

To the District Court of Södertörn  
Department 4

Stockholm on 12 March 2020

**Ä 19371-19**

**NYNAS AB (PUBL) IN COMPANY REORGANISATION – REMARK REGARDING  
EXTENSION OF REORGANISATION**

Nynas AB (publ), reg. no. 556029-2509 (“Nynas”) petitioned for company reorganisation on 13 December 2019. The petition was granted on the same date, and the undersigned were appointed as administrators. At the meeting among creditors held on 24 January 2020, the district court decided that the reorganisation would continue until (and including) 13 March 2020, at the longest.

Nynas has on this day filed with the district court a request that the reorganisation shall continue for an additional three months, in accordance with the second paragraph of chapter 4, section 8 of the Swedish Company Reorganisation Act (*lagen om företagsrekonstruktion*). In our capacity as administrators in the company reorganisation of Nynas, we approve that the district court decides in accordance with Nynas’s request for extension, on the grounds as further detailed in the following.

**1. EXTENSION OF A REORGANISATION IN GENERAL**

1.1 Chapter 4, section 8 of the Swedish Company Reorganisation Act states that, when three months have passed from the company entering into reorganisation, the district court shall decide that the reorganisation shall cease. However, if there are special reasons, the district court can, at the request of the debtor, approve that the reorganisation can continue for an additional three months, at the longest.

1.2 As an example of when special reasons for an extension is at hand, the preparatory works to the Swedish Company Reorganisation Act states that the debtor company can show that a plan for the company’s reorganisation exists, but that there are certain specified further measures required in order for that plan to be implemented. It is also stated that the debtor company should be able to specify when such further required measures are deemed to be able to be implemented.

## 2. REASONS FOR EXTENSION

### 2.1 *Relationship with suppliers*

2.1.1 As has been detailed in Nynas's request for extension, extensive measures have been taken in the reorganisation up until now, with favourable results. This in spite of the fact that Nynas operates in a technically complicated business and that Nynas also initially lacked access to liquidity while awaiting the deconstruction of the group cash pool structure that was in place at that time.

2.1.2 Both the undersigned administrators and the management of Nynas, immediately after the decision to grant the petition for reorganisation, initiated intensive efforts to secure the continuation of the operations. Comprehensive contacts were made with suppliers of Nynas in order to avoid a shut-down of services required for the operations, as well as to secure continued deliveries of raw material.

2.1.3 The considerable values inherent in Nynas, which were not subject to floating charge or other security, led to a routine being implemented for granting so-called general super priorities to all suppliers of goods and services delivered to Nynas after the decision for the reorganisation.

Initially, the general super priority covered claims of a maximum of 1 million SEK including VAT per supplier, and was in force until 23 December 2019 at 07.00 a.m. On 18 December 2019, the maximum amount was increased to 2.5 million SEK per supplier and the period to 8 January 2020. On 3 January 2020, the maximum amount was increased further, to 3.5 million SEK per supplier and the period extended until 15 January 2020. Since the beginning of January 2020, Nynas has regained access to its liquidity and has thus been able to make payments, e.g. of outstanding claims covered by super priority. With regard to the fact that all payments must be made manually, it has been deemed preferable from an administrative point of view and to avoid worry among suppliers, to continue the routine with a continuous super priority. The general super priority has been extended on 13 January 2020, on 24 January 2020, on 7 February 2020, on 20 February 2020 and on 6 March 2020. The most recent extension of the super priority covers the period up until 23 March 2020 at 23.59 p.m.

2.1.4 In addition to the generally granted super priority, special super priorities have been granted for higher amounts, for material goods and services, e.g. purchase of crude oil, gas, transportation services, etc. Both generally and specially granted super priorities are continuously paid by Nynas. The routine has worked well and has allowed for the establishment of a well-functioning cooperation between Nynas and its suppliers during the reorganisation, which has allowed Nynas sufficient time to handle continuous payments, while at the same time allowing suppliers to continue deliveries without risk while awaiting payment.

2.1.5 As per 5 March 2020, outstanding claims with super priority amounted to an aggregate of 112.1 million SEK, of which 80.5 million SEK relates to claims covered by general super priority and 31.6 million SEK relates to claims with special super priority. The amount stated for the outstanding claims covered by general super priority is, as stated in Nynas's request for extension, somewhat higher than normal due to many suppliers invoicing at the end of the month not yet paid.

## 2.2 *Exiting the sanctions – ownership structure and capital*

2.2.1 The management of Nynas has during recent years, taken considerable measures in order to get Nynas exempted from the sanctions that the U.S. has issued against Venezuela, Nynas's owner PdVSA and, partially, Nynas. The work relating to this has been ongoing with a high degree of intensity during the reorganisation and with a high degree of engagement from Nynas's management and employees, which have worked through the Christmas and New Year holidays. Considerable efforts have been made to convince PdVSA that it is necessary to change the ownership structure of Nynas. These efforts have led to a breakthrough and have resulted in the revised proposal to ownership structure that has been filed with OFAC in which the comments from OFAC regarding the ownership have been taken into consideration. A significant break-through was achieved when a positive response from OFAC was received already on 11 March 2020, confirming OFAC's approval of the proposal to ownership structure.

2.2.2 In parallel with the measures to change the ownership structure, considerable efforts have been taken to secure a short-term bridge financing as well as long-term equity. As previously has been informed, Carnegie Investment Bank AB ("**Carnegie**") has been engaged to assist Nynas in these efforts. A virtual data room has been established and a number of interested parties, amounting to double digits, have thus far been in contact with Carnegie and expressed an interest in investing in Nynas. It should be noted, that if Nynas is exempted from the sanctions, it is deemed that there are a number of financially strong parties ready to immediately provide bridge financing to, and in some cases also invest equity in, Nynas. The likelihood of securing the necessary short-term bridge financing is also deemed as favorable. As is stated in Nynas's request for extension, it is estimated that an agreement regarding advance payment from customers will be reached shortly, in particular in light of the recent supportive decision by OFAC. Carnegie has also stated that the possibility to secure the remaining part of the necessary bridge financing of 400–500 million SEK from another lender is promising.

2.2.3 In conclusion, the conditions are favorable to within short be able to implement a change of ownership structure such that OFAC will confirm that Nynas no longer is subject to sanctions.

## 2.3 *Relationship to creditors*

2.3.1 In connection with the meeting among the creditors held on 24 January 2020, the district court decided to appoint a creditors committee consisting of representatives of Nynas's lenders, the large suppliers and creditors GPB Energy Services AB and Preem AB, as well as the Swedish Tax Authority and an employee representative. Since the committee was appointed, three meetings have been held, on 11 February 2020, on 20 February 2020 and on 6 March 2020. At the meetings, the committee members, which have signed non-disclosure agreements, have been given detailed information regarding the work with the reorganisation and the way forward. At the meetings, representatives of Nynas have also been present in order to give an overview of the financial standing and the status of the sanctions, etc. Representatives from Carnegie have also been present at the meetings to inform about the ongoing contacts and negotiations with potential investors. The attendance has been high

at the meetings and constructive discussions have been held between the parties. A fourth committee meeting will be held on 13 March 2020.

- 2.3.2 In addition, continuous constructive and meaningful discussion are being held with Nynas's larger creditors regarding the reorganisation and its progress. Information regarding the reorganisation and extension of general super priority has continuously been published at the websites of the administrators and Nynas.

### 3. CONCLUDING REMARKS

- 3.1 As has been detailed in Nynas's request and in the above, considerable efforts have been made during the reorganisation up until now to effectuate the measures listed in the reorganisation plan. These efforts have been successful, and the undersigned administrators are in agreement that the likelihood of the reorganisation being successful is favourable. However, Nynas requires additional time in order to finalise the ongoing negotiations regarding both short-term and long-term financing and to establish a new ownership structure in line with what OFAC has approved, which measures are estimated to be implemented during a coming three-month period. Against this background, there are special reasons to approve an extension and we approve of Nynas's request for extension of the reorganisation for an additional three months.

As above,

Lars Eric Gustafsson

Mikael Kubu