

To the District Court of Södertörn
Unit 4

Stockholm on 4 September 2020

CASE NO. Ä 19371-19

**NYNAS AB IN COMPANY REORGANISATION – STATEMENT REGARDING
EXTENSION OF THE REORGANISATION**

Nynas AB, reg. no. 556029-2509 (“Nynas”) filed a petition for company reorganisation with the district court on 13 December 2019, which petition was approved on the same day. At the meeting among the creditors on 24 January 2020, the district court decided that the reorganisation was to continue until 13 March 2020, at the longest. On 12 March 2020, Nynas requested an extension of the reorganisation for an additional three months. The district court approved Nynas’s request on 20 March 2020 and decided that the reorganisation would continue until 15 June 2020, at the longest. On 5 June 2020, Nynas again requested an extension of the reorganisation for an additional three months. The district court approved the request on 15 June 2020 and decided that the reorganisation would continue until 15 September 2020, at the longest. The undersigned administrators have approved of all requests for extension without qualification.

Nynas has on this day requested that the reorganisation is to be allowed to continue for an additional three months in accordance with the second paragraph of chapter 4, section 8 of the Swedish Companies Reorganisation Act (*Sw. lagen om företagsrekonstruktion*) (the “SCRA”). In our capacities as administrators of Nynas, we approve of the request and that the district court decide in accordance with the request. As has been detailed in Nynas’s request for extension, and here below, crucial goals have been achieved during the reorganisation until now and the likelihood of finalising a successful reorganisation within the requested extension period is very high. There are thus special reasons (*Sw. synnerliga skäl*) to approve the extension in accordance with Nynas’s request.

1. GENERAL REMARKS

- 1.1 Chapter 4, section 8 of the SCRA states that when three months have passed from the day of the decision for the reorganisation, the district court shall decide that the reorganisation shall cease. If there are special reasons, the court is allowed, after a request from the debtor, to decide that the reorganisation can continue for an additional three months, at most. Thereafter, additional extensions can be approved with at most three months at a time if there

are special reasons for doing so. However, the reorganisation cannot continue for a period of more than a year, unless a composition hearing has been decided to take place.

- 1.2 The circumstance that the company in reorganisation has petitioned for a composition hearing is stated in the preparatory works to the SCRA as an example of when there should be special reasons for an extension after six months, provided that there are conditions for achieving the goal of the reorganisation. Please refer to prop. 1995/1996:5, p. 120–121. Special reasons for an extension can also be present if the debtor can show that there is a concrete plan for the company's reorganisation, but that there are certain specified measures outstanding before the reorganisation can be completed and that there is an estimate of when these measures can be taken. The circumstances just mentioned are the same as those that can form the basis for special reasons for an extension, which, however, must be more robust in an extension after the six-month period. In addition, in reorganisations of very large companies, there can be special reasons to let the reorganisation continue for longer than six months, taking the business and the complexity of the reorganisation into consideration.

2. SPECIAL REASONS FOR EXTENSION

- 2.1 As is detailed in Nynas's request for extension, the reorganisation has progressed far. Five of the six conditions stated as necessary for a successful reorganisation in the preliminary reorganisation plan have been achieved. Of special note 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**") sold 35 percentage points of its shares in Nynas. This change, in turn, led to the Office of Foreign Assets Control ("**OFAC**") on 12 May 2020 deciding that Nynas, after the ownership changes, no longer would be subject to the trade sanctions against Venezuela. This decision has been of crucial importance for the long-term viability of Nynas and for carrying out the reorganisation.
- 2.2 An intensive work is ongoing in establishing a long-term, well-funded ownership structure. Carnegie Investment Bank AB ("**Carnegie**") has been engaged to assist Nynas in the work of finding a new long-term and well-funded financier. As stated in Nynas's request for extension, there has been great interest from potential investors. After assessment and further consideration, negotiations are currently being held with a select few potential investors, after recommendation from Carnegie. The undersigned administrators have insight into the negotiations and shares Nynas's view that these potential investors constitute well-funded, well-established parties with a serious interest of investing in Nynas's business. It should be noted that all of Nynas's current owners have approved of an ownership structure in which any of the potential investors becomes a majority owner of Nynas, which is very positive for the continued negotiations.
- 2.3 The ongoing negotiations and the reorganisation in general are conducted in a systematic and efficient manner. The potential investors have been requested to concretise their respective bids and 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. The mentioned time plan also includes dates for filing a potential composition proposal for voting at a meeting among the creditors before the court, in the unlikely event that a composition would be required.

- 2.4 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.
- 2.5 In an agreement out of court with the Banks (including the external creditor) and GPB, in accordance with the above, Nynas's other creditors are not expected to be affected, possibly with the exception of 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 required in order to carry out the reorganisation. The work with drawing up a composition proposal has, as has been stated previously, been initiated and is conducted in parallel with the other workstreams in the reorganisation.
- 2.6 Finally, it should be noted, as in our previous statement from 5 June 2020, that the reorganisation of Nynas is one of the largest formal reorganisation in Sweden in modern time. The reorganisation relates to a business that is both global in reach and technically and legally complicated. In addition to that, there are the stresses that the ongoing pandemic has caused the business of Nynas and global commerce in general. These circumstances have led to the work with the reorganisation taking more time than the average reorganisation, which must also be taken into account when considering whether there are special reasons for an extension.

3. CONCLUDING REMARKS

- 3.1 In conclusion, the work of reorganising the business of Nynas has progressed far. The crucial goal of being relieved from sanctions has been achieved and intensive negotiations are being held with well-funded potential investors. Certain additional time is required to reach a final agreement, e.g. given the changes that has come from certain banks selling their claims on Nynas. Such an agreement is estimated to be reached shortly. The likelihood of carrying out a successful, long-term reorganisation of Nynas's operations within the requested timeframe is very high. There are special reasons for approving 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