

To the creditors of Nynas AB

Stockholm, 4 September 2020

EXTENSION OF NYNAS AB'S REORGANISATION – INFORMATION TO THE CREDITORS

Nynas AB (“**Nynas**”) is subject to a formal company reorganisation since 13 December 2019. The reorganisation will last until 15 September 2020, after the District Court of Södertörns most recent decision to extend the reorganisation on 15 June 2020.

Today, Nynas has filed with the District Court of Södertörn a request that the reorganisation is extended for an additional three months. The request has been approved by the undersigned administrators in a separate statement to the district court.

Below is an update regarding ongoing reorganisation activities and the measures outstanding for finalising the reorganisation.

1. CURRENT STATUS AND OUTSTANDING REORGANISATION MEASURES

1.1 Moratorium and continuation of operations

1.1.1 As has been informed earlier, a routine was established at the outset of the reorganisation entailing a continuous super priority (*Sw. superförmånsrätt*) up to 3.5 million SEK for each supplier. This routine was implemented due to Nynas, during the initial days of the reorganisation, not having access to its bank accounts. This routine was kept in place after access was granted to the accounts, in order to secure the flow of goods necessary for the operations.

1.1.2 Payment of claims that have arisen during the reorganisation and that are subject to super priority have been made continuously. As of 25 August 2020, outstanding external claims subject to super priority amounted to approximately 114.1 million SEK, of which 89.7 million SEK relates to claims subject to generally granted super priority and 24.4 million SEK relates to claims subject to individually granted super priority (and approximately 97.4 million SEK relating to intra-group debt). The payments that have been made, and the super priorities granted by the administrator, have related to goods and services necessary for keeping the business in operation and in order to secure deliveries of NSP and bitumen during the second and third quarter of 2020.

1.1.3 During the reorganisation until now, it has been possible to continue the operations under relatively normal circumstances and while preserving the values in Nynas, even if the initial months entailed administrative burdens in the form of manual payments and transfers. Furthermore, the refineries have, until the summer, operated at a lower-than-normal level, due to planned purchases of oil not having been possible to make during the initial stages of the reorganisation. Currently, the refineries are operating at normal levels.

1.2 **Liquidity and sales**

1.2.1 The considerable decrease in oil prices during spring 2020 meant that Nynas, in the short-term, had sufficient liquidity to carry out planned purchases of oil, even without the bridge financing that initially was deemed necessary.

1.2.2 In June 2020, Nynas entered into a financing agreement with an external financier relating to the oil that is delivered to the refinery in Nynäshamn. The financing arrangement can be summarised as follows. The financier purchases and owns the oil during the time that it is stored, while awaiting production. When the oil is moved from its storage to the refinery, it is purchased by Nynas. Through this structure, Nynas is able to decrease its binding of capital in inventories of oil in relation to what had been the case previously, which has made liquidity available for the ongoing operations.

1.2.3 The sanctions previously in place and the current pandemic has had a negative impact on the profitability. The sales during the year has been somewhat lower than expected, mainly due to low inventory volumes during the initial stages of the reorganisation. However, the sale of NSP has recovered and is starting to reach historic figures. The bitumen business has in large part been able to meet customers' demand, with the exception of Britain, which has been heavily affected by the pandemic during the second quarter of 2020.

1.2.4 Cash flow from operations is estimated to be positive during the coming three-month period, including liquidity streams from subsidiaries. It should be noted that Nynas, due to the current pandemic, has been granted a moratorium relating to payment of taxes in an aggregate amount of approximately 122 million SEK, which has impacted the liquidity positively. Furthermore, the liquidity has been strengthened due to Nynas and its subsidiaries having been able to collect considerable amounts for accounts payable that are due.

1.2.5 It is projected that Nynas, under current estimates, will have the necessary funding in order to finalise the reorganisation. Currently, there are liquid funds totaling approximately 1,132 million SEK within the Nynas group.

1.3 **Negotiations with potential investors**

1.3.1 The reorganisation has progressed in accordance with the preliminary reorganisation plan that was published on 21 January 2020 and that is available at the websites of Nynas and the administrators. Five of the six conditions stated necessary for a successful reorganisation in the preliminary reorganisation plan have been achieved.

1.3.2 A reorganisation measure of special importance is the establishment of a new ownership structure through the independent trust Nynässtiftelsen, to which the previous majority owner Petróleos de Venezuela S.A. ("PdVSA") has sold 35 percentage points of its share ownership. This change has in turn led the Office of Foreign Assets Control ("OFAC") to, on 12 May 2020, decide that Nynas, by virtue of the changes in ownership structure, would be

relieved of the current trade sanctions against Venezuela. This decision has been crucial for Nynas's long-term viability and for carrying out the reorganisation. See our information letter from 5 June 2020 for more information regarding Nynässtiftelsen and OFAC's decision, available at the websites mentioned above.

- 1.3.3 Currently, an intensive work is ongoing in order to establish a long-term viable and well-funded ownership structure of Nynas. As previously informed, Nynas has, in consultation with the undersigned administrators, engaged Carnegie Investment Bank AB ("**Carnegie**") to assist Nynas in the work of finding a long-term and well-funded financier.
- 1.3.4 The interest from potential investors has been large. A number of parties and submitted bids have been assessed during the process. After recommendation from Carnegie, further negotiations are now being held with a select few potential investors.
- 1.3.5 The remaining potential investors can, for obvious reasons, currently not be named due to non-disclosure agreements and ongoing negotiations. It should however be noted that these are well-funded, well-established entities that have, according to themselves, secured financing for a potential deal. Nynas's current owners have declared to support an ownership structure in which any of the potential investors becomes a majority owner of Nynas, which is very positive for the negotiations going forward.
- 1.3.6 The potential investors have been requested to concretise their respective bids and to submit final bids on 15 September 2020, at the latest. Nynas's management, its current owners and the administrators have also agreed on a time plan for carrying out the measures required to finalise a final deal in accordance with the envisioned structure and to finalise the reorganisation within the applicable timeframes.

2. **AGREEMENT OUT OF COURT OR COMPOSITION**

- 2.1 The goal is that the reorganisation can be carried out through the establishment of new long-term equity via an agreement with one of the potential investors, including a concurrent agreement out of court with Nynas's largest creditors, consisting of the consortium of banks defined in the preliminary reorganisation plan (the "**Banks**") and the oil supplier GPB Energy Services B.V. ("**GPB**"), which are also represented in the creditors' committee appointed by the court. The Banks and GPB have, in accordance with previous statements, agreed to extend the due date of the Banks' and GPB's claims on Nynas until (and including) 30 June 2021. Several of the Banks have during the last weeks sold their claims on Nynas to a new external creditor, which leads to certain new considerations and measures in the ongoing negotiations.
- 2.1.1 In an agreement out of court with the Banks, GPB and a new external creditor, it is likely that Nynas's other creditors will not be affected, potentially excluding a certain additional moratorium in addition to the moratorium that the reorganisation already entails. If such an agreement cannot be reached, a composition might be necessary in order to carry out the reorganisation. The work with drawing up a composition proposal has, as previously indicated, been initiated and is conducted in parallel with the other workstreams in the reorganisation.

2.1.2 Finally, it should be noted that updates regarding the reorganisation is continuously published at the websites of the administrators and Nynas, respectively. Exchange of information is also taking place at continuous meetings among the creditors' committee appointed by the district court.

With kind regards

Lars Eric Gustafsson

Mikael Kubu