	Financial assets valued to amortised cost	Financial liabilities valued to amortised cost	Total carrying amount	Non-financial assets and liabilities	Total balance sheet	Fair value
Accounts receivable	–	–	1,018.9	–	1,018.9	–	1,018.9	1,018.9
Long-term derivatives	–	–	–	–	–	–	–	–
Short-term derivatives	–	–	–	–	–	–	–	–
Other current receivables	–	–	–	–	–	560.3	560.3	560.3
Prepaid expenses and accrued income	–	–	244.2	–	244.2	193.0	437.2	437.2
Cash and cash equivalents	–	–	1,349.4	–	1,349.4	–	1,349.4	1,349.4
<b>FINANCIAL ASSETS</b>	–	–	<b>2,612.5</b>	–	<b>2,612.5</b>	<b>753.3</b>	<b>3,365.8</b>	<b>3,365.8</b>
Long-term liabilities to credit institutions	–	–	–	3,726.6	3,743.0	–	3,743.0	3,743.0
Short-term liabilities to credit institutions	–	–	–	227.5	211.1	–	211.1	211.1
Accounts payable	–	–	–	750.6	750.6	–	750.6	750.6
Joint venture liabilities	–	–	–	8.3	8.3	–	8.3	8.3
Short-term derivatives	–	–	–	–	–	–	–	–
Other current liabilities	–	–	–	–	–	389.1	389.1	389.1
Accrued liabilities and deferred income	–	–	–	–	–	547.1	547.1	547.1
<b>FINANCIAL LIABILITIES</b>	–	–	–	<b>4,713.0</b>	<b>4,713.0</b>	<b>936.2</b>	<b>5,649.2</b>	<b>5,649.2</b>

### Note 27. Financial risk management, supplementary information

#### LIQUIDITY AND REFINANCING RISK

Liquidity and refinancing risk are 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).

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
<b>TOTAL BORROWING</b>		<b>3,876</b>	<b>5,153</b>	–

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

## NOTES

Con't. Note 27

### COMMENT

At the turn of the year approximately 40 per cent (approx. 34) 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 facility. 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.

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

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

Nynas exited the reorganisation 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.

### 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).

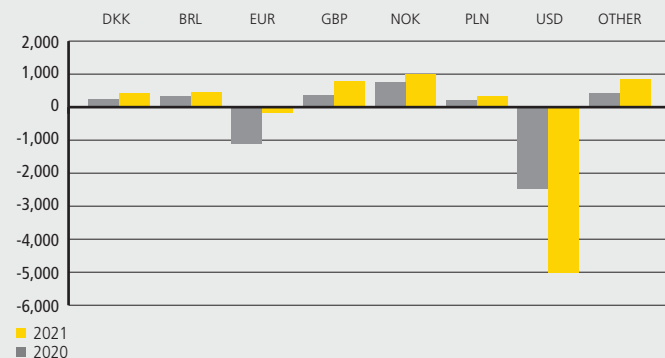
Nynas handles the currency risks occurring in accordance with the descriptions given in the following sections. previous years. Due to limited availability of credit facilities, the currency risk has been hedged with futures contracts to lesser extent than previous years. On December 31, 2021 Nynas AB had no outstanding currency futures contracts.

### CURRENCY RISK TRANSACTION RISK

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

### EXPOSURE

Nynas' transaction exposure, i.e. the Group's net currency flows, amounted to SEK -1,442 million in 2021 (-1,133).



### COMMENT, TRANSACTION RISK

Nynas has significant foreign currency payments, primarily in USD. During 2021 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 3,824 million (SEK 4,579 million).

### EXPOSURE

Net assets in foreign currency, SEK million.

NET ASSETS IN FOREIGN CURRENCY	2021	2020
GBP	841	659
CHF	2	5
USD	57	121
SGD	177	163
BRL	25	3
PLN	27	24
DKK	2	8
NOK	81	76
EUR	2,322	2,234
Other	290	1,286
<b>TOTAL</b>	<b>3,824</b>	<b>4,579</b>

### THE GROUP'S BORROWING BY CURRENCY \*

	2021	2020
EUR	3,840	2,990
GBP	35	–
<b>TOTAL</b>	<b>3,875</b>	<b>2,990</b>

\* 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. Due to limited availability of credit facilities, the currency risk has been hedged with futures contracts to lesser extent than previous years. 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 -197 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 2021 the inventory value on average was approximately SEK 3,997 million (3,158), 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 40 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, 2021 Nynas AB had no 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 4,832 million (3,954) including lease liability. A 1 per cent change in interest rates would therefore change the pre-tax profit/loss by +/- SEK 48 million (39).</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
	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	–	–	–	–	–
	<b>TOTAL BORROWING</b>	<b>1.5</b>	<b>0.8</b>	<b>1.5</b>	<b>0.8</b>	<b>3,875</b>
	2020					
	Credit facility	1.0	13	1.0	13	2,098
	Credit facility	1.0	13	1.0	13	892
	Interest rate swaps	–	–	–	–	–
	<b>TOTAL BORROWING</b>	<b>1.0</b>	<b>13</b>	<b>1.0</b>	<b>13</b>	<b>2,990</b>

### 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 1 month (13) 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 1.5 per cent (1.0). 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		
<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"> <li>• Financial credit risk</li> <li>• Credit risk in accounts receivable</li> </ul>			
	2021	2020	
	Accounts Receivable	1,381.9	1,018.9
	Cash and cash equivalents	1,232.9	1,349.4
	Unrealized gains and losses on derivatives	–	–
	<b>TOTAL</b>	<b>2,614.8</b>	<b>2,368.3</b>



## NOTES

Con't. Note 27

### COMMENT, CREDIT RISK

With regard to the financial credit risk, Nynas has before the reorganisation 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 (0) 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 74 per cent of outstanding accounts receivable are covered by credit insurance. Historically, losses on accounts receivable have, on an overall basis, been low. The total gross value of outstanding accounts receivable as of 31 December was SEK 1,480 million (1,104). These were written down by a total of SEK -98 million (-85). Age analyses of accounts receivable as of December 31 are presented in Note 18.

### COMMODITY PRICE RISK

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

The oil price fluctuated during the year from an initial month-average Brent price of USD 71/bbl, from a low level of USD 55/bbl in January and USD 74/ bbl at year-end.

### EXPOSURE

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

	Inventory volume, ktonnes per month		Inventory value, SEK million per month	
	2021	2020	2021	2020
JAN	827	768	3,177	3,848
FEB	773	730	3,080	3,722
MAR	892	814	3,732	3,298
APR	1,013	889	4,277	3,121
MAY	937	896	4,067	2,960
JUN	970	827	4,418	2,914
JUL	962	852	4,610	3,113
AUG	901	903	4,544	3,362
SEP	891	743	4,663	2,852
OCT	692	810	3,894	3,039
NOV	661	689	3,847	2,711
DEC	594	767	3,656	2,950
<b>AVERAGE</b>	<b>843</b>	<b>807</b>	<b>3,997</b>	<b>3,158</b>

### COMMENT, COMMODITY PRICE RISK

Inventory of oil products totalled 594 ktonnes at the close of the financial year (767 ktonnes).

A USD 20 tonne price change would thus affect the profit/loss by approximately +/- SEK 108 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 2021 due to no credit lines. On December 31, 2021 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 72 ktonnes (0) and the mark-to market valuation of the derivative contracts was SEK 10 million (-0).

## NOTES

### Note 28. Derivatives and hedging

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

DERIVATIVES AND HEDGING	2021		2020	
	Assets	Liabilities	Assets	Liabilities
<b>Cash flow hedges</b>				
Currency forwards	–	–	–	–
Oil price forward	9.9	–	–	–
<b>TOTAL</b>	<b>9.9</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Hedging of net investments</b>				
Currency forwards	–	–	–	–
<b>TOTAL</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Other derivatives – changes in fair value recognised in income statement</b>				
Interest rate swaps, finance net	–	–	–	–
Currency forwards, currency swaps finance net	–	–	–	–
Oil price swaps, costs of goods sold	–	–	–	–
<b>TOTAL</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>TOTAL DERIVATIVES</b>	<b>9.9</b>	<b>–</b>	<b>–</b>	<b>–</b>

#### 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 (-93.1) million has been recognised in the income statement as a result of terminated hedge relationship in 2020. The main source of hedge termination was due to that Nynas AB went into reorganisation and therefore financial institutions terminated the existing hedge portfolio.

CHANGE IN HEDGING RESERVES	2021	2020
<b>Opening hedging reserve before tax</b>	–	-93.1
Change in value during the year, interest rate swap private placement	–	–
Change in value during the year, currency swap	–	–
Change in value during the year, oil forwards	9.9	–
Realised oil hedge parked in equity	–	93.1
<b>Closing hedging reserves before tax</b>	<b>9.9</b>	<b>–</b>
Deferred tax, hedging reserves	–	–
<b>Closing hedging reserves after tax</b>	<b>9.9</b>	<b>–</b>

Accumulated hedging gains and losses from cash flow hedges which were recognised in the hedging reserve as at December 2021 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	2021	2020
Business mortgage and securities	4,691.8	–
Property mortgage	7,847.0	–
Security for liabilities to credit institutions	43.5	–
<b>TOTAL</b>	<b>12,582.3</b>	<b>–</b>
Guarantees	43.0	30.9
Other guarantees and contingent liabilities	4.2	4.1
<b>TOTAL</b>	<b>47.2</b>	<b>35.0</b>

The security is shared with creditors of certain new financial obligations of the company, see Note 24.

The security comprises real property mortgages of Nynas AB and all the shares in (or as applicable, interest in) the following subsidiaries: Nynas Germany AB, Nynas UK AB, Nynas GmbH & Co. KG, Nynas Verwaltungs GmbH, Nynas AS, Nynas Limited and Nynas PTE Ltd. Security over business mortgage certificates (or floating charges as applicable) has also been provided by Nynas AB, Nynas Germany AB, Nynas UK AB, Nynas Limited and Nynas PTE Ltd and the following subsidiaries have also granted guarantees: Nynas Limited, Nynas PTE Ltd, Nynas AS, Nynas UK AB and Nynas Germany AB.

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

#### Legal Proceedings

##### Overview

The Group is involved in various claims and legal proceedings arising in the ordinary course of business. These claims relate to, but are not limited to, the Group's business practices, employment matters, and tax matters. Provisions have been recognised 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 recognised as contingent liabilities. However, litigation is inherently unpredictable and, even though the provisions were assessed as adequate and/or that the Group has valid defences in these matters, unfavourable results could occur. This could have a material adverse effect on the Group's earnings in future accounting periods. For information regarding environmental proceedings please see Note 23.

#### Disputes

##### Tax disputes, Brazil

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

##### Transformer claim, Dominican Republic

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

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

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

##### Bitumen cartel, Netherlands

In May 2019 Nynas received a claim from the Dutch State holding Nynas jointly and severally liable for damages the Dutch State alleges to have suffered in relation to the bitumen cartel in which Nynas was fined in 2006, in the amount of EUR 25,036,869 plus statutory interest accrued totalling 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 finalised. 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 two years and hence no figures to be reported in this section of the annual report.

**Neste Oyj (Neste)** sold its 49,999 per cent share in Nynas AB the 16 of September 2020 to Bitumina Industries Ltd and are no longer considered as related party. The reported figures into Nynas Group of purchases bitumen and other oil products from Neste refers to the period 1 Jan 2020 up to 16 September 2020.

	2021	2020
Purchases, bitumen	–	395.7
Purchases, base oils	–	49.2
Purchases, leasing/services	–	7.7
Sales revenue	–	345.9

**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.

	2021	2020
Purchases, leasing/services	181.1	139.6
Service revenue	1.5	1.8
Accounts receivable	0.1	0.1
Accounts payable	20.0	9.4

## NOTES

### Note 31. Supplementary information to the cash flow statement

<b>NON CASH ITEMS</b>	<b>2021</b>	<b>2020</b>
Share of profit/loss of associates and joint ventures	-21.4	-21.8
Dividend associates and joint ventures	36.6	-
Composition gain	-	-2,958.4
Depreciation and impairment of assets	1,295.4	772.5
Unrealised exchange differences and oil forward contracts	66.6	193.3
Provisions for pensions	46.3	-20.3
Other provisions	55.9	-2.5
<b>TOTAL</b>	<b>1,479.4</b>	<b>-2,037.2</b>

<b>LIABILITIES IN FINANCING ACTIVITIES</b>	<b>Interest bearing liabilities, non-current</b>		<b>Lease liabilities liabilities, non-current</b>		<b>Interest bearing liabilities, current</b>		<b>Lease liabilities liabilities, current</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Opening balance	2,990.0	-	736.6	1,047.9	-	6,368.0	227.5	300.9
Proceeds from borrowings	-	3,122.1	-	-	803.7	-	-	-
Repayment of borrowings	-	-	-29.6	-311.3	-	-273.3	21.8	-73.4
Conversion of shareholder loan	-	-	-	-	-	-1,320.5	-	-
Exchange rate difference	66.7	-24.7	-	-	-	-67.2	-	-
Capitalisation of interest	-	-	-	-	-	237.4	-	-
Depreciation and accrued up front fee	15.0	-107.4	-	-	-	-	-	-
Composition settlement bank syndicate	-	-	-	-	-	-2,016.5	-	-
Hybrid instrument to equity	-	-	-	-	-	-737.7	-	-
Reclassification to short-term / long-term	-	-	-	-	-	-2,190.3	-	-
<b>DEBT OUTSTANDING</b>	<b>3,071.7</b>	<b>2,990.0</b>	<b>707.0</b>	<b>736.6</b>	<b>803.7</b>	<b>-</b>	<b>249.3</b>	<b>227.5</b>

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

### Note 32. Significant events after 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 feed-stock 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 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.

## NOTES

# Notes to the financial statements – Parent Company

(Amounts in SEK million unless otherwise stated)

### Note 33. Information by geographical market and sales revenues

<b>SALES REVENUES BY GEOGRAPHICAL MARKET</b>	<b>2021</b>	<b>2020</b>
Sweden	1,525.6	1,225.7
Rest of Nordics	2,835.6	2,038.0
Rest of Europe	7,413.7	4,649.4
Americas	975.3	1,064.5
Asia	1,511.7	1,209.0
Other	265.3	290.4
<b>TOTAL</b>	<b>14,527.2</b>	<b>10,477.0</b>

<b>TOTAL ASSETS BY GEOGRAPHICAL MARKETS</b>	<b>2021</b>	<b>2020</b>
Sweden	10,085.1	9,765.7
<b>TOTAL</b>	<b>10,085.1</b>	<b>9,765.7</b>

<b>PURCHASES AND SALES GROUP COMPANIES</b>	<b>2021</b>	<b>2020</b>
Purchases, %	1	2
Sales, %	23	22

### Note 34. Costs itemised by nature of expense

	<b>2021</b>	<b>2020</b>
Raw materials	10,042.2	8,099.0
Transport and distribution costs	1,566.8	1,477.5
Manufacturing expenses	1,770.2	1,027.1
Costs for employee benefits (Note 36)	486.4	464.7
Depreciation, amortisation, impairment (Notes 37,43,44)	955.4	1,201.5
Other expenses	675.7	597.3
<b>TOTAL</b>	<b>15,496.7</b>	<b>12,867.1</b>



## NOTES

### Note 35. Other operating income and expenses

	2021	2020
<b>OTHER OPERATING INCOME</b>		
Exchange gains on operating receivables/liabilities	293.2	220.6
Composition gain	–	2,958.4
Other service revenue	26.7	16.2
<b>TOTAL</b>	<b>319.9</b>	<b>3,195.2</b>
<b>OTHER OPERATING EXPENSES</b>		
Exchange losses on operating receivables/liabilities	-259.6	-445.9
<b>TOTAL</b>	<b>-259.6</b>	<b>-445.9</b>

### 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.

<b>AVERAGE NUMBER OF EMPLOYEES</b>	<b>2021</b>			<b>2020</b>		
	<b>Men</b>	<b>Women</b>	<b>Total</b>	<b>Men</b>	<b>Women</b>	<b>Total</b>
<b>PARENT</b>						
Sweden	292	131	423	296	126	422
<b>TOTAL PARENT</b>	<b>292</b>	<b>131</b>	<b>423</b>	<b>296</b>	<b>126</b>	<b>422</b>

<b>WAGES, SALARIES AND SOCIAL SECURITY CONTRIBUTIONS</b>	<b>2021</b>			<b>2020</b>		
	<b>Senior Executives (7 individuals)</b>	<b>Other Employees</b>	<b>Total</b>	<b>Senior Executives (7 individuals)</b>	<b>Other Employees</b>	<b>Total</b>
<b>PARENT</b>						
<b>Sweden</b>						
Salaries and other benefits	21.3	293.6	314.9	17.0	292.5	309.5
(of which bonuses)	9.2	6.3	15.5	6.9	24.6	31.5
Social security contributions	12.4	159.1	171.5	10.2	145.0	155.2
(of which pension costs)	5.7	50.7	56.4	4.9	45.9	50.8
<b>TOTAL PARENT</b>	<b>33.7</b>	<b>452.7</b>	<b>486.4</b>	<b>27.2</b>	<b>437.5</b>	<b>464.7</b>

<b>GENDER DISTRIBUTION IN MANAGEMENT PARENT</b>	2021	2020
Female representation, %		
Board, female rep., %	16.7	15.4
Executive Board, female rep., %	22.2	22.2

\* See Note 5 as regards to remuneration to senior executives and CEO.

## NOTES

### Note 37. Depreciation and amortisation of tangible and intangible assets

DEPRECIATION AND AMORTISATION BY FUNCTION	Intangible		Tangible	
	2021	2020	2021	2020
Cost of sales	1.9	2.5	226.1	275.7
Distribution costs	0.4	0.7	9.9	12.4
Administrative expenses	17.3	19.3	4.8	4.9
<b>TOTAL</b>	<b>19.6</b>	<b>22.5</b>	<b>240.8</b>	<b>293.0</b>

IMPAIRMENT LOSSES BY FUNCTION	Intangible		Tangible	
	2021	2020	2021	2020
Cost of sales	1.5	0.8	654.4	885.2
Distribution costs	0.5	–	38.6	–
<b>TOTAL</b>	<b>2.0</b>	<b>0.8</b>	<b>693.0</b>	<b>885.2</b>

DEPRECIATION AND AMORTISATION BY TYPE OF ASSET	2021	2020
Computer software	19.6	22.5
Buildings	7.3	10.0
Land improvements	2.9	3.3
Plant and machinery	215.5	260.2
Equipment	15.1	19.5
<b>TOTAL</b>	<b>260.4</b>	<b>315.5</b>

IMPAIRMENT LOSSES BY TYPE OF ASSET	2021	2020
Computer software	2.0	0.8
Buildings	56.6	4.5
Land improvements	15.0	25.4
Plant and machinery	598.5	853.0
Equipment	22.9	2.3
<b>TOTAL</b>	<b>695.0</b>	<b>886.0</b>
<b>TOTAL RECOGNISED DEPRECIATION, AMORTISATION AND IMPAIRMENT</b>	<b>955.4</b>	<b>1 201.5</b>

For further information regarding impairment see Note 44.

### Note 38. Auditors' fees and other remuneration

AUDIT FEES	2021	2020
<b>KPMG</b>		
Annual audit	3.4	8.6
Other audit services	0.3	3.0
Tax advisory service	0.2	0.5
Other services	0.2	10.4
<b>TOTAL</b>	<b>4.0</b>	<b>22.5</b>

## NOTES

### Note 39. IFRS 16 lease contracts

LEASE LIABILITY MATURITY STRUCTURE	2021	2020
2021	–	190.4
2022	215.2	162.3
2023	194.5	158.3
2024	181.2	150.7
2025	145.1	123.9
2026	35.5	76.3
2027 and later	132.5	–
	<b>904.0</b>	<b>861.9</b>

LEASE PAYMENTS	2021	2020
Payments of leases entered as liabilities	210.9	203.5
Variable lease payments not included in lease liability	68.7	59.9
<b>TOTAL LEASE PAYMENTS</b>	<b>279.6</b>	<b>263.4</b>

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 2021 Nynas AB had four bitumen carrier on time

charter. During 2021 Nynas AB has entered one new lease contract of a Bitumen Carrier with a length up to June 2031. Two tank rentals contract was also extended during the year with an end date in march 2024 respective March 2025.

### Note 40. Net financial items

	2021	2020
Interest income, bank deposits <sup>1</sup>	8.1	4.7
Interest income, derivative instruments (actual interest rates and changes in value)	0.3	1.3
Dividends from Group companies	244.0	186.5
<b>TOTAL FINANCE INCOME</b>	<b>252.5</b>	<b>192.5</b>
Of which total interest income attributable to items carried at amortised cost	8.1	4.7
Interest expense, loans and bank overdrafts <sup>2</sup>	-159.3	-258.2
Interest expense, derivative instruments (actual interest rates and changes in value)	-2.4	-1.6
Interest expense, interest bearing accounts payable	–	-210.4
Interest expense, PRI pension obligations	-8.3	-8.2
Net exchange differences	-85.3	160.1
Other finance costs	-110.8	-22.0
<b>TOTAL FINANCE COSTS</b>	<b>-366.1</b>	<b>-340.3</b>
Of which total interest expense attributable to items carried at amortised cost	-167.6	-476.8
<b>TOTAL NET FINANCIAL ITEMS</b>	<b>-113.6</b>	<b>-147.7</b>

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

<b>APPROPRIATIONS</b>	<b>2021</b>	<b>2020</b>
Difference between recognised depreciation and regular depreciation	0.2	0.4
Group Contribution	0.1	-0.4
<b>TOTAL</b>	<b>0.3</b>	<b>0.0</b>
<b>UNTAXED RESERVES</b>		
Accumulated accelerated depreciation	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>

### Note 42. Taxes

	<b>2021</b>	<b>2020</b>
Current tax, prior years	-6.0	-1.1
Deferred tax	-	0.3
<b>TOTAL</b>	<b>-6.0</b>	<b>-0.8</b>

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:

	<b>2021</b>	<b>2020</b>
Result before tax	-1,022.6	211.3
Tax according to Parent Company's applicable tax rate	210.7	-45.2
Tax effect of:		
Dividends from subsidiaries	50.2	40.0
Other non-deductible expenses	-55.9	-0.7
Other non-taxable income	-	1.7
Adjustment of current tax in respect of prior years	-6.0	-1.1
Increase and change in loss carry-forwards without corresponding capitalisation of deferred tax	-205.0	-628.6
Composition gain	-	633.1
<b>Recognised tax expense</b>	<b>-6.0</b>	<b>-0.8</b>
Standard rate of income tax, %	20.6	21.4
Effective tax rate, %	-0.6	0.4

<b>DEFERRED TAX ASSETS AND LIABILITIES</b>	<b>Assets</b>		<b>Liabilities</b>		<b>Net</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Other operating receivables/liabilities	-	-	-	-	-	-
Tax loss carryforwards	-	-	-	-	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## NOTES

Con't. Note 42

<b>CHANGE IN DEFERRED TAX ON TEMPORARY DIFFERENCES DURING YEAR</b>	<b>Opening balance</b>	<b>Recognised in income statement</b>	<b>Recognised directly in equity</b>	<b>Exchange differences</b>	<b>Closing balance</b>
Other operating receivables/liabilities	-	-	-	-	-
Tax loss carryforwards	-	-	-	-	-
<b>TOTAL</b>	-	-	-	-	-

On the closing date Nynas AB had unutilized loss carryforwards of just less than MSEK 3,359 (2,364). Based on these loss carryforwards, Nynas AB recognised a deferred tax asset of MSEK 0 (0). Deferred tax assets are recognised 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 692 (487), no deferred tax asset is recognised due to

uncertainty as regards future profit earnings. There are no expiration dates for the loss carryforwards.

The composition agreement approved by the District Court of Södertörn 30th November 2020 was accounted for by Nynas AB as a composition gain of total 2,958 MSEK on 2020.

The composition gain has been treated as non-taxable. At the same time receiving the composition gain led to the write down of saved tax losses from 2019 and earlier of 2,538 MSEK.

### Note 43. Intangible assets

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

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

## NOTES

### Note 44. Tangible assets

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
<b>CLOSING COST</b>	<b>390.1</b>	<b>7,405.3</b>	<b>343.1</b>	<b>243.2</b>	<b>8,381.7</b>
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
<b>CLOSING REGULAR DEPRECIATION</b>	<b>-211.6</b>	<b>-5,070.0</b>	<b>-287.6</b>	<b>–</b>	<b>-5,569.2</b>
<b>CLOSING RESIDUAL VALUE</b>	<b>178.5</b>	<b>2,335.3</b>	<b>55.5</b>	<b>243.2</b>	<b>2,812.5</b>
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
<b>CLOSING IMPAIRMENT</b>	<b>-101.5</b>	<b>-1,409.3</b>	<b>-25.2</b>	<b>-80.4</b>	<b>-1,616.4</b>
<b>CLOSING RESIDUAL VALUE</b>	<b>77.0</b>	<b>926.0</b>	<b>30.3</b>	<b>162.8</b>	<b>1,196.0</b>
Of which carrying amount, Sweden	77.0				
<b>2020</b>	<b>Buildings</b>	<b>Plant and machinery</b>	<b>Equipment</b>	<b>Construction in progress</b>	<b>Total tangible assets</b>
Opening cost	378.4	6,943.7	335.2	224.5	7,881.8
Acquisitions	–	32.6	–	266.8	299.4
Disposals	–	-1.0	–	-2.5	-3.5
Reclassifications	7.9	129.5	2.6	-140.3	-0.3
<b>CLOSING COST</b>	<b>386.3</b>	<b>7,104.8</b>	<b>337.8</b>	<b>348.5</b>	<b>8,177.4</b>
Opening regular depreciation	-188.1	-4,595.7	-256.7	–	-5,040.5
Disposals	–	0.7	–	–	0.7
Depreciation for the year	-13.3	-260.1	-19.6	–	-293.0
<b>CLOSING REGULAR DEPRECIATION</b>	<b>-201.4</b>	<b>-4,855.1</b>	<b>-276.3</b>	<b>–</b>	<b>-5,332.8</b>
<b>CLOSING RESIDUAL VALUE</b>	<b>184.9</b>	<b>2,249.7</b>	<b>61.5</b>	<b>348.5</b>	<b>2,844.6</b>
Opening impairment	–	-24.9	–	-13.3	-38.2
Impairment for the year	-29.9	-853.0	-2.3	–	-885.2
<b>CLOSING IMPAIRMENT</b>	<b>-29.9</b>	<b>-877.9</b>	<b>-2.3</b>	<b>-13.3</b>	<b>-923.4</b>
<b>CLOSING RESIDUAL VALUE</b>	<b>155.0</b>	<b>1,371.8</b>	<b>59.2</b>	<b>335.2</b>	<b>1,921.1</b>
Of which carrying amount, Sweden	155.0				

#### 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 five-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, energy and transportation have 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 to-

wards an efficient organisation and rationalization in production and logistics. The new strategy base has changed the allocation of fixed assets between the segments in year 2021 compared to 2020 related to Harburg. The cash-generating units in the Group consist of Bitumen and NSP segment.

Nynas AB performed this year its annual impairment test per September 2021, since the Group impairment test per December 2021 did not indicate any impairment need no further testing has been done for Nynas AB. Nynas AB considers the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators of impairment.



## NOTES

Con't. Note 44

### Nynas AB

The recoverable amount of Nynas AB was SEK 6,810 million as at 30 September 2021 compared with the carrying amount of SEK 6,114 million. The recoverable amount has been determined based on a value in use calculation using cash flow projections based on financials budgets and medium-term business plan with update in the autumn on indication in relation to the bitumen market. This concluded the need for an impairment of SEK 695 million per September 2021. The impairment charge is recorded within cost of goods sold in the statement of profit or loss. To give a base the recoverable amount of Nynas AB at end of December 2021 amounted to SEK 4,546 million. The discount rate has been estimated based on a weighted average capital cost of 9.0 per cent (9.0 per cent) applied to the cash flow projections and cash flows beyond 2026 are extrapolated using a 2.0 per cent growth rate (2.0 per cent).

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

The projected cash flows are based on assumptions regarding sales volume, unit revenue, operating margins and discount rates, which have been established by the management based on historical experience and market data specific on oil price level assumptions and demand trend looking forward. The policies applied in the above assessment are unchanged from the assessment in fiscal year 2020. The same assumptions have been used in the different CGU's. Decreased demand, delayed or not a full recovery from pandemic can lead to a decline in volumes and the operating margin vs plans. A decrease in the Naphthenics and Bitumen market or not recapture from pandemic according to planned volumes and margins could result in further impairment need in the coming years.

## Note 45. Shares in group companies

	2021	2020
Opening cost	2,876.6	2,876.6
Liquidation	–	–
Impairment of shares in subsidiary	–	–
<b>CLOSING COST</b>	<b>2,876.6</b>	<b>2,876.6</b>

List of Group Companies, see Note 14.

## Note 46. Inventories

	2021	2020
Raw materials	1,095.6	614.4
Semi-finished products	363.7	248.1
Finished products	1,406.4	1,408.6
<b>TOTAL</b>	<b>2,865.7</b>	<b>2,271.2</b>

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

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

Impairment of inventory value per end of 2021 have been done, no need for write down exists.

## NOTES

### Note 47. Accounts receivable

	2021			2020		
	Gross	Loss allowance	Net carrying amount	Gross	Loss allowance	Net carrying amount
Current receivables	586.5	-0.7	585.9	478.6	-0.4	478.1
Past due 1–30 days	84.0	-0.1	83.9	42.1	-0.1	42.0
Past due 31–90 days	43.7	-0.7	42.9	17.3	-0.2	17.1
Past due 91–180 days	4.7	0.0	4.7	4.1	0.0	4.1
Past due 181–360 days	1.0	-0.1	0.9	13.4	-6.3	7.2
Past due over 360 days	93.1	-93.3	-0.2	73.8	-74.5	-0.7
Bankruptcy	–	–	–	–	–	–
<b>TOTAL ACCOUNTS RECEIVABLES</b>	<b>813.0</b>	<b>-94.9</b>	<b>718.1</b>	<b>629.3</b>	<b>-81.4</b>	<b>547.8</b>

#### Performance obligation

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

#### Factoring

The Group have applied factoring for a limited part of the invoicing. At year-end 2021, the part used as Factoring is approximately 6 per cent 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 28.1 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 35 per cent during end of 2021 (30 per cent). Since approx. 65 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.

### Note 48. Prepayments and accrued income

	2021	2020
Prepayment crude purchase	367.0	244.2
Consultancy costs	22.2	22.3
Charter hire	20.7	79.9
Software licences	9.7	11.3
Rent	7.5	4.4
Insurances	6.5	2.2
Other prepayments	37.3	4.9
<b>TOTAL</b>	<b>470.9</b>	<b>369.1</b>

## NOTES

### Note 49. Cash and cash equivalents

	2021	2020
Cash and bank balances	592.4	673.5
Restricted cash	0.9	–
<b>CASH AND CASH EQUIVALENTS RECOGNISED</b>	<b>593.4</b>	<b>673.5</b>

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

<b>DISTRIBUTION OF SHARE CAPITAL</b>	2021	2020
CHANGE IN TOTAL NUMBER OF SHARES		
Opening number	67,532	67,532
Change during the year	–	–
<b>CLOSING NUMBER</b>	<b>67,532</b>	<b>67,532</b>

CLASS OF SHARE	2021		2020	
	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
<b>TOTAL</b>	<b>67,532</b>	<b>100</b>	<b>67,532</b>	<b>100</b>

#### 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) constitutes 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 3,286,736,619 in the Parent Company be distributed as follows:

Total dividend	–
Carried, forward	3,286,736,619
<b>SEK</b>	<b>3,286,736,619</b>

## 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 Collectum. However, the majority of the Swedish plan for salaried employees (ITP) is funded by pension provisions, which are covered by credit insurance with Försäkringsbolaget Pensionsgaranti (FPG) and managed by a Swedish multi-employer institution, Pensionsregistreringsinstitutet (PRI).

The Parent Company's forecast payment of pensions in relation to defined benefit plans, both funded and unfunded, amounts to SEK 8.9 (6.0) million for 2021. 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 93.4 (88.9) million, which corresponds to the value of the obligations.

<b>RECONCILIATION OF REVISED PENSION LIABILITY</b>	<b>2021</b>	<b>2020</b>
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	208.4	207.3
Unrecognised surplus in pension benefit plan	–	–
<b>NET LIABILITY RECOGNISED</b>	<b>208.4</b>	<b>207.3</b>

The amount allocated to the pension provision is calculated in accordance with the Swedish Pension Obligations Vesting Act. This method differs from the IFRS project unit credit method, mainly in that it does not take into account expected salary or

pension increases; instead, the calculation is based on the salary or pension level on the reporting date. The discount rate according to PRI is 4.0% (4.0).

<b>CHANGE IN NET DEBT</b>	<b>2021</b>	<b>2020</b>
Net debt at beginning of year	207.3	205.3
Cost recognised in income statement	9.1	9.8
Pension payments	-8.0	-7.8
<b>NET DEBT AT END OF YEAR</b>	<b>208.4</b>	<b>207.3</b>

Payments relating to defined benefit plans are expected to amount to SEK 6.8 million in 2021.

## NOTES

Con't. Note 51

<b>PENSION EXPENSE FOR THE PERIOD</b>	<b>2021</b>	<b>2020</b>
Book reserve pensions	-7.2	-6.2
Interest expense (calc. discount effect)	8.3	8.2
<b>COST OF BOOK RESERVE PENSIONS</b>	<b>1.1</b>	<b>2.0</b>
Pensions through insurance:		
Insurance premiums	70.8	66.3
<b>RECOGNISED NET COST ARISING FROM PENSIONS EXCL. TAX</b>	<b>71.9</b>	<b>68.3</b>
Dividend tax on pension funds	-	-
Payroll tax on pension costs	16.5	15.3
<b>PENSION EXPENSE FOR THE YEAR</b>	<b>88.4</b>	<b>83.6</b>
Percentage return on pension benefit plan assets, %	-	-

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

### Note 52. Other provisions

	<b>Provision for environmental obligation</b>	<b>Provision for restructuring</b>	<b>Provision for other obligations</b>	<b>Total</b>
Balance at 31 December 2020	147.0	0.0	0.0	147.0
<b>Provisions during the year</b>	<b>56.0</b>	-	-	<b>56.0</b>
Provisions used during the year	-7.4	-	-	-7.4
<b>BALANCE AT 31 DECEMBER 2021</b>	<b>195.5</b>	<b>0.0</b>	<b>0.0</b>	<b>195.5</b>
of which current	29.4	-	-	29.4
of which non-current	166.1	-	-	166.1

#### Environmental related provisions

The provision in Nynäshamn consists of three parts – the Land Farm (SEK 30 million), E2 (SEK 15 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 reorganisation 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 bank syndikate (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.

## NOTES

Con't. Note 53

	2021	2020
LONG-TERM LIABILITIES		
Credit facility	3,071.7	2,990.0
<b>TOTAL</b>	<b>3,071.7</b>	<b>2,990.0</b>
CURRENT LIABILITIES		
Credit facility	761.3	–
<b>TOTAL</b>	<b>761.3</b>	<b>–</b>
<b>GRAND TOTAL</b>	<b>761.3</b>	<b>2,990.0</b>

### 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
<b>TOTAL</b>					<b>3,071.7</b>

### CURRENT LIABILITIES

Year issued/maturity	Description of loan	Interest, %	Currency	Nominal amount (local currency)	Recognised amounts in SEK million
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
<b>TOTAL</b>					<b>761.3</b>

### 2020 LONG-TERM LIABILITIES

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



## NOTES

### Note 54. Accrued liabilities and deferred income

	2021	2020
Accrued salaries/holiday pay	107.6	109.1
Accrued environmental costs	78.2	–
Shipping costs	66.5	44.6
Accrued interest	32.7	0.7
Other selling costs	17.2	16.6
Accrued insurance	14.6	–
Accrued energy costs	9.1	8.5
Consulting	8.4	0.4
Customer provision	6.5	16.7
Reorganisation	–	67.8
Stamp duty	–	35.8
Other accrued liabilities and deferred income	27.6	36.0
<b>TOTAL</b>	<b>368.3</b>	<b>336.0</b>

### Note 55. Financial assets and liabilities

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

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
<b>FINANCIAL ASSETS</b>	<b>9.9</b>	<b>–</b>	<b>2,780.5</b>	<b>–</b>	<b>2,790.4</b>	<b>277.8</b>	<b>3,068.2</b>
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
<b>FINANCIAL LIABILITIES</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>5,397.5</b>	<b>5,397.5</b>	<b>805.9</b>	<b>6,203.4</b>

## NOTES

Con't. Note 55

2020	Derivatives used in hedge accounting	Derivatives held at fair value through income statement	Financial assets valued to amortised cost	Financial liabilities valued to amortised cost	Total carrying amount	Non-financial assets and liabilities	Total balance sheet
Accounts receivable	–	–	547.8	–	547.8	–	547.8
Receivables from Group companies	–	–	748.7	–	748.7	–	748.7
Long-term derivatives	–	–	–	–	–	–	–
Short-term derivatives	–	–	–	–	–	–	–
Other current receivables	–	–	–	–	–	280.9	280.9
Prepaid expenses and accrued income	–	–	244.2	–	244.2	124.9	369.1
Cash and cash equivalents	–	–	673.5	–	673.5	–	673.5
<b>FINANCIAL ASSETS</b>	–	–	<b>2,214.2</b>	–	<b>2,214.2</b>	<b>405.8</b>	<b>2,620.0</b>
Long-term liabilities to credit institutions	–	–	–	2,990.0	2,990.0	–	2,990.0
Short-term liabilities to credit institutions	–	–	–	–	–	–	–
Long-term liabilities to Group companies	–	–	–	0.2	0.2	–	0.2
Current i-b liabilities to Group companies	–	–	–	73.8	73.8	–	73.8
Current non-i-b liabilities to Group companies	–	–	–	677.7	677.7	–	677.7
Accounts payable	–	–	–	583.2	583.2	–	583.2
Short-term derivatives	–	–	–	–	–	–	–
Other current liabilities	–	–	–	–	–	254.7	254.7
Accrued liabilities and deferred income	–	–	–	–	–	336.0	336.0
<b>FINANCIAL LIABILITIES</b>	–	–	–	<b>4,324.9</b>	<b>4,324.9</b>	<b>590.7</b>	<b>4,915.6</b>

### Note 56. Pledged assets and contingencies

FLOATING CHARGES	2021	2020
Business mortgage and securities	3,735.0	–
Property mortgage	2,106.8	–
Share pledge	2,746.9	–
Security for liabilities to credit institutions	43.5	–
<b>TOTAL</b>	<b>8,623.5</b>	<b>–</b>
Securities for Group companies	27.1	11.6
Guarantees	43.0	47.3
Other guarantees and contingent liabilities	4.2	4.1
<b>TOTAL</b>	<b>74.3</b>	<b>63.1</b>

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 two years and hence no figures to be reported in this section of the annual report.

**Neste Oyj (Neste)** sold its 49,999 per cent share in Nynas AB the 16 of September 2020 to Bitumina Industries Ltd and are no longer considered as related party. The reported figures into Nynas Group of purchases bitumen and other oil products from Neste refers to the period 1 Jan 2020 up to 16 September 2020.

	2021	2020
Purchases, bitumen	–	395.7
Purchases, base oils	–	49.2
Purchases, leasing/services	–	7.7
Sales revenue	–	345.9

### Note 58. Supplementary information to the cash flow statement

	2021	2020
Depreciation and impairment of assets	956.9	1,201.8
Composition gain	–	-2,958.4
Unrealised exchange differences and oil forward contracts	66.7	9.9
Provisions for pensions	1.0	2.0
Other provisions	48.5	-3.2
<b>TOTAL</b>	<b>1,073.1</b>	<b>-1,747.9</b>

LIABILITIES IN FINANCING ACTIVITIES	Interest bearing liabilities, non-current		Group companys' liabilities, non-current		Interest bearing liabilities, current		Group companys' liabilities, current	
	2021	2020	2021	2020	2021	2020	2021	2020
Opening balance	2,990.0	–	0.2	0.2	–	6,368.0	73.8	76.1
Transition to IFRS16	–	–				–		
Proceeds from borrowings	–	–			768.8	–	241.0	
Repayment of borrowings	–	–			-7.5	-273.3	–	-2.3
Conversion of shareholder loan	–	–				-1,320.5		
Exchange rate difference	66.7	-24.7				-67.2		
Capitalisation of interest	–	–				237.4		
Accrued up-front fee	15.0	-107.4				–		
Composition settlement bank syndicate	–	–				-2,016.5		
Hybrid instrument to equity	–	–				-737.7		
Reclassification accounts payable	–	931.8				–		
Reclassification to short-term/long-term	–	2,190.3				-2,190.3		
<b>DEBT OUTSTANDING</b>	<b>3,071.7</b>	<b>2,990.0</b>	<b>0.2</b>	<b>0.2</b>	<b>761.3</b>	<b>–</b>	<b>314.8</b>	<b>73.8</b>

## 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, April 28, 2022

Magnus Wittbom  
*Chairman of the Board*

Roland Bergvik

Stein Ivar Bye

Fredrik Lundström

Pia Ovrin

Oswaldo Pérez

Anthony Place

Alexis Pourchet

Bo Askvik  
*President and CEO*

Our Audit Report was submitted on April 28 2022.  
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 2021, 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 2021 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 2021 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 statement of comprehensive income and statement of financial position for 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 Matter*

The audit of the annual accounts for year 2020 was performed by another auditor who submitted an auditor's report dated 26 May 2021, with unmodified opinions in the Report on the annual accounts and consolidated accounts.

#### *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 1–19. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated

accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If 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:

## AUDITOR'S REPORT

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 2021 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 appropri-



## AUDITOR'S REPORT

ations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

### *The auditor's examination of the corporate governance statement*

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

A statutory sustainability report has been prepared.

Stockholm 28 April, 2022

KPMG AB

Håkan Olsson 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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