

Annual Report 2022

# Our most important journey

The road to 2035, because we want to, can and must



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► Director's report

# Director's Report

## Preem AB

**Facts**

Preem AB (publ)  
Corporate ID number 556072-6977

**Business:** Preem AB (publ) with its registered office in Stockholm, Sweden and its subsidiaries form Sweden's largest fuel group.

**Owner:** Preem AB (publ) is wholly owned by Preem Holding AB (publ).

Figures in parentheses refer to the previous year.

**General information about the business**

Preem is Sweden's largest fuel company. We refine and sell fossil and renewable fuels, fuel and lubricating oil and other products to companies and private individuals. Preem's two refineries in Gothenburg and Lysekil are among Europe's most energy efficient and modern refineries. Together, they account for about 80 percent of the Swedish refinery capacity and about 40 percent of the Nordic capacity. The refineries have a total refining capacity of over 18 million m<sup>3</sup> of crude oil and renewable raw materials per year. We produce renewable fuels since 2010 and have begun a large-scale transition from fossil to renewable.

Most of the production is exported to the international market, mainly to northwestern Europe. This makes Preem one of Sweden's largest export companies. In Sweden and Norway, Preem sells fuel, heating oil, lubricating oil and other products to both companies and private individuals. Sales of our products on the Swedish market take place through Preem's nationwide station network with approximately 520 fuel stations for private and commercial traffic and through certified retailers. In Norway, Preem's products are sold mainly through retailers and through direct sales. Preem's operations are conducted through two business areas: Supply and Refining and Marketing and Sales.

*The Group's results*

The year was characterized by exceptional market conditions as a result of Russia's invasion of Ukraine. The global energy market was greatly affected, which resulted in extremely volatile prices for all types of energy. The price for a barrel of North Sea oil rose sharply from USD 79/barrel to over USD 130/barrel in the first quarter as a direct result of the Ukraine crisis. During the second half of 2022, the price gradually declined and the year closed at USD 81/barrel. Preem has stood strong in this turbulent market situation and reported a very strong financial result from a historical perspective.

Net sales for Preem increased in 2022 to SEK 160,548 million from SEK 89,592 million the previous year, an increase of 79 percent. Preem's total production amounted to 18.9 (19.5) million cubic meters, a decrease of 3 percent compared to 2021. The proportion of products sold outside Sweden amounted to 60 (62) percent, with a value of SEK 96,832 (55,974) million.

Gross profit for Preem rose by SEK 9,790 million to SEK 16,179 (6,389) million. Refining margins have been historically strong throughout the year peaking in the second quarter. The average refining margin for the full year 2022 improved to USD 13.86/bbl from USD 4.27/bbl in the previous year. In addition to refining margins, earnings benefited from price gains in inventory, driven by rising market prices.

The operating result increased to SEK 14,838 (5,007) million.

Net financial cost amounted to SEK -1,823 (-1,169) million.

The increase in the negative result is due to exchange rate changes amounting to SEK -1,211 (-686) million. The exchange rate between SEK and USD has been increasing during the year with a weakening of the Swedish krona from 9.05 SEK/USD at the beginning of the year to 10.44 SEK/USD at the end of the year. The average USD exchange rate was 10.12 SEK/USD in 2022, compared to 8.58 in 2021.

Profit before tax amounted to SEK 13,015 (3,838) million.

Profit after tax to SEK 10,356 (3,047) million.

Key figures including definitions are presented on page 54 of this Annual Report.

**Business area Supply and Refining**

The business area's operations consist predominantly of refining crude oil in the refineries in Lysekil and Gothenburg. Most of the crude oil that Preem purchases come from the North Sea. Other crude oil is sourced mainly from West Africa and the USA. In 2022, total production amounted to 18.9 (19.5) million cubic meters. As part of the production, 340,000 cubic

**Oil price trend 2022**

USD/barrel North Sea Oil



meters of renewable raw material was processed to produce HVO for Preem Evolution Diesel. The raw materials used to produce HVO are mainly pine oil and animal fats.

The business area Supply and Refining reported an operating profit for 2022 of SEK 15,999 million, compared to SEK 5,600 million the previous year. The strong result can be explained by the exceptional market situation after Russia was excluded from the European fuel market following its invasion of Ukraine. The result was also positively affected by price and currency effects. The favorable price effects occurred above all during the first half of the year before the price gradually fell. Seen over the whole year, the difference in price between the time of purchase of crude oil and the price of products at the time of sale has contributed positively by approximately SEK 2,800 million. The weakening of the Swedish krona against the US dollar has contributed to positive currency effects in the operating result as crude oil and products are traded in USD.

During the fall, a planned maintenance shutdown was carried out at the refinery in Lysekil. The shutdown followed the set schedule with good results. Wear and tear damage was discovered at a couple of facilities which, after successful repair work, could still be started up at the end of December 2022. Otherwise, operational availability for the refineries during the year was very high, which has enabled us to take advantage of high refining margins.

**Business area Marketing and Sales**

Despite a year marked by a turbulent market situation and shrinking market volumes in the overall market, Marketing and Sales had a positive volume development with increased volumes compared to 2021. This, in combination with strong margins within the entire business area, was the main driving force for a strong operating profit in line with the previous year. The strong margins compensated for the significant cost inflation that increased overheads – mainly in energy and consumables within Preem’s fuel station network. The volume growth within the business area also strengthened the market share for Preem compared to 2021 according to preliminary figures from Statistics Sweden.

The Marketing and Sales business area reported a strong result for 2022 with an operating profit of SEK 807 million, compared to SEK 812 million the previous year.

The year began with consumer prices for petrol and diesel, which were SEK 18.19/liter and SEK 20.27/liter respectively, but external environmental factors have during the year affected the market price of crude oil, which contributed to a strong price development of fuel prices. Together with an increase in the Swedish reduction obligation from 6 percent to 7.8 percent on petrol and from 26 percent to 30.5 percent on diesel, this resulted in record high historical consumer price levels. At the end of December, the consumer price for petrol was SEK 19.49/liter and for diesel SEK 24.02/liter, an increase of approximately 7 percent and 19 percent respectively compared to the consumer price level at the beginning of the year.

**Cash flow and financing**

Cash flow from operating activities amounted to SEK 9,995 (1,351) million. The increase was due to good profitability. Increased market prices negatively affected the cash flow

from working capital. Inventories negatively impacted cash flow with SEK -6,039 (-3,174) million and operating receivables of SEK -1,675 (-4,017) million. The operating liabilities produced a positive cash flow of SEK 3,759 (2,463) million. The cash flow used in investment activities increased to SEK -1,976 (-1,131) million. Cash flow from financing activities amounted to SEK -6,957 (-266) million.

At the end of the period, the group had a net debt of SEK 2,056 million, compared with SEK 6,492 million as of December 31, 2021. The net debt includes leasing. Liabilities to credit institutions amounted to SEK 3,264 million. Swedish Export Credit Corporation granted a loan of SEK 1,300 million in 2022.

**Liquidity**

Cash and cash equivalents at the end of the year amounted to SEK 3,241 million (2,158). In the end of December 2022, Preem had SEK 11,491 million (5,699) in unused credit facilities.

**Investments**

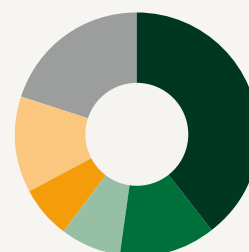
Preem’s net investments in fixed assets amounted to SEK -1,976 (-1,131) million.

Investments in tangible assets during 2022 were divided into investments of SEK -485 million in maintenance shutdowns and ongoing maintenance, SEK -1,316 million in profitability improvements and SEK -55 million in environmental and safety improvement measures. Divested tangible fixed assets generated a positive cash flow of SEK 6 million.

During the year, emissions rights generated a negative cash outflow of SEK -123 million and financial assets a negative flow of SEK -3 million.

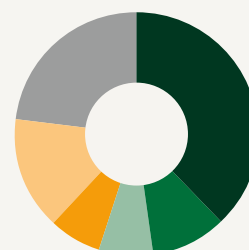
**Sales by country 2022**

- Sweden: 40%
- Norway: 13%
- Other Nordic countries: 8%
- Netherlands: 7%
- UK: 13%
- Other countries: 20%



**Sales by country 2021**

- Sweden: 38%
- Norway: 10%
- Other Nordic countries: 7%
- Netherlands: 7%
- UK: 15%
- Other countries: 23%



## Employees

The average number of employees in the group amounted to 1,557 (1,457), of which 1,443 (1,375) were employed in the parent company. Of these, roughly 1,100 people work at Preem's refineries. Everything we do is based on our values: responsibility, innovation and inclusion.

## The market

### *Market development - crude oil*

The year began with a price for a barrel of North Sea Oil of around USD 79/bbl. The price was volatile during the year. In Q1 we saw an upward trend up towards \$130/bbl in early March before seeing a decline to near \$100/bbl into April. During Q2, the level fluctuated between USD 100/bbl and USD 130/bbl. In Q3, we saw a slowly decreasing trend down to below 90 USD/bbl and in Q4 a varying level between 75-100 USD/bbl. At the end of the year, the price was 81 USD/barrel, which was almost the same as in the beginning of the year.

Various factors affected the market in during the year. The strong increase during parts of Q1 and Q2 up to USD 130/bbl resulted from the Ukraine crisis in combination with concerns about an underinvested crude oil market and thus the availability of crude oil and low inventories.

Another aspect was concern about how EU sanctions would affect access to crude oil.

This was followed by a period of price reduction as discussions about possible sanctions against Iran appeared to ease and concerns that rising inflation would eventually lead to reduced demand. In addition, the US released strategic reserves to the market which improving oil availability.

The second half of the year, saw a fluctuating market where the main reasons for the increases and decreases were related to OPEC+ and its stance on quotas/mandates as well as the constant concern about inflation and increased interest rates, reduced demand and covid restrictions in China. In addition to this, there was a constant concern on how the Ukraine crisis would develop and the impact of sanctions.

Regarding prices of primarily diesel and also gasoline, these have periodically been at record levels during 2022. For diesel, throughout the year, and especially after the war in Ukraine began, we saw a significant shortage of diesel with low stocks. There was a lack of winter-quality diesel that, for example, meets the demand in Scandinavia. This formed the basis of the crisis, but combined with a consolidation of refinery capacity in the region, the ongoing transition of diesel capacity to renewables and a strike in France. Petrol prices have also been at a very high level with generally low stocks in Europe, at least periodically during the year. This meant that refinery margins were at record levels during the year, even though the crude oil market has been very strong with high prices during certain periods. In parallel, there was concern about the deteriorating market and demand going forward based on high inflation globally with increased interest rates as a result and high energy prices.

### *Market development - renewable raw material*

The market for vegetable oils started the year with promising forecasts for increased oilseeds harvests, especially rapeseed in Europe, Canada and Australia. This was replaced by a significant deficit of mainly sunflower and rapeseed following

Russia's invasion of Ukraine as both countries are major producers. This led to substantial price increases for all types of vegetable oils in the second quarter, which eased as the shipping corridor from Ukraine opened during the summer and harvests from other parts of the world were salvaged.

The availability of raw materials based on waste and residual products decreased during the first half of the year, mainly since China, which is a significant producer of used cooking oil, still maintained its zero tolerance against Covid-19, which resulted in significantly fewer restaurant visits in the country. Supply improved toward the end of the year as China eased its restrictions. The supply of animal fat on the European market decreased during the year due to reduced animal herds, which in turn was primarily due to animal diseases such as African swine flu and avian (bird) flu ravaging several countries.

The demand for renewable blending products such as FAME (fatty acid methyl esters), HVO (hydrogenated vegetable oil) and ethanol decreased during the year due to temporarily reduced obligations (legal requirements) in certain EU countries. The legislation aims to lower fuel prices. The statistics later showed a fall in the total diesel consumption in most countries in the EU, which reduced the decline in the demand for renewables. In Sweden, demand was stable in the HVO and RME segments and ethanol consumption increased, due to the implementation of E10 gasoline in the second half of 2021.

Increased production of HVO in both the US and China led to lower renewable premiums against the underlying fossil price during the year in all segments.

Despite this, biodiesel and HVO producers showed satisfactory margins during the year.

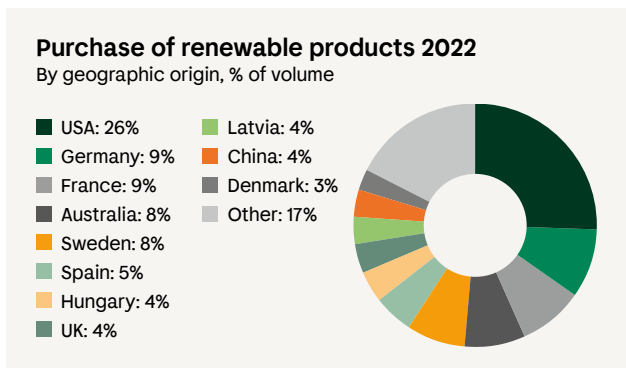
## Environment

Preem conducts several activities which, according to the Swedish Environmental Code, are subject to permission or notification. The main environmental impact occurs through air emissions of carbon dioxide, nitrogen oxides, sulfur oxides and volatile hydrocarbons, emissions to water and noise.

The overall direction of Preem's work with safety, health and environment is described in Preem's Safety, health and environment policy. Compliance with the policy is achieved by applying routines and instructions in the company's management system. Control and compliance with the management system take place, among other things, through internal and external audits, security rounds, reporting and management of deviations.

The refineries in Lysekil and Gothenburg have permits for so-called A operations. The permits are subject to conditions and associated control programs. During 2022, Preem passed all limit values, except for an operation-related limit value that was exceeded marginally and without effect on the emission values. A few target values were not met, and appropriate measures were taken. The supervisory authority was notified of these events.

An application to change the environmental permit for the refinery in Lysekil was submitted to the Land and Environmental Court in 2021. The change is about adapting Preem's Synsat facility so that it can process renewable raw materials, thereby replacing some of the fossil production. The Land and Environment Court granted permission for the requested



change in June 2022, and the permission was used, in connection with the redevelopment starting after the permission was issued.

For the refinery in Gothenburg, an application was submitted before the summer of 2019 for a new environmental permit for to expand the facility. The Land and Environment Court announced the new permit for operations at the refinery in Gothenburg, including the planned expansion. The permit was in accordance with our application, except that a time limit was specified, which Preem appealed. The verdict was also appealed by several environmental organizations and private individuals, as well as the authorities. In June 2022, the Land and Environment Court granted Preem a permit, as requested by Preem in the appeal, and removed the time limit on the permit. This judgment was also appealed to the Supreme Court, which did not grant leave to appeal. The judgment from the Land and Environment Court of Appeal therefore stands. Preem has not authorized the application.

Emissions of carbon dioxide from Preem's refineries are included in the EU trading system with emission rights. For the current trading period 2021-2025, the number of freely allocated emission rights is decided based on the respective refinery's activity level/production during the previous two years. Allocation decisions are made annually by the Swedish Environmental Protection Agency. The system is structured so that the proportion of freely allocated emission rights decreases continuously and the difference between free allocation and need increases steadily. Deficits are covered by purchasing emissions rights on the market.

Preem's depots have a permit for so-called B operations with associated conditions and control programs. Limit values for emissions of hydrocarbons to water were exceeded on a few occasions during 2022 at the depot in Norrköping. The supervisory authority was notified and measures were taken. In March 2022, the Environmental Permit Office of the County Administrative Board of Skåne gave permission for a new process at the depot in Helsingborg, and in May the new permit was implemented.

Most of Preem's fuel stations handle fuel in excess of 1,000 cubic meters per calendar year, and are then subject to notification for so-called "C operations". Such notification is made to the relevant municipality. Preem has continuous communication with the supervisory authority regarding environmental matters at our fuel stations. Remediation of contaminated land at closed depots, fuel stations and Sâifa facilities continued in 2022.

### Sustainability Report

Preem has prepared a Sustainability Report in line with the requirements of Chapter 6 of the Swedish Annual Accounts Act. It is published as a PDF file at [www.preem.se/finansuell\\_information](http://www.preem.se/finansuell_information) and can be ordered as a printed report.

### Product development

For many years, Preem has had the vision of leading the transition toward a sustainable society. For over ten years, we have produced renewable diesel at our refinery in Gothenburg, which was initiated in collaboration with parts of the Swedish forest industry through Sunpine's production. The vision is manifested through our strategy and our target is for Preem to become climate neutral throughout the entire value chain by 2035.

Preem is gradually increasing its renewable production capacity. In addition to production in Gothenburg, we now have renewable production at the refinery in Lysekil. Preem has adapted two plants (the so-called SynSat and FCC plants) to a low admixture of renewables, one of which (the FCC plant) has been adapted also to be able to upgrade more difficult-to-process raw materials such as pyrolysis oils. The pyrocell plant outside Gävle, which Preem owns together with Setra, began the production of pyrolysis oils based on sawdust in the fall of 2021.

After a few years of low-key operations for SynSat in Lysekil, a major reconstruction of the facility is now underway in order to achieve a renewable production capacity of 950,000 cubic meters per year in 2024. An environmental permit for this has been granted.

In 2022, reconstruction for co-processing with low involvement also began in the so-called ICR and MHC facilities in Lysekil and the SynSat facility in Gothenburg. Even in relatively low quantities, the volume of renewable production from these is estimated to amount to approximately 150,000 cubic meters per year.

In addition, planning is underway to rebuild the ICR facility in Lysekil for renewable production on a large scale, up to 1.2 million cubic meters per year. The intention is to have the basis for an investment decision by the end of 2023.

In Gothenburg, the expansion of the production capacity of HVO is planned from today's 320,000 cubic meters to 1.3 million cubic meters per year with start-up in 2027. This is planned to take place in a new facility designed to produce renewable vehicle fuels and aviation fuels with great flexibility. The environmental permit for this has already been granted. The intention is to have the basis for an investment decision by the end of 2023.

### Outlook

The past year has been mainly characterized by Russia's invasion of Ukraine and its impacts. Together with the remaining effects from the pandemic on supply chains, heightened energy and electricity prices, inflationary pressure has increased significantly. In 2023, Preem estimates that the rate of inflation will decrease somewhat and begin to stabilize toward the end of the year. How much inflation affects activity in the economy is relatively uncertain, but it is likely that the consumption of energy products in Europe and Sweden will decrease in 2023. Purchasing power is highly dependent

on how the Swedish national bank (Sveriges Riksbank) and the European Central Bank act in setting their respective key interest rates.

Thanks to the mild winter in Europe, which meant that Germany did not need to use much of its natural gas storage, natural gas prices have fallen from record highs in late summer 2022. French nuclear power, which has had a challenging year in 2022, is slowly moving toward higher availability, which also put downward pressure on the electricity transfers in Europe. Even in Sweden, electricity prices will fall during the spring and summer of 2023, as our electricity situation is largely affected by the European markets. However, the situation next winter continues to be uncertain, but the outlook still looks better for prices than before the winter in 2022.

Since December 2022, the EU has imposed sanctions on Russian crude oil in the wake of the invasion. This has meant that Russian volumes have had to find their way on the world market through countries that have not imposed sanctions on Russia. In the US, the increase in the crude oil production rate has slowed somewhat in the wake of uncertainty about how demand will be affected by rising inflation. China, which in 2022 pursued a "zero covid policy", reopened its society, which will certainly increase the demand for crude oil and the related products. These combined effects mean that Preem assesses that the crude oil price will fluctuate around the levels we saw at the beginning of 2023, although with a great deal of volatility due to the difficulty for the market to price in the various effects.

On February 5, Europe's embargo on Russian energy goods was extended to include gasoline and diesel fuel, which increased demand for European refinery capacity. This, together with the fact that after the pandemic we saw the shutdown of around one million barrels of refining capacity in Europe, provides strong support for the continued high demand for diesel and gas oil. Especially in northern Europe, the shutdown of the Norwegian Slagen Refinery and the Finnish Refinery in Naantali has put additional pressure on the supply of diesel with good cold-weather properties, which is needed in our colder climate. We expect this effect to continue in 2023, especially as air travel has returned to close to pre-pandemic levels. This will restrict the supply of aviation kerosene that could have otherwise been mixed into diesel to provide the necessary cold-weather properties.

At the beginning of 2023, the EU will decide on the legislative package "Fit for 55" which regulates the EU's climate work, which will set the pace for the transition in Europe until and beyond 2030. The energy markets will have to react to the package that will be decided on. Changes are expected in heavy industry, marine, aviation and transport, where it is expected that the pace of change will increase in Europe in the wake of the package. In Sweden, the government's planned investigation into the Swedish reduction obligation will inform the market on how the demand for renewable fuels will look from 2024. The result of the investigation is expected before the summer. In 2023, the demand for renewable fuels in Sweden is expected to be at the same level as in 2022.

#### Parent company result

Net sales for Preem AB (publ) increased in 2022 to SEK 163,509 (88,581) million, which is an increase of 85 percent. The gross profit for the business increased by SEK 9,720 million to SEK 15,614 (5,894) million. Profit after tax amounted to SEK 7,954 (2,965) million.

#### Proposed allocation of profit

Unrestricted equity in the parent company amounts to SEK 17,978,405,185.

#### The Board proposes that it be allocated as follows:

|                 |                           |
|-----------------|---------------------------|
| Dividend        | 892,600,000 SEK           |
| Carried forward | 17,085,805,185 SEK        |
| <b>Total</b>    | <b>17,978,405,185 SEK</b> |

► Consolidated financial statements

# Consolidated income statement and Statement of other comprehensive income

AMOUNTS IN SEK MILLION

| Consolidated Income statement                                 | Note           | 2022           | 2021          |
|---|----------------|----------------|---------------|
| Sales including excise duties                                 |                | 171,688        | 99,796        |
| Excise duties <sup>1)</sup>                                   |                | -11,140        | -10,204       |
| <b>Net sales</b>  | 4, 14          | <b>160,548</b> | <b>89,592</b> |
| Cost of goods sold  | 8, 9, 14       | -144,369       | -83,203       |
| <b>Gross profit</b>   | 5              | <b>16,179</b>  | <b>6,389</b>  |
| Selling expenses  |                | -862           | -848          |
| Administrative expenses                                       |                | -1,024         | -883          |
| Shares in associated company's profit after tax <sup>2)</sup> | 17             | 94             | 48            |
| Other operating income  | 10             | 460            | 322           |
| Other operating costs   | 11             | -9             | -20           |
| <b>Operating profit</b>                                       | 4, 6-9, 33, 34 | <b>14,838</b>  | <b>5,007</b>  |
| Financial income  |                | 41             | 29            |
| Financial expenses  |                | -1,864         | -1,198        |
| <b>Financial items, net</b>                                   | 12, 14         | <b>-1,823</b>  | <b>-1,169</b> |
| <b>Profit before tax</b>                                      | 4              | <b>13,015</b>  | <b>3,838</b>  |
| Income taxes  | 13             | -2,659         | -792          |
| <b>Profit for the year</b>                                    |                | <b>10,356</b>  | <b>3,047</b>  |
| <b>Profit for the year attributable to:</b>                   |                |                |               |
| Parent Company shareholders                                   |                | 10,356         | 3,047         |
| Non-controlling interests                                     |                | 0              | 0             |
|   |                | <b>10,356</b>  | <b>3,047</b>  |

## Consolidated Statement of comprehensive income

|   |    |               |              |
|---|----|---------------|--------------|
| <b>Profit for the year</b>  |    | <b>10,356</b> | <b>3,047</b> |
| <b>Other comprehensive income</b>                                   |    |               |              |
| <i>Items that may be reclassified to the income statement:</i>      |    |               |              |
| Translation difference  | 23 | 11            | 17           |
| Gains on cash flow hedges   | 23 | 1,241         | -            |
| Hedging result reclassified to profit for the year                  | 23 | -444          | -            |
| Tax attributable to items that may be reclassified                  | 13 | -164          | -            |
| <i>Items that will not be reclassified to the income statement:</i> |    |               |              |
| Actuarial gains/losses on defined benefit pension plans             | 24 | 180           | 63           |
| Tax attributable to the item that will not be reclassified          | 13 | -37           | -14          |
| Other   |    | -1            | 3            |
| <b>Total other comprehensive income for the year, net of tax</b>    |    | <b>786</b>    | <b>68</b>    |
| <b>Total comprehensive income for the year</b>                      |    | <b>11,142</b> | <b>3,115</b> |
| <b>Total comprehensive income for the year attributable to:</b>     |    |               |              |
| Parent Company shareholders   |    | 11,142        | 3,115        |
| Non-controlling interests   |    | 0             | 0            |
|   |    | <b>11,142</b> | <b>3,115</b> |

1) Excise duties refer to energy tax, carbon dioxide tax, sulfur tax and alcohol tax.

2) Results from shares in associated companies have been reclassified and are now reported separately. Previously, this was reported within the gross profit.



# Consolidated Statement of Financial Position

AMOUNTS IN SEK MILLION

| <b>Assets</b>                       | <b>Note</b> | <b>2022-12-31</b> | <b>2021-12-31</b> |
|-------------------------------------|-------------|-------------------|-------------------|
| <b>Fixed assets</b>                 |             |                   |                   |
| Intangible assets                   | 15          | 670               | 760               |
| Property, plant and equipment       | 16, 30, 34  | 12,537            | 11,605            |
| Shares in associated companies      | 17          | 394               | 321               |
| Long-term derivatives               | 27, 32      | 411               | -                 |
| Other long-term receivables         | 18, 32, 33  | 565               | 384               |
| <b>Total fixed assets</b>           |             | <b>14,577</b>     | <b>13,070</b>     |
| <b>Current assets</b>               |             |                   |                   |
| Inventory                           | 19          | 19,281            | 13,244            |
| Accounts receivable                 | 20, 30, 32  | 6,129             | 4,188             |
| Derivatives                         | 27, 32      | 444               | 644               |
| Receivables from related parties    | 32, 33      | 55                | 55                |
| Other receivables                   | 32          | 1,335             | 1,251             |
| Prepaid expenses and accrued income | 21          | 2,737             | 2,339             |
|                                     |             | <b>29,981</b>     | <b>21,722</b>     |
| Cash and cash equivalents           | 22, 32      | 3,241             | 2,158             |
| <b>Total current assets</b>         |             | <b>33,222</b>     | <b>23,880</b>     |
| <b>Total assets</b>                 |             | <b>47,799</b>     | <b>36,950</b>     |

# Consolidated Statement of Financial Position

AMOUNTS IN SEK MILLION

| <b>Equity and liabilities</b>                             | Note       | 2022-12-31    | 2021-12-31    |
|---|------------|---------------|---------------|
| <b>Equity</b>   |            |               |               |
| <i>Equity attributable to Parent Company shareholders</i> |            |               |               |
| Share capital   |            | 610           | 610           |
| Other paid-in capital                                     |            | 3,344         | 3,344         |
| Reserves  |            | 642           | -2            |
| Profit brought forward including profit for the year      |            | 17,510        | 9,249         |
|   |            | <b>22,106</b> | <b>13,202</b> |
| Non-controlling interests                                 |            | 0             | 0             |
| <b>Total equity</b>                                       | 23         | <b>22,106</b> | <b>13,202</b> |
| <b>Liabilities</b>  |            |               |               |
| <i>Non-current liabilities</i>                            |            |               |               |
| Pension obligations                                       | 24         | 156           | 192           |
| Deferred tax liabilities                                  | 13         | 1,716         | 907           |
| Other provisions  | 25         | 158           | 228           |
| Borrowings  | 26, 32     | 4,272         | 126           |
| Long-term lease liabilities                               | 26, 32, 34 | 420           | 293           |
| Other interest-bearing liabilities                        | 26, 32     | 52            | 41            |
|   |            | <b>6,773</b>  | <b>1,787</b>  |
| <i>Current liabilities</i>                                |            |               |               |
| Provisions  | 25         | 140           | 582           |
| Liabilities to credit institutions                        | 26, 32     | -             | 7,970         |
| Short-term lease liabilities                              | 26, 32, 34 | 261           | 141           |
| Advance payments from customers                           |            | 626           | 544           |
| Trade payables  | 32, 33     | 7,213         | 5,093         |
| Liabilities to associates                                 | 32, 33     | 10            | 7             |
| Current tax liabilities                                   | 13         | 2,149         | 723           |
| Derivatives   | 27, 32     | 3             | 5             |
| Other liabilities   | 28, 32     | 2,488         | 1,895         |
| Accrued expenses and deferred income                      | 29         | 6,030         | 5,001         |
|   |            | <b>18,919</b> | <b>21,962</b> |
| <b>Total liabilities</b>                                  |            | <b>25,692</b> | <b>23,748</b> |
| <b>Total equity and liabilities</b>                       |            | <b>47,799</b> | <b>36,950</b> |
| Pledged assets and contingent liabilities                 | 30         |               |               |

# Consolidated Statement of Changes in equity

AMOUNTS IN SEK MILLION

| Note 23   | Attributable to Parent Company shareholders |                       |            |  |               |                           | Total equity  |
|---|---|-----------------------|------------|--|---------------|---------------------------|---------------|
|   | Share capital                               | Other paid-in capital | Reserves   | Profit brought forward incl. profit for the year | Total         | Non-controlling interests |               |
| <b>Opening equity 2021-01-01</b>                          | <b>610</b>                                  | <b>3,344</b>          | <b>-19</b> | <b>6,651</b>                                     | <b>10,587</b> | <b>0</b>                  | <b>10,587</b> |
| Profit for the year                                       | -   | -                     | -          | 3,047  | 3,047         | 0                         | 3,047         |
| Other comprehensive income                                | -   | -                     | 17         | 52   | 68            | -                         | 68            |
| <b>Total comprehensive income for the year</b>            | <b>-</b>                                    | <b>-</b>              | <b>17</b>  | <b>3,099</b>                                     | <b>3,115</b>  | <b>0</b>                  | <b>3,115</b>  |
| Received group contribution 2020, tax <sup>1)</sup>       | -   | -                     | -          | -119   | -119          | -                         | -119          |
| Submitted group contributions 2021, net tax <sup>2)</sup> | -   | -                     | -          | -264   | -264          | -                         | -264          |
| Dividend  | -   | -                     | -          | -117   | -117          | -                         | -117          |
| <b>Closing equity 2021-12-31</b>                          | <b>610</b>                                  | <b>3,344</b>          | <b>-2</b>  | <b>9,249</b>                                     | <b>13,202</b> | <b>0</b>                  | <b>13,202</b> |
| <b>Opening equity 2022-01-01</b>                          | <b>610</b>                                  | <b>3,344</b>          | <b>-2</b>  | <b>9,249</b>                                     | <b>13,202</b> | <b>0</b>                  | <b>13,202</b> |
| Profit for the year                                       | -   | -                     | -          | 10,356   | 10,356        | 0                         | 10,356        |
| Other comprehensive income                                | -   | -                     | 644        | 142  | 786           | -                         | 786           |
| <b>Total comprehensive income for the year</b>            | <b>-</b>                                    | <b>-</b>              | <b>644</b> | <b>10,498</b>                                    | <b>11,142</b> | <b>0</b>                  | <b>11,142</b> |
| Group contributions 2021, tax <sup>3)</sup>               | -   | -                     | -          | 276  | 276           | -                         | 276           |
| Group contributions 2022, tax <sup>4)</sup>               | -   | -                     | -          | 238  | 238           | -                         | 238           |
| Dividend  | -   | -                     | -          | -2,752   | -2,752        | -                         | -2,752        |
| <b>Closing equity 2022-12-31</b>                          | <b>610</b>                                  | <b>3,344</b>          | <b>642</b> | <b>17,510</b>                                    | <b>22,106</b> | <b>0</b>                  | <b>22,106</b> |

1) A group contribution of SEK 555 million was received from the parent company relating to the tax year 2020. The claim that arose was settled through a formless transfer of value in accordance with ABL ch. 17 § 1. point 4 and amounted to SEK -555 million. The tax on this group contribution amounted to SEK -119 million and was reported together with the group contribution directly against equity.

2) Group contribution submitted for the tax year 2021 amounted to SEK -333 million and was settled in cash. The tax on this amounted to SEK 69 million and was reported together with the group contribution directly against equity.

3) During 2022, additional group contributions were submitted for a total of SEK -1,340 million for the tax year 2021. Tax on this amounted to SEK 276 million. A group contribution amounting to SEK -2,004 million was submitted but did not result in any tax effect. Shareholder contribution amounting to a total of SEK 3,344 million were received.

4) For the tax year 2022, group contributions were submitted for a total of SEK -1,156 million. Tax on this amounted to SEK 238 million. Shareholder contributions at the same amount were received.

# Consolidated Cash flow statement

AMOUNTS IN SEK MILLION

|  | Note | 2022          | 2021          |
|--|------|---------------|---------------|
| <b>Operating activities</b>  |      |               |               |
| Profit before tax  |      | 13,015        | 3,838         |
| Adjustments for non-cash items   | 31   | 1,055         | 2,384         |
|  |      | <b>14,070</b> | <b>6,222</b>  |
| Tax paid   |      | -120          | -143          |
| <b>Cash flow from operating activities before changes in working capital</b> |      | <b>13,950</b> | <b>6,079</b>  |
| <b>Cash flow from changes in operating activities</b>                        |      |               |               |
| Increase (-)/Decrease (+) in inventories                                     |      | -6,039        | -3,174        |
| Increase (-)/Decrease (+) in operating receivables                           |      | -1,675        | -4,017        |
| Increase (+)/Decrease (-) in operating payables                              |      | 3,759         | 2,463         |
| <b>Cash flow from operating activities</b>                                   |      | <b>9,995</b>  | <b>1,351</b>  |
| <b>Investing activities</b>  |      |               |               |
| Acquisition of intangible assets   | 4    | -123          | -590          |
| Acquisition of tangible assets   | 4    | -1,855        | -715          |
| Sale of tangible assets  |      | 6             | 3             |
| Sale of intangible assets  |      | -             | 168           |
| Investment in financial assets   | 4    | -3            | -15           |
| Disposal of financial assets   |      | -             | 19            |
| <b>Cash flow from investing activities</b>                                   |      | <b>-1,976</b> | <b>-1,131</b> |
| <b>Financing activities</b>  |      |               |               |
| Borrowings   | 31   | 7,959         | 3,462         |
| Transaction costs  |      | -375          | -             |
| Amortization of loans  | 31   | -11,587       | -3,044        |
| Amortization of lease liabilities  | 31   | -204          | -235          |
| Dividends/group contribution paid  |      | -2,752        | -450          |
| <b>Cash flow from financing activities</b>                                   |      | <b>-6,958</b> | <b>-266</b>   |
| <b>Cash flow for the year</b>  |      |               |               |
| Opening cash and cash equivalents  |      | 2,158         | 2,184         |
| Exchange gains/losses on cash and cash equivalents                           |      | 21            | 21            |
| <b>Closing cash and cash equivalents</b>                                     | 22   | <b>3,241</b>  | <b>2,158</b>  |

## ► Notes to the consolidated financial statements

# Notes to the consolidated financial statements

## Note 1. Significant accounting policies

On March 29, 2023, the Board of Directors and the Managing director approved this Annual Report and these consolidated financial statements for publication and will submit them to the Annual General Meeting for adoption on March 29, 2023.

The most important accounting policies applied in preparing these consolidated financial statements are described below. Unless otherwise specified, these policies have been applied consistently.

### Basis on which the financial statements have been prepared

The consolidated accounts for the Preem AB group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. IAS 33 is not applied as the shares in Preem AB are not subject to public trading. Furthermore, RFR 1 "Supplementary accounting rules for groups" issued by the Swedish Financial Reporting Board, has been applied.

Assets and liabilities are reported at historical acquisition values, except for certain financial assets and liabilities and other shares that are reported at fair value.

The financial reports are presented in Swedish krona, which is also the parent company's functional currency. Unless otherwise stated, all amounts are rounded to the nearest million. Due to the rounding of amounts in tables to the nearest million krona, the sum of total amounts may not be equal to the sum of the sub-totals.

Preparing reports in accordance with IFRS requires the use of some important estimates for accounting purposes. Furthermore, management is required to make certain judgments when applying the group's accounting principles. The areas that involve extensive assessment, which are complex or such areas where assumptions and estimates are of significant importance for the consolidated accounts, are reported in note 3.

As of April 1, 2022, Preem has applied hedge accounting for derivatives that are used to hedge the group's exposure to electricity price risk. Apart from that, the accounting principles stated below have been consistently applied to all periods presented in the group's financial reports.

### Standards, amendments and interpretations that entered into force in 2022

The IASB has not published any new standards approved by the EU for application from January 1, 2022. Changes/clarifications in IFRS 3 Business combinations, IAS 16 Tangible fixed assets and IAS 37 Provisions, contingent liabilities and contingent assets have not had any significant effect on the group's financial reports.

### Standards, amendments and interpretations adopted by the EU but which have not yet entered into force and have not been prematurely applied by the Group

A number of new or amended IFRS (IFRS 17 Insurance contracts, IAS 1 Preparation of financial statements, IAS 12 Income taxes) will only come into force in the coming financial year and have not been applied prematurely in the preparation of these financial statements. These IFRS changes will not have any material effect on the group's financial statements. Other future changes are not planned to be applied early.

### Classification in the statement of financial position

Fixed assets and long-term liabilities consist essentially of amounts that are expected to be recovered or paid after more than 12 months from the balance sheet date.

Current assets and current liabilities essentially consist of amounts that are expected to be recovered or paid within 12 months from the balance sheet date.

### Consolidation principles and business combinations

#### Business combinations

The group assesses for each transaction if a business combination or an asset acquisition exists when the company obtains controlling influence over a business. For transactions where, in all essentials, the fair value of the acquired assets consists of an asset or a group of similar assets, reported through a simplified assessment as an asset acquisition.

#### Subsidiaries

Subsidiaries are companies that are under a controlling influence from Preem AB (publ.). Controlling influence means a direct or indirect right to shape a company's financial and operational strategies in order to obtain financial benefits. When assessing whether a controlling influence exists, potential voting shares that can be exercised or converted without delay are taken into account. Subsidiaries are included in the consolidated accounts from and including the day when the controlling influence is transferred to the group. They are excluded from the consolidated accounts from the day when the controlling influence ceases.

The acquisition method is used to account for the group's acquisition of subsidiaries. The acquisition value in an acquisition consists of the fair value of assets given as compensation, equity instruments issued and liabilities incurred or taken over as of the date of transfer. Transaction expenses attributable to acquisitions are expensed when the expense is incurred. Identifiable acquired assets and assumed liabilities and contingent liabilities in a business combination are initially valued at fair value on the acquisition date, regardless of the extent of any non-controlling interest. The surplus consisting of the difference between the acquisition value and the fair value of the group's share of identifiable acquired assets, liabilities and contingent liabilities is reported as goodwill. When the difference is negative, it is reported directly in the profit for the year.

Intra-group transactions and balance sheet items as well as unrealized profits on transactions between group companies are eliminated. Unrealized losses are also eliminated, but any losses are considered as an indication that an impairment requirement exists for the transferred asset. The accounting principles for subsidiaries have been changed where applicable to guarantee a consistent application of the group's principles.

#### Associates

Associates are all companies in which the group has significant but not controlling influence, which mainly applies to shareholdings comprising between 20 percent and 50 percent of the votes. From the time when the significant influence is obtained, shares in associated companies are reported according to the equity method in the consolidated accounts and are initially valued at acquisition value. The group's reported value of holdings in associated companies includes goodwill identified at the time of acquisition, net of any write-downs.

Any difference during the acquisition between the acquisition value of the holding and the owner company's share of the net fair value of the associated company's identifiable assets, liabilities and contingent liabilities is reported according to the same principles as when acquiring subsidiaries.

The group's share of profit that arose in the associated company after the acquisition is reported in the profit for the year. Accumulated changes after the acquisition are reported as a change in the holding's reported value. When the group's share in an associated company's losses amounts to or exceeds its holding in the associated company, including any unsecured claims, the group does not report additional losses, unless the group has assumed obligations or made payments on behalf of the associated company.

Unrealized profits on transactions between the group and its associated companies are eliminated in relation to the group's holdings in the associated company. Unrealized losses are also eliminated, unless the

## ► Notes to the consolidated financial statements

**Note 1. Cont.**

transaction constitutes evidence that an impairment requirement exists for the transferred asset.

The equity method is applied until the time when the significant influence ceases.

**Joint ventures**

Joint ventures, usually conducted in company form, are cooperative arrangements where the group and one or more cooperation partners are entitled to the economic benefits related to the venture's assets. Furthermore, the settlement of the venture's liabilities is dependent on the parties' purchase of output from the business or capital contributions to it. Joint ventures are recognized according to the "proportional consolidation principle", which means that each party in a joint venture recognizes its share of assets, liabilities, income and expenses.

**Segment reporting**

An operating segment is a part of the Group that runs operations from which it can generate revenues and incur costs for which separate financial information is available. An operating segment's results are monitored by the Group's senior executives to evaluate performance and to allocate resources to the operating segment. See Note 4 for more information on the classification and presentation of segments.

**Translation of foreign currency****Transactions and balance sheet items in foreign currency**

Transactions in foreign currency are translated into the functional currency at the exchange rates prevailing on the date of the transaction. Exchange rate gains/losses arising on the payment of such transactions and when translating monetary assets and liabilities in foreign currency at the exchange rate on the balance sheet date are recognized in profit/loss for the year. Exchange rate changes from operating receivables and operating liabilities are recognized in gross profit/loss. Other exchange rate changes affect the Group's net financial items. The Company does not hedge transactions or investments in foreign currency to a greater extent. Non-monetary assets and liabilities are recognized at the exchange rates prevailing on the date of the transaction.

**Foreign operations' financial reports**

Assets and liabilities in foreign operations, including group-related under and over valuations, are converted from the foreign operations' functional currency to the group's reporting currency, Swedish krona, at the exchange rate prevailing on the balance sheet date. Income and expenses are converted to the average exchange rate. Translation differences that arise due to the currency translation of foreign operations are reported in other comprehensive income and accumulated in a separate component of equity called the translation reserve.

When selling foreign operations, in whole or in part, the translation differences reported in the translation reserve in equity are transferred to the profit for the year and reported as part of the capital gain/loss.

**Revenue recognition**

Revenue is valued based on the remuneration specified in the agreement with the customer. The group reports the revenue when control over a product or service is transferred to the customer. Revenues are reported excluding value added tax, returns and discounts and after the elimination of intra-group sales. Invoicing to certain customers includes excise taxes, net sales are therefore reported both including and excluding excise taxes.

**Sale of goods**

The group's main income derives from the sale of goods in the form of petroleum products. The products are sold to oil companies operating in Sweden and on the international market, mainly in north-western Europe. The sale of petrol, diesel, heating oils and lubricating oils on the Swedish market takes place through Preem's nationwide network of stations, through certified dealers and in bulk through own direct sales. In Norway, Preem's products are mainly sold through retailers and in bulk through its own direct sales.

A large proportion of the group's sales of products takes place through shipping. These sales usually take place with the transport

terms CIF (Cost Insurance Freight) and FOB (Free on Board), which means that these revenues are normally reported on the day the goods are loaded onto the boat, i.e. on the B/L day (Bill of Lading). In the case of other sales, the revenue is reported in connection with delivery to the customer.

**Government support**

Preem did not receive any material government support in 2022 or 2021.

**Financial income and expenses**

Financial income consists of interest income on invested funds, dividend income, and profit from changes in value of financial assets valued at fair value via profit for the year.

Interest income on financial instruments is reported in accordance with the effective interest method. Dividend income is reported when the right to receive dividends has been determined. The result from the disposal of a financial instrument is reported when the risks and benefits associated with the ownership of the instrument have been transferred to the buyer and the group no longer has control over the instrument.

Financial costs consist of interest costs on loans including the year's expensed part of transaction expenses in connection with taking out loans, the effect of the dissolution of fair value calculations of provisions, loss in the event of a change in value of financial assets valued at fair value through the profit for the year.

As a general rule, borrowing costs are charged for the period to which they relate. Borrowing costs that are directly attributable to the purchase, construction or production of an asset that necessarily takes a significant amount of time to complete for the intended use or sale must be included in the acquisition value of the asset.

**Intangible assets****Goodwill**

Goodwill consists of the amount at which cost exceeds the fair value of the Group's share of the acquired subsidiary's/associate's net identifiable assets on the acquisition date. Goodwill on acquisition of subsidiaries is recognized as an intangible asset. Goodwill on the acquisition of associate's is included in the carrying value of shares in associates. The useful life of goodwill is indefinite. Goodwill is instead tested at least on an annual basis to identify any impairment requirements and is recognized at cost minus the accumulated impairment losses. Impairment of goodwill is not reversed. Gains or losses on the disposal of a unit include the remaining carrying amount of the goodwill relating to the disposed unit.

Goodwill is allocated among cash-generating units in connection with impairment testing. This allocation is applied to cash-generating units or groups of cash-generating units that are expected to benefit from the business combination that gave rise to the goodwill item. The group allocates goodwill among segments. The group's carrying amount of goodwill of SEK 308 (308) million is allocated in its entirety to the Supply and Refining segment. See note 15.

**Internally created computer software**

The assets are valued at acquisition value less depreciation and write-downs. Borrowing costs are included in computer software in the same way as for tangible fixed assets. Depreciation is made on a straight-line basis over the useful life of the intangible fixed asset and begins when it is brought into use. The useful life has been estimated to be five years. The value is tested at least annually and written down if such a test shows that the value in use is less than the accounted value.

**Emission rights**

Emission rights are reported at acquisition value, emission rights obtained at no cost are reported at nominal value, i.e. at zero value. Emission rights that do not have a fixed useful period are tested quarterly to identify any need for write-downs.

**Construction in progress**

Construction in progress refers to improvements to our internally created computer software.

## ► Notes to the consolidated financial statements

**Note 1. Cont.****Other intangible assets**

Other intangible assets consist of acquired customer agreements and are reported at acquisition value minus accumulated depreciation. The depreciation period is 5 years.

The Group has no other intangible assets that can be capitalized. As a result, expenses such as those for internally generated goodwill and trademarks are recognized as incurred.

**Property, plant and equipment****Owned assets**

All property, plant and equipment are recognized at cost less accumulated depreciation and impairment losses. Property, plant and equipment consisting of elements with different useful lives are treated as separate components of property, plant and equipment.

Cost includes expenses that can be directly attributed to the acquisition of the assets. Additional expenses are added to the asset's carrying amount or are recognized as a separate asset, as applicable. The expenses are added to the asset's carrying amount only if it is likely that the future economic benefits associated with the asset will flow to the Group and the asset's cost can be measured reliably. The carrying amount of the replaced element is derecognized from the balance sheet. All other kinds of repairs and maintenance are recognized as expenses during the period in which they arise. Acquisition cost includes estimated costs for the dismantling and restoration of land or area in the cases that such costs are booked as a provision. Depreciation occurs along with restoration.

To adjust their cost down to their estimated residual value over their estimated useful life, other assets are depreciated on a straight-line basis as follows:

|   |             |
|---|-------------|
| Buildings and storage chambers              | 20-50 years |
| Land improvements                           | 20 years    |
| Plant and machinery                         | 10-30 years |
| Capitalized turnaround costs for refineries | 6 years     |
| Equipment, tools, fixtures and fittings     | 3-10 years  |

The refinery facilities consist of several components with different useful lives. The main classification is into plant and machinery. There are, however, several components that have different useful lives within this main classification. The following main component groups have been identified and form the basis for depreciation of refinery facilities.

|  |          |
|--|----------|
| Electrical installations and instruments | 15 years |
| Heat exchangers                          | 15 years |
| Steam boilers                            | 20 years |
| Steel structures                         | 30 years |
| Pressure vessels                         | 30 years |

Land and precious metals (which are recognized under Plant and machinery) are not depreciated because their useful lives are considered unlimited.

The residual values and useful lives of the assets are reviewed on each balance sheet date and adjusted as required. An asset's carrying amount is impaired immediately to its recoverable amount if the asset's carrying amount exceeds its estimated recoverable amount. This is tested in the event of an indication of such a need.

The carrying amount for property, plant and equipment is removed from the balance sheet upon scrapping or disposal or when no future economic benefits are expected from the use or the scrapping or disposal of the asset. Gains and losses on disposal are determined by means of a comparison between sales revenue and the carrying amount and are recognized at their net amounts in the statement of other comprehensive income depending on the function to which the asset belongs.

Borrowing costs attributable to the construction of qualified assets are capitalized as a part of the cost of the qualified asset.

A qualified asset is an asset that necessarily takes a substantially long time to complete. Firstly, the borrowing costs incurred for loans specific to the qualified asset are capitalized. Secondly, the borrowing

costs incurred for general loans that are not specific to a qualified asset are capitalized.

**Write-downs**

Property, plant and equipment that are written off are assessed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. A write-down is made with the amount by which the asset's reported value exceeds its recovery value. Write-downs charge the year's result. The salvage value is the higher of the asset's fair value less selling costs and its value in use. When assessing the need for impairment, assets are grouped at the lowest levels where there are separate identifiable cash flows (cash-generating units). For tangible fixed assets that have previously been written down, an assessment is made on each balance sheet day as to whether a reversal should be made. Reported value after the reversal of write-downs may not exceed the reported value that would have been reported if no write-down had been made.

**Leasing**

When an agreement is entered into, the group assesses whether the agreement is, or contains, a leasing agreement. An agreement is a leasing agreement if the agreement transfers the right to control the use of an identified asset for a certain period in exchange for compensation.

If an agreement contains several components - leasing or non-leasing components - the group distributes the remuneration according to the agreement to each component based on the stand-alone price.

**Leasing agreements where the group is the lessee**

The group reports a right-of-use asset and a lease liability at the beginning of the leasing agreement. The right-of-use asset is initially valued at acquisition value, which consists of the initial value of the leasing liability with additions for prepaid leasing fees and any direct fees. The right-of-use asset is depreciated on a straight-line basis throughout the leasing period.

The lease liability is initially valued at the present value of remaining lease payments during the assessed lease period. There are no variable leasing fees linked to an index or price. The leasing period consists of the non-cancellable period with additions for additional periods in the agreement if it is deemed reasonably certain at the commencement date that these will be used.

The leasing fees are discounted with the agreements' implicit interest rate. If there is no such interest rate, the leasing fees are discounted to the group's marginal borrowing rate.

The value of the lease liability is increased by interest costs for the respective period and reduced by the lease payments. The interest cost is calculated as the value of the debt multiplied by the discount rate.

Certain leasing agreements contain extension options and termination options, respectively, which the group can exercise or not exercise, respectively, up to three months before the end of the non-cancellable lease period. Whenever possible, the group tries to include such options in new leasing agreements as it contributes to operational flexibility. The options can only be exercised by the group, not by the lessor. Whether it is reasonably certain that an extension option will be exercised is determined on the start date of the lease agreement. The group reassesses whether it is reasonably certain that an extension option will be exercised if an important event or significant changes in circumstances that are within the group's control occur.

For leasing agreements that have a leasing period of 12 months or less or with an underlying asset of low value, less than approximately SEK 50,000, no right-of-use assets and leasing liabilities are reported. Leasing fees for these leasing agreements are reported as an expense linearly over the leasing period.

**Leasing agreements where the group is the lessor**

A leasing agreement is an agreement according to which a lessor, according to agreed terms, during an agreed period, gives a lessee the right to use an asset in exchange for payments. Assets that are leased out, according to an operational leasing agreement, are reported in the balance sheet as an asset. The leasing fee is recognized as revenue

## ► Notes to the consolidated financial statements

**Note 1. Cont.**

linearly over the leasing period. The group only has operational leasing agreements.

When a leased asset is sub-leased, the main lease agreement and the sub-lease agreement are reported as two separate agreements. The Group classifies the sublease agreement based on the right of use arising from the head lease agreement, not based on the underlying asset.

**Inventories**

Inventories are measured at the lower of cost and net realizable value. The acquisition value is determined using the first in, first out method (FIFO).

The cost of finished goods and work in progress consists of raw materials, direct wages, other direct expenses and attributable indirect manufacturing expenses (based on normal manufacturing capacity). Net realizable value is the estimated selling price from operating activities less the costs of production and disposal.

For crude oil, recoverable amount is used as the best available measure of net realizable value. In cases where the net realizable value is less than the cost of crude oil and the products are impaired as a result, the impairment amount is reduced in cases where the net realizable value of the products exceeds cost. The reduction in the impairment amount for crude oil consists of the difference between the net realizable value of the products and cost.

**Income taxes**

Income taxes consist of current and deferred tax. Current tax is tax that must be paid or received for the current year. This also includes adjustment of current tax attributable to previous periods. Taxes are reported in the profit for the year except when the underlying transaction is reported in other comprehensive income or directly against equity, in which case the associated tax effect is reported in other comprehensive income or in equity.

The current tax expense is calculated on the basis of the tax rules that are decided or in practice decided on the balance sheet date in the countries where the parent company's subsidiaries and associated companies operate and generate taxable income. Management regularly evaluates the claims made in self-declarations regarding situations where applicable tax rules are subject to interpretation and, when deemed appropriate, makes provisions for amounts that are likely to be paid to the tax authorities.

Deferred tax is recognized in full, using the balance sheet method, for all temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax is not recognized if it arises from a transaction that constitutes initial recognition of an asset or liability that is not a business combination and which, at the time of the transaction, impacts profit/loss neither for accounting purposes nor for tax purposes. Deferred income tax is calculated by applying the tax rates (and laws) that have been enacted or announced at the balance sheet date and are expected to be in force when the relevant deferred tax assets are realized, or the deferred tax liabilities are settled. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be offset. The value of deferred tax assets is reduced when it is no longer considered likely that they can be utilized.

**Provisions**

Provisions for environmental remediation measures and legal requirements are reported when the group has a legal or informal obligation as a result of past events, it is likely that an outflow of resources will be required to settle the obligation, and the amount can be calculated reliably.

Provisions are valued at the present value of the amount expected to be required to settle the obligation. A pre-tax discount rate is used that reflects a current market assessment of the time-dependent value of money and the risks associated with the provision. The provision is reported as additional acquisition cost for the asset.

**Emission rights**

Preem participates in the EU's emissions trading system. The allocation of emission rights within the period takes place at no cost to the

company and neither allocation nor consumption therefore affected the year's results and statement of financial position to any greater extent. A provision is made if a deficit is identified between allocated/acquired rights and the rights that will have to be delivered due to emissions made. See note 15 for current holdings and note 25 for provisions. Divestments and acquisitions of emission rights are reported in the comprehensive income report under the headings net sales and cost of goods sold, respectively.

**Contingent liabilities**

Information on contingent liability is provided when there is a possible obligation arising from events that have occurred and the existence of which is confirmed only by one or more uncertain future events or when there is an obligation that is not recognized as a liability or provision because it is not likely that an outflow of resources will be required or that the outflow cannot be calculated with sufficient reliability.

**Employee benefits**

Short-term benefits to employees are calculated without discounting and recognized as an expense when the related services are obtained.

**Profit sharing plans**

The group reports a liability and an expense for profit shares, based on the return on working capital. The group reports a provision when there is a legal obligation or an informal obligation due to past practice.

**Pension obligations**

The group has defined benefit and defined contribution pension plans. A defined contribution pension plan is a pension plan according to which the Group pays fixed contributions to a separate legal entity. The group has no legal or informal obligations to pay additional fees if this legal entity does not have sufficient assets to pay all employee benefits related to the employees' service during the current or previous periods. A defined benefit pension plan is a pension plan that is not defined contribution. Characteristic of defined benefit plans is that they state an amount for the pension benefit an employee receives after retirement based on length of service and salary at retirement. Pension plans are usually financed through payments to insurance companies or nominee-managed funds, according to periodic actuarial calculations. The pension commitments have been secured through occupational pension insurance, indebtedness to an account set aside for pensions (PRI) or payment to a pension foundation (KP-stiftelsen) in accordance with the provisions of the Social Security Act. The defined benefit pension plans are both funded and unfunded. In cases where the plans are funded, assets have been separated in the pension foundation (KP-stiftelsen). These plan assets can only be used to pay benefits under the pension agreements. Fixed assets are valued at fair value as of the reporting date.

The liability that is recognized in the balance sheet under defined benefit pension plans is the present value of the defined commitment at the balance sheet date. The defined benefit pension obligation is calculated annually by independent actuaries who apply the projected unit credit method. The present value of the defined benefit obligation is determined by the discounted cash flow method using the interest rate for first class mortgage bonds issued in the same currency as the payments will be made in and with maturities comparable to the relevant pension liability.

The revaluation effects comprise actuarial gains and losses, the difference between the actual yield on plan assets and the amount included in net interest income/expenses and any changes in effects of asset restrictions (excluding interest included in net interest income/expenses). The revaluation effects are recognized in other comprehensive income.

The special payroll tax forms part of the actuarial assumptions and is therefore recognized as part of net obligations/assets.

Expenses in respect of service during earlier periods are recognized in profit/loss for the year, unless the changes in the pension plan are conditional upon the employees remaining in service for a specified period (qualification period). In such cases, expenses for past service are allocated on a straight-line basis over the qualification period.



## ► Notes to the consolidated financial statements

**Note 1. Cont.**

For defined contribution pension plans, the group pays contributions into publicly or privately managed pension insurance plans on a mandatory, contractual or voluntary basis. The group has no additional payment obligations once the contributions have been paid. The cost is recognized in consolidated profit or loss as the benefits are earned. Prepaid contributions are recognized as an asset to the extent that cash repayment or a reduction in future payments may benefit the group.

**Severance pay**

Severance pay is paid when notice is served by the group to terminate an employee's employment before the normal retirement age or when an employee accepts voluntary termination in exchange for such compensation. The group recognizes severance payments when it is documented that the group either is obliged to terminate an employee in accordance with a detailed, formal plan that cannot be revoked, or to pay severance pay because of an offer made to encourage voluntary termination.

**Financial instruments****Recognition and initial measurement**

Trade receivables and issued debt instruments are recognized when issued. Other financial assets and financial liabilities are recognized when the group becomes a party to the financial instrument's contractual terms.

A financial asset (except for trade receivables that do not have a significant financing component) or financial liability is initially measured at fair value plus transaction costs directly attributable to the acquisition or issue for financial instruments not measured at fair value through profit or loss. A trade receivable without a significant financing component is measured at the transaction price.

**Classification and subsequent measurement**

At the first reporting date, a financial asset is classified as valued at: accrued acquisition value or fair value through profit or loss.

Financial liabilities are classified in the following categories: financial liabilities at fair value through profit/loss for the year and other financial liabilities at amortized cost.

**Financial assets measured at amortized cost**

A financial asset shall be measured at amortized cost if it fulfills both of the following conditions and is not identified as measured at fair value via profit or loss:

- it is held within the scope of a business model the objective of which is to hold financial assets for the purpose of receiving contractual cash flows, and
- the contractual terms for the financial asset give rise to cash flows at set times that are only payments of principal amounts and interest on the outstanding principal.

The group has classified trade receivables, other receivables and cash and cash equivalents as financial assets measured at amortized cost. At initial recognition, they are measured at amortized cost. Any impairment requirements are estimated upon subsequent measurement occasions.

Financial assets are derecognized from the balance sheet when the right to receive cash flows from the instrument has expired or been transferred, and the group has substantially transferred all risks and rewards of ownership.

**Financial assets and liabilities at fair value through profit/loss for the year**

Financial assets and liabilities valued at fair value via profit/loss for the year are financial assets that are not classified as being valued at amortized cost or fair value via other comprehensive income.

The group uses oil derivatives and derivative contracts regarding emission rights. The contracts are short-term and are classified in the balance sheet as either current assets or short-term liabilities under the heading "derivatives" and in the income statement and statement of other comprehensive income under the heading "cost of goods sold", in contrast to the profit/loss from other financial instruments, which is recognized in net financial items. Derivatives that have terms regarding

physical deliveries is assessed to not fulfill terms for own use and is therefore measured at fair value.

The group has classified other shares and participations as measured at fair value through profit/loss for the year.

**Hedge accounting**

The group uses derivatives to hedge against electricity price risk. The group has identified these derivatives as hedging instruments to secure the price of the electricity that will most likely be consumed within the business. The Group has defined these derivatives as cash flow hedges.

When the group initially identifies hedging conditions, the objectives of risk management and the hedging strategy are documented. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether changes in value of the hedged item and the hedging instrument are expected to offset each other.

When a derivative is identified as a hedging instrument, the effective part of the change in the fair value of the derivative is recognized in other comprehensive income and accumulated in the hedging reserve. The effective part of changes in fair value of derivatives that are reported in other comprehensive income is limited to the cumulative change in fair value of the hedged item. Ineffective parts of changes in the fair value of the derivative are reported immediately in the result.

The accumulated amount in the hedging reserve is reclassified to the result in the same period that the hedged item affects the result. If the hedged item is no longer expected to occur, the hedging reserve is immediately reclassified to profit or loss.

The contracts are both short-term and long-term and are classified in the statement of financial position as financial fixed assets, current assets or short-term liabilities under the heading derivatives.

**Other financial liabilities**

The "other financial liabilities" category includes borrowings, trade payables and other liabilities.

Borrowings are initially recognized at fair value, net of transaction expenses. Borrowings are subsequently recognized at amortized cost and any difference between the amount received (net of transaction expenses) and the repayment amount is recognized as a financial expense accrued over the term of the loan.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer payment of the debt for at least 12 months after the balance sheet date.

Other liabilities are initially recognized at fair value and subsequently at amortized cost.

**Impairment of financial assets**

The group only has trade receivables that are within the scope of the model for expected credit losses. The group assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. The method means that expected losses during the entire term of the receivable are used as a starting point for accounts receivable. Provisions for trade receivables are described in Note 20.

## ► Notes to the consolidated financial statements

**Note 2. Financial risk management**

The group is exposed to several different financial risks during its operations: credit risk, liquidity risk and market risk (which includes currency risk, price risk and interest rate risk in fair value and in cash flow). The Board of Directors of the group annually sets policies for risk management that focus on the unpredictability of the financial markets and strive to control potential adverse effects on the group's financial performance.

**Risk policy and objectives**

The group's financial risk management policy aims to reduce volatility in earnings and cash flow while retaining a high level of operational efficiency.

All operations associated with managing financial instrument risks are handled by Preem's Treasury Department, except for oil derivatives, which are handled by the Supply and Refining segment. Management of financial risks is governed by group-wide policies established by the Board of Directors or group-wide committees. The aim of the Company's trading in derivatives is to ensure that financial risks are kept within limits determined by the Board of Directors.

**Credit risk**

Credit risks arise through investments in cash and cash equivalents, derivatives and credit exposures to the large number of customers to whom sales are made on credit. To limit these exposures, there are group-wide credit policies, which mean, among other things, that only banks and financial institutions are accepted as having received the lowest credit rating "A" by Standard and Poor's or equivalent independent valuers. Individual risk limits are determined based on internal or external credit assessments. The group also works with collateral in the form of e.g. Letter of Credits, bank guarantees, deposits and the parent company guarantee. The use of credit limits is monitored regularly. Credit risk is controlled at group level by a credit committee.

Most of the credit exposure, in terms of amount, is to financially strong oil companies. Based on the analysis that the group continuously makes of its customers, the credit quality is assessed as good. The group has estimated the value of expected credit losses at SEK 22 (48) million, compared with sales revenues of SEK 160,548 (89,592) million. For further information, see Note 20.

Other oil companies, banks and trading companies are counterparties for trading in oil derivatives. To limit counterparty risks in trading in oil derivatives, the company signs ISDA agreements. When signing agreements regarding electricity derivatives, OTC contracts are used with counterparties with a high credit rating, as well as use of ISDA agreements or standardized trade agreements.

**Liquidity risk**

Liquidity risk is the risk that the Group does not have the opportunity to conduct its operations due to lack of liquidity. Liquidity risk is managed by the group holding sufficient liquid funds and short-term investments with a liquid market and available financing through agreed credit facilities. The group pays approximately SEK 2,116 (1,388) million monthly in the form of excise taxes and VAT, which in combination with fluctuations in purchasing and sales patterns can make demands on the availability of short-term loan credits.

The table below analyzes the group's financial liabilities and derivatives that constitute financial liabilities, broken down by the time remaining on the balance sheet date until the contractual maturity date. The amounts stated in the table are the contractual, undiscounted cash flows and thus these do not correspond to the amounts found in the balance sheet. The amounts due within 12 months correspond to booked amounts, as the discounting effect is insignificant. Derivatives are reported at market value.

The group's policy is that loan renegotiation must take place no later than 12 months before maturity. In the group, there are syndicated bank loans that are subject to a clause on the fulfillment of a number of key figures (so-called covenants). See note 26 Financial liabilities, fulfillment of special conditions.

As of 12/31/2022, the group had SEK 11,491 (5,699) million in unused credit lines. Available cash and cash equivalents amounted to SEK 3,241 (2,158) million.

| As of December 31, 2022                | Within 1 year | Between 1 and 2 years | Between 2 and 5 years | More than 5 years |
|--|---------------|-----------------------|-----------------------|-------------------|
| Liabilities to credit institutions     | 304           | 572                   | 3,983                 | 24                |
| Debt Swedish Export Credit corporation | 61            | 672                   | 794                   | -                 |
| Lease debt                             | 262           | 118                   | 96                    | 204               |
| Other interest bearing-liabilities     | -             | -                     | -                     | 52                |
| Derivatives                            | 3             | -                     | -                     | -                 |
| Accounts payable                       | 7,213         | -                     | -                     | -                 |
| Other liabilities                      | 2,488         | -                     | -                     | -                 |
| <b>Total</b>                           | <b>10,330</b> | <b>1,361</b>          | <b>4,873</b>          | <b>280</b>        |

| As of December 31, 2021            | Within 1 year | Between 1 and 2 years | Between 2 and 5 years | More than 5 years |
|------------------------------------|---------------|-----------------------|-----------------------|-------------------|
| Liabilities to credit institutions | 8,049         | -                     | -                     | 126               |
| Lease debt                         | 120           | 91                    | 52                    | 172               |
| Other interest bearing-liabilities | -             | -                     | -                     | 41                |
| Oil derivatives                    | 5             | -                     | -                     | -                 |
| Accounts payable                   | 5,093         | -                     | -                     | -                 |
| Other liabilities                  | 1,895         | -                     | -                     | -                 |
| <b>Total</b>                       | <b>15,162</b> | <b>91</b>             | <b>52</b>             | <b>339</b>        |

**Capital risk management**

The group's goal regarding the capital structure is to secure its access to capital markets and to maintain an optimal capital structure to keep the costs of capital down and to balance the company's business risk with the cost of capital.

The Board continuously monitors the Group's financial position and net debt against expected future profitability and cash flow, investment and expansion plans and developments in the fixed income and credit markets.

The group's debt/equity ratio is shown in the table below:

|                                | 2022          | 2021          |
|--------------------------------|---------------|---------------|
| Total borrowings               | 5,296         | 8,651         |
| Less cash and cash equivalents | -3,241        | -2,158        |
| <b>Net debt</b>                | <b>2,056</b>  | <b>6,492</b>  |
| <b>Total equity</b>            | <b>22,106</b> | <b>13,202</b> |
| <b>Debt/equity ratio</b>       | <b>0.09</b>   | <b>0.49</b>   |

Total borrowing includes liabilities to credit institutions, leasing liabilities and other interest-bearing liabilities. Total borrowing excludes capitalized transaction costs SEK 291 (79) million.

**Market risk**

Market risk is the risk that the fair value of or future cash flows from a financial instrument will vary due to changes in market prices. Market prices are divided into three types; currency risk, interest rate risk and other price risks.

**Currency risk**

The group operates internationally and is exposed to currency risks arising from exposure to various currencies, especially the USD. Transaction risks within the Group arise from future business transactions. Translation risk arises on remeasurement of recognized assets and liabilities.

**Transaction risk**

Transaction exposure entails a risk that profitability is negatively impacted by changed exchange rates, mainly in USD, without a possibility to obtain

## ► Notes to the consolidated financial statements

**Note 2. Cont.**

comparable compensation through commercial operations. Preem's transaction exposure arises when a sale or purchase of crude oil and refined products takes place in foreign currency and when this affects profit or loss.

**Translation risk**

Translation risk is the risk that the value of the group's recognized assets and liabilities in foreign currency is negatively impacted by changes in exchange rates. The group aims to reduce the translation risk that arises in working capital by balancing assets and liabilities in foreign currency. To reduce the translation risk in the group's working capital in USD, the group takes out loans in USD. The group also strives to invoice and be invoiced in the same currency, if possible, from a business perspective.

The group has a policy concerning currency hedging that permits the hedging of currency risks, which is only permitted to protect currency flows from significant currency risks.

The table below describes the group's net exposure on the balance sheet date in each currency translated into SEK for monetary assets and liabilities in the form of trade receivables, cash and cash equivalents, trade payables and other borrowings in foreign currency. Working capital includes not only trade receivables and trade payables, but also the group's inventory value. As a result, the magnitude of the net exposure on the monetary items must be considered in relation to the value of the inventories in USD as of the balance sheet date. As inventories are a non-monetary asset, inventories are not translated at the exchange rate on the balance sheet date, but at the exchange rate on the purchase date. A change in the exchange rate does not normally affect the inventory value, which means that there is no effect in profit/loss for the year until the product is sold. If a change in the exchange rate were to lead to the net realizable value of the inventories in SEK being less than cost because of a fall in the exchange rate, the inventories will be impaired, having a direct effect on profit/loss.

All amounts in SEK million

| Net exposure at balance sheet date | 2022          | 2021          |
|------------------------------------|---------------|---------------|
| EUR                                | 526           | 561           |
| NOK                                | 1,063         | 1,079         |
| USD                                | -7,472        | -11,001       |
| Other                              | 98            | -11           |
| <b>Total</b>                       | <b>-5,785</b> | <b>-9,372</b> |

If the Swedish krona were to become stronger/weaker by 10 percent in relation to the US dollar at the balance sheet date while all other variables remained constant, profit/loss for the year after tax as of December 31 would have been SEK 578 (130) million higher/lower as a consequence of gains/losses on translation of monetary assets and liabilities according to the table above, taking into account the indirect currency effect on the Group's risk position for inventories.

**Interest risk**

The group's interest rate risk for negative change as a result of interest rate fluctuations of interest-bearing assets and liabilities.

Loans with variable interest rates expose the group to interest rate risk regarding cash flow. Loans that run at a fixed interest rate expose the group to interest rate risk regarding fair value. The group's borrowing runs at a variable interest rate. As of December 31, 2022, the remaining fixed interest period amounted to approximately 42 months. During 2022, the group's borrowing mainly consisted of variable interest in USD and SEK. The group's interest-bearing assets are in the form of loans to related companies and, to a lesser extent, short-term investments in liquid funds.

The group's outstanding borrowing as of the balance sheet date for loans taken out from credit institutions amounts to SEK 4,564 (8,175)

million. The group's loan terms, effective interest rate and the maturity structure of the loans are shown in note 26.

If the interest rates on borrowing USD and SEK during the year had been 1.0 percent higher/lower with all other variables constant, the profit after tax for the financial year would have been SEK 36 (64) million lower/higher.

**Price risk of crude oil and refined products**

The group is exposed to price risk regarding the inventory of crude oil and refined products. Price changes in crude oil and refined oil products respectively affect the group's sales revenue, cost of goods sold, gross profit and operating profit. The group has a defined risk position in inventory, which is the volume of priced oil<sup>1)</sup> that the board has accepted is exposed to price risk. The risk position is defined as 1,840,000 m<sup>3</sup>. The price risk on this volume is the company's business risk accepted by the board. To counteract the price risk that arises when a priced stock deviates from the risk position, the group trades in oil derivatives. In addition to the above price risk management, the group has in the past year used oil derivatives to also hedge parts of the risk position.

**Sensitivity analysis price risk crude oil and refined products**

The Board of Directors has established risk limits that define the extent to which volume exposure may deviate from the normal position, as well as the maximum risk expressed in USD that the group is prepared to accept in volume deviations from the risk position. The volume deviation may be +140,000 m<sup>3</sup> or -190,000 m<sup>3</sup>. Preem uses the value at risk method to measure the raw material price risk on the deviation position divided by product line. Using this method, the maximum potential loss is calculated with a certain probability during a set period of time.

The table below describes how the position would change in SEK million if the price were to rise/fall by 10 percent as at the balance sheet date. How such a change would have impacted the company's financial performance depends on whether the effect on financial performance arises in the physical position or the derivatives position. The reason for this is that inventories and derivatives are measured using different accounting policies. Over time, however, the price change in the total position will affect the company's financial performance. As a result, the total position constitutes the company's price risk, but accrual effects arise over time in profit/loss for the year, because of the differing measurement policies for inventories and derivatives.

| Year | Change in price | Physical position | Derivative position | Total position | Of which risk position |
|------|-----------------|-------------------|---------------------|----------------|------------------------|
| 2022 | +10%            | 1,598             | -101                | 1,496          | -1,475                 |
| 2022 | -10%            | -1,598            | 104                 | -1,494         | 1,475                  |
| 2021 | +10%            | 1,156             | -133                | 1,022          | 935                    |
| 2021 | -10%            | -1,156            | 151                 | -1,005         | -935                   |

A change in the value of the derivative position will always have a direct effect on profit/loss, as the derivatives are recognized at fair value on the balance sheet day in profit/loss for the year.

Changes in the value of the physical position have in some cases a direct impact on the result and in other cases the result is only affected in subsequent periods. This is because the inventory is valued according to the lowest value principle, that is at the lowest value of acquisition value and net realizable value.

In the event of a price increase, the result is normally only affected by sales, i.e. the price gains are reported in the profit for the year only when they are realized. However, a price increase in the case where the original net sales value is less than the acquisition value can have a direct effect on the profit for the year. However, this effect can amount to a maximum of the previously written-down value of the stock.

1) Only priced inventories are exposed to a price risk. Purchases of crude oil and products are only included in the position when the purchased oil has been priced. The products leave the position when they are priced in connection with their sale. If a product is priced for a number of days, a percentage of the load will be included in or taken out of the position in relation to the number of days that the load is priced. This means that the Group's physical inventories can differ somewhat from the company's physical position.

## ► Notes to the consolidated financial statements

**Note 2. Cont.**

In the event of a price decline, earnings are normally directly affected, which means that an inventory write-down is made and a cost of goods is reported in the statement of comprehensive income. However, the write-down will only take place to the amount that the changed net sales value will be less than the inventory's previously reported value as of the balance sheet date.

In addition to the price risk management of the inventory position, there is room for speculative trading in oil derivatives established by the Board. These transactions are limited by maximum loss limits for such trading.

**Electricity price risk**

The group consumes a large amount of electricity in its operations. Price changes in electricity affect the group's cost of goods sold, gross profit and operating profit. Electricity is purchased at spot prices in the relevant electricity region in Sweden. The prices vary based on both the Nordpool system price and EPAD (electricity price area differential). To minimize the price risk for the electricity the group uses in its operations, financial hedges are used. The company's credit policy regulates how electricity consumption is to be secured. Hedging of the system price is initiated when market prices rise. The position may vary but never outside 0-100 percent compared to forecasted actual consumption.

The group's purchase of electricity in 2022 amounted to 868 MWh. Volume levels secured per year amount to:

|                     | 2023 | 2024 | 2025 |
|---------------------|------|------|------|
| Hedged proportion % | 58   | 83   | -    |

**The impact of hedge accounting on the Group's financial reports**

Preem classifies its future contracts used to hedging forecasted transactions as cash flow hedges. The impact of hedge accounting of electricity price risk on the Group financial statements and profit/loss is shown below.

| Electricity derivatives   | 2022  | 2021 |
|---|-------|------|
| Reported amount   | 797   | -    |
| Volume MWh  | 1,428 | -    |
| Hedge ratio   | 1:1   | -    |
| Change in outstanding hedge instruments carrying value since inception of the hedge | 797   | -    |
| Change in value to determine inefficiency   | -797  | -    |

The electricity derivatives are reported in the statement of financial position as long-term receivable SEK 411 million (EUR 37 million) and short-term receivable SEK 386 million (EUR 35 million). For information on the hedging reserve and its changes, see note 23.

**Calculation of fair value**

The fair value of derivatives traded on an active market is based on listed market prices on the balance sheet date. The listed market price used for the group's financial assets is the current bid price. The fair value of oil derivatives is determined using listed prices of oil futures on the balance sheet date.

The fair value of financial instruments not traded on an active market (e.g. OTC derivatives) is determined using measurement techniques. The fair value of interest rate swaps is calculated as the present value of estimated future cash flows. Other unlisted holdings are measured at cost where fair value cannot be measured reliably.

The fair value of borrowings is calculated, for the purposes of disclosure, by discounting the future contracted cash flow to the current market interest rate available to the group for similar financial instruments.

The carrying amount, after any impairment losses, of trade receivables and trade payables is considered to correspond to their fair values, as these items are current by nature. The fair value of financial liabilities is calculated, for the purposes of disclosure, by discounting the future contracted cash flow to the current market interest rate available to the group for similar financial instruments.

**Note 3. Critical accounting estimates and judgments**

Estimates and judgments are assessed on an ongoing basis and are based on historical experience and other factors, including expectations of future events that are considered reasonable under the current circumstances.

**Critical accounting estimates and assumptions**

The group makes estimates and assumptions about the future. The resulting accounting estimates will by definition seldom correspond to the actual outcome.

The estimates and assumptions that involve a significant risk of material adjustments in the carrying amounts of assets and liabilities for subsequent financial years are explained in general below.

**Goodwill**

Among the group's assets is a goodwill item that is not amortized on an ongoing basis but is tested at least annually with regard to any need for impairment. Impairment testing includes important assumptions and estimates. In 2022, no write-down were made. If the estimated discount rate before tax applied to discounted cash flows for the cash-generating unit consisting of Goods Supply had been 2 percent higher than management's assessment, the Group would not have had to write down the goodwill. For further details on the impairment test, see note 15.

**Inventories**

Inventories are reported at the lower of cost and net realizable value. Inventories are sensitive to fluctuations in market prices. If market prices fall compared with the acquisition value at the end of the reporting period, the group may need to write down the carrying amount of the inventory during the coming period. Note 2 contains information on price risk and sensitivity analysis.

**Pensions**

Pension obligations are based on actuarial calculations that are themselves based on assumptions about discount rates, the expected return on plan assets, inflation and the expected useful life.

The expected return on plan assets is set at the same percentage as the discount rate, in accordance with IAS19 regulations. Actual outcomes may differ from the estimated values and result in adjustments to the liability, for further information on the calculation of the value of the pension liability, see note 24.

**Provisions for environmental obligations**

Provisions are made for environmental obligations for known and planned remediation work. The reported value is based on estimates of the cost. The management's estimate is based on the opinion of external experts or if there is no possible outcome from previous similar remediation work. See note 25 for current provisions.

A possible future closure of operations within the group may entail requirements for remediation and restoration work. However, this is judged to be far in the future and the possible future expenses for this are not judged to be reliable. Such possible environmental commitments are not included in the group's provisions in the balance sheet, nor as contingent liabilities.

**Significant judgments on application of the company's accounting policies****Functional currency**

Preem has significant cash flows in USD. In determining the company's functional currency, management has evaluated the criteria contained in IAS 21 on the determination of the functional currency. After giving careful consideration to all indicators, management has judged that Preem's functional currency is SEK.

## Notes to the consolidated financial statements

## Note 4. Segment reporting

### Operating segments

The Group consists of two operating segments:

#### Supply and Refining

Crude oil is purchased for the two refineries, Preemraff Lysekil and Preemraff Gothenburg, which is refined into finished oil products. About 67 (62) percent of the production is sold mainly to the northern European market. The part of the production that is sold in Sweden is sold partly through its own market channels and partly through other oil companies.

#### Marketing and Sales

This segment sells refined oil products, which are purchased from the Supply & Refining segment. Sales are channeled directly to consumers via the company's network of filling stations and to companies and consumers via direct sales.

### Internal pricing

Prices are set at market levels at prices based on official listings in the oil market.

### Profit/loss per segment

Segment reporting takes place in a way that is consistent with the internal reporting submitted to group management. Group management is the highest executive decision-maker that is responsible for allocating resources and assessing the results of the operating segments as well as making strategic decisions.

| 2022<br>Net Sales per operating segment | Supply &<br>Refining | Marketing<br>& Sales | Total by<br>segment |
|---|----------------------|----------------------|---------------------|
| Net sales                               | 154,900              | 41,647               | <b>196,547</b>      |
| Sales between segments                  | -35,999              | -                    | <b>-35,999</b>      |
| <b>Net external sales</b>               | <b>118,900</b>       | <b>41,647</b>        | <b>160,548</b>      |

| Operating profit                  | Supply &<br>Refining | Marketing<br>& Sales | Total by<br>segment |
|-----------------------------------|----------------------|----------------------|---------------------|
| Operating profit/loss per segment | 15,999               | 807                  | <b>16,806</b>       |
| of which depreciation             | -1,235               | -246                 | <b>-1,481</b>       |

| 2021<br>Net Sales per operating segment | Supply &<br>Refining | Marketing<br>& Sales | Total by<br>segment |
|---|----------------------|----------------------|---------------------|
| Net Sales                               | 85,622               | 23,368               | <b>108,988</b>      |
| Sales between segments                  | -19,397              | -                    | <b>-19,397</b>      |
| <b>Net External sales</b>               | <b>66,224</b>        | <b>23,368</b>        | <b>89,592</b>       |

| Operating profit             | Supply &<br>Refining | Marketing<br>& Sales | Total by<br>segment |
|------------------------------|----------------------|----------------------|---------------------|
| Operating profit per segment | 5,600                | 812                  | <b>6,412</b>        |
| of which depreciation        | -1,256               | -267                 | <b>-1,523</b>       |

| Reconciliation with consolidated profit before tax             | 2022          | 2021         |
|--|---------------|--------------|
| Operating profit for reported segments                         | 16,806        | 6,412        |
| Exchange rate differences when buying and selling oil products | -1,013        | -597         |
| Depreciation/amortization Corporate Center                     | -91           | -96          |
| Other <sup>1)</sup>  | -864          | -712         |
| <b>Total operating profit/loss</b>                             | <b>14,838</b> | <b>5,007</b> |
| Interest income  | 41            | 29           |
| Interest expense   | -534          | -448         |
| Exchange differences   | -1211         | -686         |
| Other financial items  | -120          | -64          |
| <b>Profit/loss before tax</b>                                  | <b>13,015</b> | <b>3,838</b> |

1) Mainly refers to Corporate Center.

### Other sales information

Revenue from sales comes largely from sales of petroleum products.

|                             | 2022           | 2021          |
|-----------------------------|----------------|---------------|
| Sales of oil products       | 160,401        | 89,412        |
| Other                       | 147            | 180           |
| <b>Total external sales</b> | <b>160,548</b> | <b>89,592</b> |

| 2022<br>Investments                    | Supply &<br>Refining | Marketing<br>& Sales | Other <sup>1)</sup> | Group        |
|--|----------------------|----------------------|---------------------|--------------|
| Investments in tangible fixed assets   | 1,715                | 140                  | -                   | <b>1,855</b> |
| Investments in intangible fixed assets | 123                  | -                    | -                   | <b>123</b>   |
| Investments in associated companies    | 3                    | -                    | -                   | <b>3</b>     |

| 2021<br>Investments                    | Supply &<br>Refining | Marketing<br>& Sales | Other <sup>1)</sup> | Group      |
|--|----------------------|----------------------|---------------------|------------|
| Investments in tangible fixed assets   | 613                  | 112                  | -                   | <b>724</b> |
| Investments in intangible fixed assets | -                    | 2                    | -                   | <b>2</b>   |
| Investments in associated companies    | -                    | -                    | -                   | <b>-</b>   |

1) Mainly refers to Corporate Center.

### Distribution by geographic region

The information presented regarding revenue refers to the geographical areas grouped according to where the customer is located. The information regarding the segments' assets is based on geographical areas grouped according to where the assets are located. In the table below, the other Nordic countries refer mainly to Denmark and to other countries mainly Germany, France and North America.

| 2022                   | External sales       |                      |                | Intangible and tangible fixed assets |
|------------------------|----------------------|----------------------|----------------|--------------------------------------|
|                        | Supply &<br>Refining | Marketing<br>& Sales | Total          |                                      |
| Sweden                 | 24,644               | 39,076               | 63,720         | 13,141                               |
| Norway                 | 17,507               | 2,571                | 20,078         | 67                                   |
| Other Nordic countries | 12,324               | -                    | 12,324         | -                                    |
| Netherlands            | 11,174               | -                    | 11,174         | -                                    |
| UK                     | 21,487               | -                    | 21,487         | -                                    |
| Other countries        | 31,765               | -                    | 31,765         | -                                    |
| <b>Group</b>           | <b>118,901</b>       | <b>41,647</b>        | <b>160,548</b> | <b>13,208</b>                        |

| 2021                   | External sales       |                      |               | Intangible and tangible fixed assets |
|------------------------|----------------------|----------------------|---------------|--------------------------------------|
|                        | Supply &<br>Refining | Marketing<br>& Sales | Total         |                                      |
| Sweden                 | 11,642               | 21,974               | 33,617        | 12,279                               |
| Norway                 | 7,548                | 1,393                | 8,941         | 86                                   |
| Other Nordic countries | 6,564                | -                    | 6,564         | -                                    |
| Netherlands            | 6,247                | -                    | 6,247         | -                                    |
| UK                     | 13,451               | -                    | 13,451        | -                                    |
| Other countries        | 20,771               | -                    | 20,771        | -                                    |
| <b>Group</b>           | <b>66,224</b>        | <b>23,368</b>        | <b>89,592</b> | <b>12,365</b>                        |

► Notes to the consolidated financial statements

### Note 5. Gross profit

The purchase and sale of oil products on the market is essentially dollar-based. Exchange rate differences on sales are reported under net sales and exchange rate differences on purchases are reported under cost of goods sold. The group's gross profit includes exchange rate differences on purchases and sales of oil products to the net SEK -1,013 (-597) million.

Net loss on oil derivatives valued at fair value, reported as an expense for goods sold in profit for the year, amounted to SEK -804 million compared with the previous year's profit of SEK -476 million.

### Note 6. Auditors' fees

|                | 2022     | 2021     |
|----------------|----------|----------|
| PwC            |          |          |
| Audit fees     | 4        | 3        |
| Tax fees       | -        | 0        |
| All other fees | 5        | 0        |
|                | <b>9</b> | <b>4</b> |

1. Audit fees – fees for the annual audit services and other audit services, i.e. services that only the external auditors reasonably can provide, and include the Company audit and statutory audits.
2. Tax fees – fees for minor tax consultations.
3. All other fees – fees for other services.

### Note 7. Employees, employee benefit expenses and 5 remuneration of senior executives

|                    | 2022                        |   | 2021                        |   |
|--------------------|-----------------------------|---|-----------------------------|---|
|                    | Salaries and other benefits | Social security expenses (of which pension costs) | Salaries and other benefits | Social security expenses (of which pension costs) |
| Parent company     | 1,005                       | 494   | 969                         | 489   |
|                    |                             | (168) <sup>1)</sup>                               |                             | (143) <sup>1)</sup>                               |
| Subsidiaries       | 59                          | 16  | 37                          | 10  |
|                    |                             | (2)   |                             | (2)   |
| <b>Group total</b> | <b>1,065</b>                | <b>510</b>  | <b>1,007</b>                | <b>499</b>  |
|                    |                             | <b>(169)<sup>2)</sup></b>                         |                             | <b>(145)<sup>2)</sup></b>                         |

- 1) Of the Parent company's pension costs, SEK 171 million (9.5) relates to the group CEO, Board of Directors and other senior executives.
- 2) Of the Group's pension costs, SEK 171 million (9.5) relates to the Group CEO, Board of Directors and other senior executives.

| Average number of employees | 2022                |                         | 2021                |                         |
|-----------------------------|---------------------|-------------------------|---------------------|-------------------------|
|                             | Number of employees | Of which percentage men | Number of employees | Of which percentage men |
| Parent company              |                     |                         |                     |                         |
| Sweden                      | 1,443               | 74%                     | 1,375               | 74%                     |
| <b>Group</b>                |                     |                         |                     |                         |
| Sweden                      | 95                  | 40%                     | 60                  | 30%                     |
| Norway                      | 19                  | 74%                     | 22                  | 69%                     |
| <b>Group total</b>          | <b>1,557</b>        | <b>72%</b>              | <b>1,457</b>        | <b>72%</b>              |

### Salaries and other remuneration distributed between senior executives and other employees

|                        | 2022  |                 | 2021  |                 |
|------------------------|---|-----------------|---|-----------------|
|                        | Board of Directors, CEO and other senior executives | Other employees | Board of Directors, CEO and other senior executives | Other employees |
| Parent company         | 44  | 961             | 34  | 935             |
| Subsidiaries in Sweden | -   | 42              | -   | 21              |
| Subsidiaries abroad    | 2   | 16              | 1   | 15              |
| <b>Group total</b>     | <b>46</b>   | <b>1,019</b>    | <b>36</b>   | <b>971</b>      |

### Senior executives

Senior executives include the top management and other senior executives. The group's top management includes the chairman of the board, other board members who receive remuneration from the company in addition to the usual board fees and who are not employees of the company, as well as the CEO. The group of other senior executives includes 6 (6) salaried employees, they include Preem's management team together with the CEO, all are employees of Preem AB (publ). In total, the group of senior executives includes board members, including the chairman and CEO, 7 (7) people and other senior executives as well as the parent company's group management 6 (6).

### Remuneration of senior executives

Remuneration is paid to the Chairman and members of the Board in accordance with the decision of the Annual General Meeting. No special fee is paid for committee work. Remuneration to the CEO and other senior executives consists of basic salary, variable remuneration, other benefits and a pension. The distribution between basic salary and variable remuneration shall be in proportion to the executive's responsibility and authority. For other senior executives, the variable remuneration amounts to a fixed maximum percentage of the basic salary. Pension benefits and other benefits to the President and other senior executives are paid as part of the total remuneration. Other benefits mainly consist of a company car.

### Pensions

As a pension solution, the general pension plan and, where applicable, individual solutions for the CEO and other senior executives apply. All pension benefits are untouchable, i.e. not conditional on future employment. See also note 24 on Pension obligations.

### Severance pay

There is a mutual notice period of 6 months between the company and the CEO.

There is a mutual notice period between the Company and other senior executives of a maximum of 12 months and 6 months, respectively. There is a paid notice period of a maximum of 24 months for termination by the Company. Upon resignation by the senior executive, no severance pay is paid.

| Gender distribution in company management | 2022                | 2021                |
|---|---------------------|---------------------|
|   | Percentage of women | Percentage of women |
| Board of Directors                        | 0%                  | 0%                  |
| Other senior executives                   | 29%                 | 29%                 |

This table also refers to the Parent company.

► Notes to the consolidated financial statements

Note 7. Cont.

| 2022<br>Remuneration and benefits | Base pay/<br>Board fees | Variable<br>remuneration | Other<br>benefits | Pension<br>costs | Other<br>remuneration | Total       |
|-----------------------------------|-------------------------|--------------------------|-------------------|------------------|-----------------------|-------------|
| Chairman of the Board             | 0.8                     | -                        | -                 | -                | -                     | 0.8         |
| Other Board members (5)           | 2.0                     | -                        | -                 | -                | -                     | 2.0         |
| CEO                               | 7.4                     | 10.7                     | 0.2               | 10.9             | -                     | 29.2        |
| Other senior executives (6)       | 15.6                    | 6.8                      | 0.8               | 6.1              | 0.0                   | 29.3        |
|                                   | <b>25.8</b>             | <b>17.4</b>              | <b>1.0</b>        | <b>17.1</b>      | <b>0.0</b>            | <b>61.2</b> |

A total of SEK 3.2 million was paid in Board fees, which are included in all items except in other senior executives, of which one member has received SEK 0.8 million, one member received SEK 0.5 million, one member received SEK 0.45 million and three members received SEK 0.4 million and one member received SEK 0.25 million.

| 2021<br>Remuneration and benefits | Base pay/<br>Board fees | Variable<br>remuneration | Other<br>benefits | Pension<br>costs | Other<br>remuneration | Total       |
|-----------------------------------|-------------------------|--------------------------|-------------------|------------------|-----------------------|-------------|
| Chairman of the Board             | 0.8                     | -                        | -                 | -                | -                     | 0.8         |
| Other Board members (5)           | 2.2                     | -                        | -                 | -                | -                     | 2.2         |
| CEO                               | 6.3                     | 2.8                      | 0.1               | 3.6              | -                     | 12.9        |
| Other senior executives (6)       | 15.8                    | 4.9                      | 0.9               | 5.9              | 0.5                   | 28.0        |
|                                   | <b>25.1</b>             | <b>7.8</b>               | <b>1.0</b>        | <b>9.5</b>       | <b>0.5</b>            | <b>43.9</b> |

A total of SEK 3.2 million was paid in Board fees, which are included in all items except in other senior executives, of which one member received SEK 0.8 million, two members received SEK 0.5 million, three members received SEK 0.4 million and one member received SEK 0.2 million.

The tables above are for the Parent company.

## Note 8. Depreciation

| Breakdown of depreciation               | 2022         | 2021         |
|---|--------------|--------------|
| Intangible assets                       | 214          | 221          |
| Buildings and land improvements         | 229          | 287          |
| Plant and machinery                     | 677          | 693          |
| Capitalized turnaround costs            | 297          | 236          |
| Equipment, tools, fixtures and fittings | 154          | 181          |
|   | <b>1,571</b> | <b>1,618</b> |
| <b>Breakdown by function</b>            |              |              |
| Cost of goods sold                      | 1,237        | 1,259        |
| Selling expenses                        | 248          | 271          |
| Administrative expenses                 | 86           | 88           |
|   | <b>1,571</b> | <b>1,618</b> |

## Note 9. Expenses by type of expense

|  | 2022           | 2021          |
|--|----------------|---------------|
| Cost of materials  | 139,764        | 79,405        |
| Freight costs  | 1,358          | 774           |
| Cost of employee benefits                                | 1,572          | 1,509         |
| Depreciation   | 1,571          | 1,618         |
| Disposal/retirements of equipment and tools              | 9              | 20            |
| Other expenses   | 1,990          | 1,629         |
|  | <b>146,264</b> | <b>84,954</b> |
| <b>Reconciliation with Consolidated income statement</b> |                |               |
| Cost of goods sold                                       | 144,369        | 83,203        |
| Selling expenses   | 862            | 848           |
| Administration expenses                                  | 1,024          | 883           |
| Other operating costs                                    | 9              | 20            |
|  | <b>146,264</b> | <b>84,954</b> |

## Note 10. Other operating income

|                      | 2022       | 2021       |
|----------------------|------------|------------|
| Heating deliveries   | 135        | 86         |
| Rental income        | 106        | 108        |
| Port income          | 59         | 66         |
| Storage certificates | 119        | 48         |
| Other                | 40         | 14         |
|                      | <b>460</b> | <b>322</b> |

## Note 11. Other operating expenses

|   | 2022     | 2021      |
|---|----------|-----------|
| Disposal/retirements of equipment and tools | 9        | 20        |
|   | <b>9</b> | <b>20</b> |

## Note 12. Financial items, net

|   | 2022          | 2021          |
|---|---------------|---------------|
| Interest income from instruments measured at amortized cost                 | 41            | 29            |
| <b>Financial income</b>   | <b>41</b>     | <b>29</b>     |
| Interest expenses from defined benefit unfunded pension obligation          | -3            | -4            |
| Interest expenses from instruments measured at amortized cost <sup>1)</sup> | -506          | -423          |
| Interest expense from lease liabilities                                     | -25           | -20           |
| Net exchange rate differences   | -1,211        | -686          |
| Other   | -120          | -64           |
| <b>Financial expenses</b>   | <b>-1,864</b> | <b>-1,198</b> |
| <b>Financial items, net</b>   | <b>-1,823</b> | <b>-1,169</b> |

1) Of which SEK -162 million (-105) in interest expenses from accrued transaction fees in conjunction with raising loans that are reported according to the effective interest method.

## ► Notes to the consolidated financial statements

**Note 13. Income tax**

|   | 2022          | 2021        |
|---|---------------|-------------|
| <b>Current tax expenses (-)/tax revenue (+)</b>   |               |             |
| Tax expense for the period  | -2,053        | -673        |
| Tax attributable to previous year <sup>1)</sup>   | 2             | 0           |
|   | <b>-2,052</b> | <b>-673</b> |
| <b>Deferred tax expenses (-)/ tax income(+)</b>   |               |             |
| Deferred tax on temporary differences   | -608          | -12         |
| Deferred tax on tax loss carryforwards  | 1             | -107        |
|   | <b>-607</b>   | <b>-119</b> |
| <b>Total reported tax expenses</b>  | <b>-2,659</b> | <b>-792</b> |
| <b>Reconciliation of effective tax</b>  |               |             |
| Profit/loss before tax  | 13,015        | 3,838       |
| Tax calculated at national tax rates applicable for profits in the respective countries | -2,684        | -793        |
| Other non-deductible expenses   | -12           | -26         |
| Non-taxable income  | 19            | 4           |
| Tax attributable to previous year <sup>1)</sup>   | 2             | 0           |
| Activation of previously unactivated tax carry loss forwards                            | 2             | -           |
| Other tax adjustments   | 14            | 22          |
| <b>Reported effective tax amounts to</b>  | <b>-2,659</b> | <b>-792</b> |
| <b>Tax attributable to other comprehensive income</b>                                   |               |             |
| Tax on changes in value of hedging instruments  | -164          | -           |
| Revaluation of defined benefit pension plans  | -37           | -14         |
| <b>Tax items recognized directly in equity</b>  |               |             |
| Current tax in Group contributions paid (received) <sup>2)</sup>                        | -514          | 50          |

1) During 2021, Preem received a group contribution from its parent company amounting to SEK 119 million for tax income year 2020. The previous year's tax carry forward was SEK -107 million and because a tax asset relating to interests of SEK 11 million was used, the net tax effect therefore amounted to 0.

2) For more information about group contributions and taxes recognized directly in equity see Consolidated Statement of Changes in equity.

The reported effective tax rate was 20.4 (20.7) percent.

| 2022   | Deferred tax assets | Deferred tax liabilities |
|--|---------------------|--------------------------|
| <b>Deferred tax assets and tax liabilities</b> |                     |                          |
| Intangible assets                              | -                   | 0                        |
| Land and buildings                             | -                   | -51                      |
| Machinery and equipment                        | -                   | -924                     |
| Derivatives                                    | -                   | -169                     |
| Tax loss carry forward                         | 1                   | -                        |
| Tax allocation reserve                         | -                   | -587                     |
| Other  | 13                  | -                        |
| <b>Total asset/liability</b>                   | <b>15</b>           | <b>-1,731</b>            |
| <b>Net liability</b>                           |                     | <b>-1,716</b>            |

| 2021   | Deferred tax assets | Deferred tax liabilities |
|--|---------------------|--------------------------|
| <b>Deferred tax assets and tax liabilities</b> |                     |                          |
| Intangible assets                              | -                   | -5                       |
| Land and buildings                             | -                   | -45                      |
| Machinery and equipment                        | -                   | -924                     |
| Other  | 68                  | -                        |
| <b>Total asset/liability</b>                   | <b>68</b>           | <b>-974</b>              |
| <b>Net liability</b>                           |                     | <b>-907</b>              |

| Change in deferred tax in temporary differences and tax loss carryforwards in 2022 | Opening amount | Recognized in profit/loss for the year | Recognized in OCI | Closing amount |
|--|----------------|--|-------------------|----------------|
| Intangible assets  | -5             | 5                                      | -                 | 0              |
| Land and buildings   | -45            | -6                                     | -                 | -51            |
| Machinery and equipment  | -924           | 0                                      | -                 | -924           |
| Derivatives  | -              | -5                                     | -164              | -169           |
| Tax allocation reserve   | -              | -587                                   | -                 | -587           |
| Other  | 68             | -16                                    | -38               | 13             |
| <b>Total temporary differences</b>   | <b>-907</b>    | <b>-609</b>                            | <b>-202</b>       | <b>-1,717</b>  |
| Tax loss carry forward   | -              | 1                                      | -                 | 1              |
| <b>Total</b>   | <b>-907</b>    | <b>-607</b>                            | <b>-202</b>       | <b>-1,716</b>  |

There are no unactivated tax loss carryforward in the Group. The balance of tax carry loss forward amounting to SEK 1 million belongs to the associated company Pyrocell AB.

**Note 14. Exchange differences in profit/loss for the year**

Net exchange differences have been recognized in profit/loss for the year as follows:

|                      | 2022          | 2021          |
|----------------------|---------------|---------------|
| Net sales            | 463           | 155           |
| Cost of goods sold   | -1,476        | -752          |
| Financial items, net | -1,211        | -686          |
|                      | <b>-2,224</b> | <b>-1,283</b> |



## ► Notes to the consolidated financial statements

**Note 15. Intangible assets**

| Goodwill                                | 2022       | 2021       |
|---|------------|------------|
| Opening cost                            | 308        | 308        |
| <b>Closing accumulated cost</b>         | <b>308</b> | <b>308</b> |
| <b>Carrying amount at end of period</b> | <b>308</b> | <b>308</b> |

**Impairment testing for goodwill**

Identified goodwill is attributable in full to the group's cash-generating unit (CGU) Supply & Refining and Sweden.

The recoverable amount of a CGU is defined on the basis of calculations of value in use. These calculations are based on estimated future cash flows before tax based on financial budgets that have been approved by Company management and cover a 5-year period. Cash flows beyond the 5-year period are extrapolated using an estimated rate of growth as explained below. The rate of growth does not exceed the long-term rate of growth for the market in which the Supply & Refining segment operates.

| Significant assumptions used to calculate value in use            | 2022      | 2021      |
|---|-----------|-----------|
| Average refining margin in USD per barrel for the period          | 6.30–9.52 | 5.63–7.17 |
| Average rate of growth for extrapolation beyond the budget period | 1%        | 1%        |
| Discount rate before tax  | 11.51%    | 9.83%     |

Management has determined the budgeted refining margin based on previous profit/loss figures and its expectations of market performance. The weighted average rate of growth used does not exceed the forecasts contained in industry reports. The discount rates used are specified before tax and reflect specific risks that apply to the segment.

No impairment has been identified for goodwill, even if a change in conditions is changed as follows: Refining margin 20 percent lower, growth rate of -1 percentage point and a discount rate of 2 percentage points higher for each segment.

| Internally generated computer software  | 2022       | 2021       |
|---|------------|------------|
| Opening cost                            | 959        | 955        |
| Investments for the year                | -          | 2          |
| Sales/disposals                         | -2         | -          |
| The year's exchange rate differences    | 1          | 1          |
| <b>Closing accumulated cost</b>         | <b>958</b> | <b>959</b> |
| Opening depreciation                    | 530        | 338        |
| Depreciation for the year               | 190        | 191        |
| Sales/disposals                         | -2         | -          |
| The year's exchange rate differences    | 0          | 1          |
| <b>Closing accumulated depreciation</b> | <b>719</b> | <b>530</b> |
| <b>Carrying amount</b>                  | <b>239</b> | <b>429</b> |

| Construction in progress | 2022     | 2021     |
|--------------------------|----------|----------|
| Opening cost             | 0        | 0        |
| Investments for the year | -        | 0        |
| Retirements/disposals    | 0        | -        |
| <b>Carrying amount</b>   | <b>-</b> | <b>0</b> |

| Other intangible assets                 | 2022     | 2021       |
|---|----------|------------|
| Opening cost                            | 155      | 144        |
| Disposals/retirements                   | -159     | -          |
| Exchange-rate differences for the year  | 4        | 11         |
| <b>Closing accumulated cost</b>         | <b>-</b> | <b>155</b> |
| Opening depreciation                    | 131      | 94         |
| Depreciation for the year               | 24       | 30         |
| Disposals/retirements                   | -159     | -          |
| Exchange-rate differences for the year  | 3        | 8          |
| <b>Closing accumulated depreciation</b> | <b>-</b> | <b>131</b> |
| <b>Carrying amount</b>                  | <b>-</b> | <b>23</b>  |

| Emission rights                         | 2022       | 2021       |
|---|------------|------------|
| Opening balance                         | -          | -          |
| The year's investments                  | 123        | -          |
| <b>Closing balance</b>                  | <b>123</b> | <b>-</b>   |
| <b>Total reported intangible assets</b> | <b>670</b> | <b>760</b> |

**Emission rights**

| Opening balance 2022  | 1,730,548        |
|---|------------------|
| Allocation of rights  | 15,106           |
| Number of allocated rights for 2022   | 1,742,522        |
| Number of used rights for 2021 which were canceled in 2022                    | -2,121,236       |
| Prel. adjustment historical measurement <sup>1)</sup>                         | -676,772         |
| Return of over-allocation (adjustment activity)                               | -1,009,354       |
| Adjustment allocation   | 210,385          |
| Purchase of emission rights in 2022   | 690,000          |
| <b>Closing balance 2022</b>   | <b>581,199</b>   |
| Number of allocated rights for 2023   | 1,742,522        |
| <b>Balance before cancellation in 2023</b>                                    | <b>2,323,721</b> |
| Prel. number of used rights for 2022 which will be canceled on April 30, 2023 | -2,070,000       |
| <b>Prel. balance after 30 April 2023</b>                                      | <b>253,721</b>   |

1) A technical measurement error was found during internal control. Preem informed the authorities about the error and has delivered additional disclosures as ordered by the authorities.

Futures prices have remained volatile in 2022 with an average of approximately EUR 80 per ton. Forecast is weak segments in 2023 in line with the global macroeconomic development. Preem assumes that it is continued rising prices as a long-term trend with high volatility.

## ► Notes to the consolidated financial statements

**Note 16. Property, plant and equipment**

| <b>Land and buildings</b>               | <b>2022</b>   | <b>2021</b>   |
|---|---------------|---------------|
| Opening cost                            | 4,182         | 4,067         |
| Increase in right of use asset          | 127           | 102           |
| Investments during the year             | 1             | 49            |
| Disposals/retirements                   | -48           | -147          |
| Completion of construction in progress  | 131           | 106           |
| Exchange-rate differences for the year  | 2             | 4             |
| <b>Closing accumulated cost</b>         | <b>4,395</b>  | <b>4,182</b>  |
| Opening depreciation                    | 2,194         | 2,042         |
| Disposals/retirements                   | -40           | -136          |
| Depreciation for the year               | 229           | 287           |
| Exchange-rate differences for the year  | 1             | 1             |
| <b>Closing accumulated depreciation</b> | <b>2,384</b>  | <b>2,194</b>  |
| <b>Carrying amount</b>                  | <b>2,011</b>  | <b>1,989</b>  |
| <b>Plant and machinery<sup>1)</sup></b> | <b>2022</b>   | <b>2021</b>   |
| Opening cost                            | 19,898        | 19,381        |
| Disposals/retirements                   | -61           | -117          |
| Completion of construction in progress  | 357           | 634           |
| <b>Closing accumulated cost</b>         | <b>20,194</b> | <b>19,898</b> |
| Opening depreciation                    | 12,708        | 12,117        |
| Disposals/retirements                   | -55           | -102          |
| Depreciation for the year               | 677           | 693           |
| <b>Closing accumulated depreciation</b> | <b>13,330</b> | <b>12,708</b> |
| <b>Carrying amount</b>                  | <b>6,863</b>  | <b>7,190</b>  |
| <b>Capitalized turnaround costs</b>     | <b>2022</b>   | <b>2021</b>   |
| Opening cost                            | 2,186         | 2,023         |
| Investment during the year              | 3             | -             |
| Completion of construction in progress  | 216           | 163           |
| <b>Closing accumulated cost</b>         | <b>2,405</b>  | <b>2,186</b>  |
| Opening depreciation                    | 1,380         | 1,144         |
| Depreciation for the year               | 297           | 236           |
| <b>Closing accumulated depreciation</b> | <b>1,676</b>  | <b>1,380</b>  |
| <b>Carrying amount</b>                  | <b>729</b>    | <b>806</b>    |

1) The carrying amount includes precious metals at SEK 141 (142) million.

| <b>Equipment, tools, fixtures and fittings</b> | <b>2022</b>   | <b>2021</b>   |
|--|---------------|---------------|
| Opening cost                                   | 1,830         | 1,852         |
| Increase right of use asset                    | 290           | 6             |
| Investments during the year                    | 4             | 6             |
| Disposals/retirements                          | -216          | -68           |
| Completion of construction in progress         | 51            | 33            |
| Exchange-rate differences for the year         | 0             | 1             |
| <b>Closing accumulated cost</b>                | <b>1,959</b>  | <b>1,830</b>  |
| Opening depreciation                           | 1,479         | 1,364         |
| Disposals/retirements                          | -216          | -66           |
| Depreciation for the year                      | 154           | 181           |
| Exchange-rate differences for the year         | 0             | 0             |
| <b>Closing accumulated depreciation</b>        | <b>1,418</b>  | <b>1,479</b>  |
| <b>Carrying amount</b>                         | <b>540</b>    | <b>351</b>    |
| <b>Construction in progress</b>                | <b>2022</b>   | <b>2021</b>   |
| Opening cost                                   | 1,269         | 1,493         |
| Disposals/retirements                          | 0             | -8            |
| Investments during the year                    | 1,849         | 710           |
| Capitalized borrowing costs                    | 32            | 9             |
| Completion of construction in progress         | -756          | -935          |
| <b>Carrying amount</b>                         | <b>2,394</b>  | <b>1,269</b>  |
| <b>Total reported tangible assets</b>          | <b>12,537</b> | <b>11,605</b> |

Capitalized interest costs for the year amount to SEK 32 (9) million and mainly refer to the balance sheet item "New construction in progress". The average interest rate is 3.7 (3.0) percent.

Impairment testing of tangible fixed assets is included in the testing that is done for goodwill. See note 15 for more information.

► Notes to the consolidated financial statements

## Note 17. Participations in associated companies

| Swedish companies                        | Corp. ID no. | Reg. Office | Number of shares | Participating interest, % | Carrying amount         |
|--|--------------|-------------|------------------|---------------------------|-------------------------|
| AB Djurgårdsberg                         | 556077-3714  | Stockholm   | 366              | 37                        | 0                       |
| Göteborgs Smörjmedelsfabrik, Scanlube AB | 556287-6481  | Gothenburg  | 50,000           | 50                        | 25                      |
| SunPine AB                               | 556682-9122  | Piteå       | 16,685           | 25                        | 340                     |
| RenFuel K2B Lignolproduktion AB          | 559095-1116  | Stockholm   | 249,999          | 25                        | 28                      |
|  |              |             |                  |                           | <b>394<sup>1)</sup></b> |

1) Pyrocell AB is classified as an associated company in the parent company but is reported according to the division method in the group. It is therefore not included in this table. For more information see note 116. Goodwill is included in the acquisition value with a total of SEK 79 million, SEK 54 million for Sunpine and SEK 25 million for Lignol production.

| 2022                                     | Assets | Liabilities | Equity | Sales | Net profit/loss |
|--|--------|-------------|--------|-------|-----------------|
| AB Djurgårdsberg                         | 2      | 2           | 0      | 3     | 0               |
| Göteborgs Smörjmedelsfabrik, Scanlube AB | 280    | 221         | 59     | 720   | -10             |
| SunPine AB                               | 1,701  | 564         | 1,137  | 3,065 | 375             |
| RenFuel K2B Lignolproduktion AB          | 48     | 44          | 3      | 1     | -2              |

| 2021                                     | Assets | Liabilities | Equity | Sales | Net profit/loss |
|--|--------|-------------|--------|-------|-----------------|
| AB Djurgårdsberg                         | 2      | 2           | 0      | 9     | 0               |
| Göteborgs Smörjmedelsfabrik, Scanlube AB | 215    | 145         | 70     | 563   | 1               |
| SunPine AB                               | 1,374  | 511         | 863    | 2,111 | 192             |
| RenFuel K2B Lignolproduktion AB          | 48     | 49          | -1     | 1     | -2              |

The information above refers to 100 percent of the companies' assets, liabilities, equity, sales and net profit/loss.

|                          | 2022       | 2021       |
|--------------------------|------------|------------|
| Opening balance          | 321        | 302        |
| Dividends                | -25        | -          |
| Shareholder contribution | 3          | -          |
| Sales during the year    | -          | -29        |
| Profit share             | 94         | 48         |
| <b>Closing balance</b>   | <b>394</b> | <b>321</b> |

## Note 18. Other long-term receivables

|   | 2022       | 2021       |
|---|------------|------------|
| Long-term receivables from the parent company   | 434        | 300        |
| Long-term receivables from associated companies | 15         | 15         |
| Other shares and participations                 | 0          | 0          |
| Endowment insurance                             | 77         | 64         |
| Net assets in defined benefit pension plans     | 33         | -          |
| Other long-term receivables                     | 5          | 5          |
| <b>Closing balance</b>                          | <b>565</b> | <b>384</b> |

For pensions see also note 24. Other shares and participations consist of:

| Company   | Corp. ID no. | Reg. Office | Number of shares | Participating interest % | Carrying amount |
|---|--------------|-------------|------------------|--------------------------|-----------------|
| Släckmedelscentralen - SMC AB                               | 556488-8583  | Stockholm   | 117              | 12                       | 0               |
| SPIMFAB - SPI Miljösaneringsfond AB                         | 556539-4888  | Stockholm   | 1                | 1                        | 0               |
| Götene E.D.F. electricity association, economic association | 769000-0612  | Götene      | 100              | 0                        | 0               |
| SSH Svensk Servicehandel                                    |              |             |                  |                          | 0               |
|   |              |             |                  |                          | <b>0</b>        |

## ► Notes to the consolidated financial statements

**Note 19. Inventories**

|   | 2022          | 2021          |
|---|---------------|---------------|
| Raw materials                               | 9,103         | 4,130         |
| Finished products                           | 10,178        | 9,114         |
| <b>Carrying amount at the end of period</b> | <b>19,281</b> | <b>13,244</b> |

The cost of goods sold to the Group includes a reversal of write-downs of inventories of SEK -21 million, compared with a write-down of SEK 7 million in 2021.

The cost of inventories in the Group includes the equivalent of SEK 83 (0) million of volumes of inventories out on loan. Borrowed inventory volumes corresponding to a total inventory value of SEK 35 (105) million are not included in the inventory value. The value is net per counterparty.

**Note 20. Trade receivables**

|  | 2022         | 2021         |
|--|--------------|--------------|
| Trade receivables                      | 6,151        | 4,236        |
| Provision for expected credit losses   | -22          | -48          |
| <b>Fair value of trade receivables</b> | <b>6,129</b> | <b>4,188</b> |

Provision for expected credit losses is made. Receivables that are overdue by more than 90 days is reserved in full. The age analysis of accounts receivable is shown below:

|                        | 2022         | 2021         |
|------------------------|--------------|--------------|
| Not due                | 5,728        | 3,944        |
| Less than 5 days       | 297          | 170          |
| Between 6 and 30 days  | 42           | 78           |
| Between 31 and 60 days | 64           | -1           |
| Between 61 and 90 days | 3            | 1            |
| More than 90 days      | 17           | 45           |
|                        | <b>6,151</b> | <b>4,236</b> |

Changes in the provision for expected credit losses are as follows:

|   | 2022      | 2021      |
|---|-----------|-----------|
| At the beginning of the period                                      | 48        | 47        |
| This year's provision for credit losses/<br>reversed unused amounts | -23       | 21        |
| Losses established this year  | -3        | -20       |
| <b>At the end of the period</b>                                     | <b>22</b> | <b>48</b> |

Provisions for respective reversals of expected credit losses are included in the functions to which they are attributable in the income statement and other comprehensive income. Amounts reported in the impairment account are usually written off when the Group is not expected to recover additional cash and cash equivalents. Other categories within accounts receivable and other receivables do not include any assets for which there is a need for impairment. The maximum exposure to credit risk at the balance sheet date is the fair value of each category of receivables mentioned above.

**Note 21. Prepaid expenses and accrued income**

|                  | 2022         | 2021         |
|------------------|--------------|--------------|
| Accrued income   | 2,277        | 2,017        |
| Prepaid catalyst | 323          | 208          |
| Prepaid expenses | 28           | 38           |
| Other            | 110          | 77           |
|                  | <b>2,737</b> | <b>2,339</b> |

**Note 22. Cash and cash equivalents**

Cash and bank balances in the balance sheet and the cash flow statement include the following with a maturity date less than three months after acquisition.

|                       | 2022         | 2021         |
|-----------------------|--------------|--------------|
| Cash and bank balance | 3,241        | 2,158        |
|                       | <b>3,241</b> | <b>2,158</b> |

**Note 23. Equity**
**Share capital**

The company's share capital amounts to SEK 610,258,000. The number of shares amounts to 610,258 and refers in its entirety to share class A. The shares are fully paid and the number of shares is the same at both the beginning and the end of the year. Quota value amounts to SEK 1,000/share.

**Other paid-in capital**

Preem AB has received conditional shareholder contributions of a total of SEK 3,344 million, of which SEK 863 million from Preem Holding AB (publ) in 2020, SEK 1,982 million in 2011 and SEK 500 million in 2010 from Corral Petroleum Holdings AB (publ).

**Reserves**

Reserves include both hedge and translation reserves. The hedge reserve includes a cash flow hedge reserve. The cash flow hedge reserve is used to account for the effective part of the fair value change on the derivatives that is identified and qualifies as a cash flow hedge; this is explained in note 2. In subsequent periods, the amounts are reclassified to cost of goods sold in the income statement.

The translation reserve consists of exchange rate differences that arise when translation of foreign companies is reported in other comprehensive income and accumulated within equity.

|  | 2022          |                     | 2021          |                     |
|--|---------------|---------------------|---------------|---------------------|
|  | Hedge reserve | Translation reserve | Hedge reserve | Translation reserve |
| Opening balance 2022   | -             | -2                  | -             | -19                 |
| Translation differences during the period  | -             | 11                  | -             | 17                  |
| Fair value changes on hedging instruments reported in other comprehensive income                     | 1,241         | -                   | -             | -                   |
| Tax attributable to fair value changes on hedging instruments reported in other comprehensive income | -256          | -                   | -             | -                   |
| Reclassified for the income statement  | -444          | -                   | -             | -                   |
| Tax attributable to items reclassified to the income statement                                       | 91            | -                   | -             | -                   |
| <b>Closing balance</b>   | <b>633</b>    | <b>9</b>            | <b>-</b>      | <b>-2</b>           |

**Profit brought forward**

Profit brought forward includes the year's result and the part of other comprehensive income that refers to actuarial gains and losses attributable to the group's defined benefit pension plans. Unconditional shareholder contributions are also reported here.

## ► Notes to the consolidated financial statements

**Note 24. Pension commitments****Defined benefit pension plans**

| <b>Wholly or partly funded obligations:</b>  | <b>2022</b> | <b>2021</b> |
|--|-------------|-------------|
| Present value of defined benefit obligation  | 494         | 706         |
| Fair value of plan assets  | -527        | -671        |
| Endowment insurance  | 102         | 86          |
| <b>Net wholly or partially funded obligations and fair value of plan assets</b>    | <b>69</b>   | <b>121</b>  |
| <b>Unfunded obligations:</b>   |             |             |
| Present value of unfunded defined benefit obligations                              | 53          | 71          |
| <b>Net amount in the balance sheet (obligation +, asset -)</b>                     | <b>122</b>  | <b>192</b>  |
| <b>The net amount is recognized in the following balance sheet items:</b>          |             |             |
| Pension obligations  | 156         | 192         |
| Other long-term receivables  | -33         | -           |
| <b>Net amount in the statement of financial position</b>                           | <b>122</b>  | <b>192</b>  |
| <b>The net amount is divided among the following countries:</b>                    |             |             |
| Sweden   | 122         | 192         |
| <b>Cost reported in profit for the year</b>  |             |             |
| <i>Defined benefit plans</i>   |             |             |
| Interest expenses  | 12          | 8           |
| Interest income  | -11         | -6          |
| <b>Total cost of defined benefit plans</b>   | <b>2</b>    | <b>1</b>    |
| <b>The amount that is recognized in other comprehensive income is as follows:</b>  |             |             |
| Actuarial gains (-)/losses (+) on defined benefit pension plans                    | -180        | -63         |
| Tax attributable to items in other comprehensive income                            | 37          | 13          |
| <b>Total other comprehensive income for the year, net of tax</b>                   | <b>-143</b> | <b>-50</b>  |
| <b>The change in the defined benefit obligation during the year is as follows:</b> | <b>2022</b> | <b>2021</b> |
| Opening value of defined benefit obligation  | 777         | 799         |
| Payment of benefits  | -30         | -30         |
| Interest expenses  | 12          | 8           |
| <i>Actuarial gain (-) or loss (+) on the obligation for the year:</i>              |             |             |
| Changed demographic assumptions  | -7          | -           |
| Actuarial gains and losses on changed financial assumptions                        | -248        | 22          |
| Experience-based adjustments   | 60          | -11         |
| Special payroll tax  | -16         | -12         |
| <b>Closing balance for defined benefit obligation</b>                              | <b>548</b>  | <b>777</b>  |

**The present value of the obligation is distributed between the plan's members as follows:**

|                       |           |
|-----------------------|-----------|
| Active members:       | 0% (0%)   |
| Vested beneficiaries: | 49% (52%) |
| Old-age pensioners:   | 51% (48%) |

**Change in fair value of plan assets during the year is as follows:**

|   | <b>2022</b> | <b>2021</b> |
|---|-------------|-------------|
| Opening balance plan assets                     | -671        | -627        |
| Payment of benefits                             | 124         | 23          |
| Fees from the employer                          | -21         | -           |
| Interest income                                 | -11         | -6          |
| Return on plan assets excluding interest income | 50          | -61         |
| <b>Closing fair value of plan assets</b>        | <b>-527</b> | <b>-671</b> |

**Actuarial assumptions**

|   | <b>2022</b>    | <b>2021</b>    |
|---|----------------|----------------|
| Discount rate   | 4%             | 1.65%          |
| Future wage increases                                     | Not applicable | Not applicable |
| Staff turnover  | Not applicable | Not applicable |
| Inflation   | 1.80%          | 2.30%          |
| Expected average remaining period of service of employees | Not applicable | Not applicable |
| Life expectancy assumption                                | DUS21 tjm      | DUS 14 tjm     |
| Duration of obligation                                    | 12             | 15             |

**Plan assets consist****of the following:**

|                             | <b>2022</b> | <b>2021</b> |
|-----------------------------|-------------|-------------|
| Interest-bearing securities | 51%         | 51%         |
| Shares                      | 32%         | 35%         |
| Real estate                 | 15%         | 14%         |
| Other                       | 2%          | 0%          |
|                             | <b>100%</b> | <b>100%</b> |

| <b>Sensitivity analysis</b>      | <b>Present value of the obligation</b> | <b>Percentage change</b> |
|----------------------------------|--|--------------------------|
| Discount rate +1.0%              | 475                                    | -13%                     |
| Discount rate -1.0%              | 636                                    | 16%                      |
| Inflation/Pension indexing +0.5% | 590                                    | 8%                       |
| Inflation/Pension indexing -0.5% | 509                                    | -7%                      |
| Life expectancy +1 year          | 577                                    | 5%                       |

**Defined contribution plans**

From 2008, there has been no new accrual of pension debt for employees at Preem, the defined benefit pension plans reported in the balance sheet have been added to a paid-up pension. For white-collar workers in Sweden, the ITP-2 plan's defined benefit pension commitments for old-age pension are secured through an insurance in Alecta. According to a statement from the Swedish Financial Reporting Council, UFR10 Accounting for ITP-2 which is financed through the purchase of insurance in Alecta, this is a defined benefit plan that covers several employees. For the financial year 2021, the company does not have access to information to be able to report its proportional share of the plan's obligations, management assets and costs, which meant that the plan was not possible to report as a defined benefit plan. The pension plan is therefore reported as a defined contribution plan. The premium for the defined-benefit old-age and family pension is calculated individually and depends, among other things, on salary, previously earned pension and expected remaining service time. Expected fees in the next reporting period for ITP-2 insurance policies taken out in Alecta amount

## ► Notes to the consolidated financial statements

**Note 24. Cont.**

to SEK 18 (30) million. The collective consolidation level consists of the market value of Alecta's assets as a percentage of insurance commitments calculated according to Alecta's actuarial methods and assumptions, which do not comply with IAS19. The collective consolidation level must normally be allowed to vary between 125–175 percent. If Alecta's collective consolidation level falls below 125 percent or exceeds 175 percent, measures must be taken to create conditions for the consolidation level to return to the normal range. In case of low consolidation, one measure may be to raise the agreed price for new subscriptions and the expansion of existing benefits. In case of high consolidation, one measure could be to introduce premium reductions or refunds, where premium reductions can take place if the consolidation exceeds 150 percent. Alecta estimates that the collective consolidation level as of December 31, 2022, provisionally amounts to 172 percent.

| Million SEK  | Group |      | Parent company |      |
|--|-------|------|----------------|------|
|  | 2022  | 2021 | 2022           | 2021 |
| Costs for defined contribution plans <sup>1)</sup> | 159   | 159  | 157            | 157  |

1) This includes SEK 23 million (30) regarding ITP plans financed in Alecta, see above.

**Note 25. Other provisions**

|  | Environmental restoration <sup>1)</sup> | Other <sup>2)</sup> | Total      |
|--|---|---------------------|------------|
| Opening balance 2022                       | 191                                     | 619                 | 810        |
| Provisions for the year                    | -                                       | 123                 | 123        |
| Amounts utilized                           | -17                                     | -614                | -630       |
| Unutilized amounts that have been reversed | -                                       | -6                  | -6         |
| <b>Closing balance 2022</b>                | <b>174</b>                              | <b>123</b>          | <b>298</b> |
| <b>Of which:</b>                           |   |                     |            |
| Long-term provision                        | 158                                     | -                   | 158        |
| Short-term provision                       | 17                                      | 123                 | 140        |

|  | Environmental restoration <sup>1)</sup> | Other <sup>2)</sup> | Total      |
|--|---|---------------------|------------|
| Opening balance 2021                       | 185                                     | 517                 | 701        |
| Provisions for the year                    | 49                                      | 135                 | 184        |
| Amounts utilized                           | -42                                     | -                   | -42        |
| Unutilized amounts that have been reversed | -                                       | -33                 | -33        |
| <b>Closing balance 2022</b>                | <b>191</b>                              | <b>619</b>          | <b>810</b> |
| <b>Of which:</b>                           |   |                     |            |
| Long-term provision                        | 163                                     | 64                  | 228        |
| Short-term provision                       | 27                                      | 555                 | 582        |

1) The closing balance for environment restoration for the decontamination of closed depots of SEK 120 (133) million and for contamination at refineries of SEK 54 (58) million.

2) The closing balance for the item other in 2022 consists of a provision for emission rights. The provision was made to cover the deficit in 2022. Emission rights for this have already been purchased, see note 15 for more information.

**Note 26. Borrowings**

|  | 2022         | 2021         |
|--|--------------|--------------|
| <b>Long-term borrowings</b>              |              |              |
| Loans in EUR                             | -            | 126          |
| Loans in USD                             | 3,131        | -            |
| Loans in SEK                             | 1,433        | -            |
| Lease liabilities                        | 420          | 293          |
| <b>Total long-term loans</b>             | <b>4,984</b> | <b>419</b>   |
| Capitalized transaction costs            | -291         | -            |
| <b>Total long-term borrowing, net</b>    | <b>4,692</b> | <b>419</b>   |
| Deposits                                 | 52           | 41           |
| <b>Total interest bearing</b>            | <b>4,745</b> | <b>460</b>   |
| <b>Short-term borrowings</b>             |              |              |
| Loans in USD                             | -            | 8,049        |
| Lease liabilities                        | 261          | 141          |
| <b>Total short-term loans and leases</b> | <b>261</b>   | <b>8,190</b> |
| Capitalized transaction costs            | -            | -79          |
| <b>Total short-term net borrowing</b>    | <b>261</b>   | <b>8,111</b> |
| <b>Total Group borrowings</b>            | <b>5,296</b> | <b>8,651</b> |
| <b>Total borrowing the group, net</b>    | <b>5,005</b> | <b>8,572</b> |

| Repayment plan | 2022 | 2023 | 2024  | 2025– | Total |
|----------------|------|------|-------|-------|-------|
|                | 294  | 133  | 3,242 | 1,625 | 5,296 |

**Loan terms and conditions, effective interest rate and maturity structure**

| Non-current borrowings credit institution                                | Nominal value, local currency | Effective interest, % | Maturity structure (in SEK million) |              |              |
|--|-------------------------------|-----------------------|-------------------------------------|--------------|--------------|
|  |                               |                       | Less than 1 year                    | 1–5 years    | >5 years     |
| - USD, variable interest   | 300                           | 8.51%                 | -                                   | 3,131        | -            |
| - SEK, fixed interest  | 133                           | 4.31%                 | -                                   | 133          | -            |
| - SEK, variable interest   | 1,300                         | 4.69%                 | -                                   | -            | 1,300        |
| <b>Total borrowings</b>  |                               |                       |                                     | <b>3,264</b> | <b>1,300</b> |
| Capitalized transaction costs related to USD loan                        |                               |                       | -                                   | -291         | -            |
| Deposits   |                               |                       | -                                   | -            | 52           |
| Lease liabilities long- and short-term                                   |                               |                       | -                                   | 680          | -            |
|  |                               |                       | -                                   | <b>3,653</b> | <b>1,352</b> |
| <b>Total borrowings incl. deposits and capitalized transaction costs</b> |                               |                       |                                     |              | <b>5,005</b> |

Remaining average fixed-interest term as of December 31, 2022, amounted to around 42 months.

**Fulfillment of special loan conditions**

Loans amounting to a total of SEK 3,131 million (USD 300 million) are syndicated loans and are subject to a clause on requirements for the fulfillment of conditions for a minimum level of equity, net debt in relation to equity, interest coverage ratio and net debt in relation to EBITDA. All conditions are met as of December 31, 2022. A loan of SEK 1,300 million from the Swedish Export Credit Corporation is earmarked for investment at the refinery in Lysekil. The loan is covered by the National Debt Office's program for green credit guarantees.

For information on pledged collateral, see note 30.

## ► Notes to the consolidated financial statements

**Note 27. Derivatives**

|  | 2022       |             | 2021       |             |
|--|------------|-------------|------------|-------------|
|  | Assets     | Liabilities | Assets     | Liabilities |
| Electricity derivatives/<br>hedge accounting | 797        | -           | -          | 5           |
| Currency derivatives<br>that are not hedged  | -          | 0           | -          | -           |
| Emission rights that are<br>not hedged       | 58         | 3           | 644        | -           |
| <b>Closing balance</b>                       | <b>855</b> | <b>3</b>    | <b>644</b> | <b>5</b>    |

Derivatives held for trading are classified as current assets or current liabilities. The full fair value of a derivative is classified as a non-current asset or non-current liability if the item's outstanding term is more than 12 months, and as a current asset or current liability if the item's outstanding term is less than 12 months.

The maximum exposure to credit risk as of the balance sheet date is the fair value of the derivatives recognized as assets in the balance sheet.

See note 2 for further information on the derivatives.

**Note 28. Other liabilities**

|                             | 2022         | 2021         |
|-----------------------------|--------------|--------------|
| VAT                         | 1,228        | 821          |
| Excise duties <sup>1)</sup> | 1,079        | 891          |
| Other liabilities           | 182          | 182          |
|                             | <b>2,488</b> | <b>1,895</b> |

1) Excise duties refer to energy tax, carbon dioxide tax, sulfur tax and alcohol tax.

**Note 29. Accrued expenses and deferred income**

|                                     | 2022         | 2021         |
|-------------------------------------|--------------|--------------|
| Purchases of crude oil and products | 5,145        | 3,654        |
| Personnel                           | 415          | 359          |
| Other                               | 470          | 988          |
|                                     | <b>6,030</b> | <b>5,001</b> |

**Note 30. Pledged assets and contingent liabilities**

|   | 2022          | 2021          |
|---|---------------|---------------|
| <b>Pledged assets</b>   |               |               |
| Property mortgages  | 4,000         | 4,000         |
| Floating charges  | 10,000        | 10,000        |
| Deposits  | 157           | 153           |
| Trade receivables   | 5,688         | 6,536         |
|   | <b>19,845</b> | <b>20,689</b> |
| <b>Contingent liabilities</b>   |               |               |
| Sureties for associated companies   | 72            | 67            |
| Guarantee commitments for the Swedish<br>Environmental Protection Agency regarding<br>Climate support | 75            | 75            |
| Parent company guarantee for Preem AS   | 21            | 15            |
| Warranty commitments for Pyrocell AB  | 159           | 159           |
| Warranty obligations FPG/PRI  | 1             | 1             |
|   | <b>328</b>    | <b>317</b>    |

The deposits refer to primary collateral issued in connection with the trading of derivatives. The amounts are due in cases where the group does not fulfill its commitments.

Pledged securities and pledges as above are pledged in connection with the fulfillment of the obligation of the group's syndicated bank loan.

**Pledged assets without specified amount**

Following pledged assets have been issued without any specified amount:

Norwegian pledged assets were in the form of accounts receivable, inventory and insurance in Norway. Swedish pledged assets were in the form of insurances in Sweden. Dutch pledged assets were in the form of inventory in the Netherlands. British pledged assets were in the form of bank accounts.

**Other contingent liabilities**

Any future decommissioning of operations within the group may involve a requirement for remediation and restoration work. However, this is considered to be a matter for the distant future, and the potential expenditure involved cannot be calculated reliably.

This note also refers to the parent company.

## ► Notes to the consolidated financial statements

**Note 31. Supplementary disclosures to the cash flow statement**

|   | 2022         | 2021         |
|---|--------------|--------------|
| <b>Interest paid and dividends received</b>   |              |              |
| Interest received   | 22           | 6            |
| Interest paid   | -390         | -326         |
| <b>Adjustment for non-cash items</b>  |              |              |
| Depreciation of fixed assets  | 1,571        | 1,618        |
| Write-down of inventory/reversal of previous write-down of inventory                | 21           | -7           |
| Unrealized exchange rate losses (+) / exchange rate gains (-)                       | 1            | 41           |
| Unrealized exchange rate losses (+) / exchange rate gains (-), financial items, net | 45           | -2           |
| Unrealized gains (-) / losses (+) on oil derivatives                                | -243         | 163          |
| Expensed part of transaction costs  | 162          | 105          |
| Provisions  | -414         | 648          |
| Gains/loss from sale/disposal of fixed assets                                       | 7            | -136         |
| Profit share associates   | -69          | -48          |
| Other   | -25          | 0            |
|   | <b>1,055</b> | <b>2,384</b> |
| <b>Transactions that do not involve payments</b>                                    |              |              |
| Acquisition of assets via financial lease   | 417          | 107          |

**Reconciliation of liabilities arising from financing activities**

|  | Opening<br>balance 2022 | Cash flows    | Non-cash changes             |            | Closing<br>balance 2022 |
|--|-------------------------|---------------|------------------------------|------------|-------------------------|
|  |                         |               | Exchange rate,<br>unrealized | Other      |                         |
| Liabilities to credit institutions <sup>1)</sup>           | 8,175                   | -4,937        | 27                           | -          | 3,264                   |
| Swedish Export Credit Corporation                          | -                       | 1,300         | -                            | -          | 1,300                   |
| Other interest-bearing liabilities                         | 41                      | 11            | -                            | -          | 52                      |
| Lease liabilities  | 435                     | -204          | 18                           | 432        | 680                     |
| <b>Total liabilities arising from financing activities</b> | <b>8,651</b>            | <b>-3,830</b> | <b>45</b>                    | <b>432</b> | <b>5,296</b>            |

1) Excluding capitalized transaction costs.

|  | Opening<br>balance 2021 | Cash flows | Non-cash changes             |            | Closing<br>balance 2021 |
|--|-------------------------|------------|------------------------------|------------|-------------------------|
|  |                         |            | Exchange rate,<br>unrealized | Other      |                         |
| Liabilities to credit institutions <sup>1)</sup>           | 7,781                   | 405        | -11                          | -          | 8,175                   |
| Other interest-bearing liabilities                         | 27                      | 14         | -                            | -          | 41                      |
| Lease liabilities  | 538                     | -235       | 9                            | 122        | 435                     |
| <b>Total liabilities arising from financing activities</b> | <b>8,346</b>            | <b>184</b> | <b>-2</b>                    | <b>122</b> | <b>8,651</b>            |

1) Excluding capitalized transaction costs.

|                                  | 2022          | 2021         |
|----------------------------------|---------------|--------------|
| <b>Other unused credit lines</b> |               |              |
| Approved credit lines            | 11,491        | 5,699        |
| <b>Total unused lines</b>        | <b>11,491</b> | <b>5,699</b> |



## Notes to the consolidated financial statements

**Note 32. Financial instruments**
**Financial instruments by category**

| <b>2022</b>                               | <b>Assets measured at fair value through profit/loss</b>            | <b>Derivatives in a hedged relation</b> | <b>Financial assets measured at amortized cost</b> | <b>Carrying amount</b> | <b>Fair value</b> |
|---|---|---|--|------------------------|-------------------|
| <b>Assets in the balance sheet</b>        |   |   |  |                        |                   |
| Other shares and participations           | 0   | -                                       | -  | 0                      | 0                 |
| Other long-term receivables               | -   | -                                       | 532  | 532                    | 532               |
| Derivatives                               | 58  | 797                                     | -  | 855                    | 855               |
| Receivables from related parties          | -   | -                                       | 55   | 55                     | 55                |
| Account receivables and other receivables | -   | -                                       | 7,464  | 7,464                  | 7,464             |
| Cash and cash equivalents                 | -   | -                                       | 3,241  | 3,241                  | 3,241             |
|   | <b>58</b>   | <b>797</b>                              | <b>11,292</b>                                      | <b>12,147</b>          | <b>12,147</b>     |
|   | <b>Liabilities valued at fair value through profit for the year</b> | <b>Derivatives in a hedged relation</b> | <b>Liabilities measured at amortized cost</b>      | <b>Carrying amount</b> | <b>Fair value</b> |
| <b>Liabilities in the balance sheet</b>   |   |   |  |                        |                   |
| Borrowings                                | -   | -                                       | 4,564  | 4,564                  | 4,564             |
| Lease liabilities                         | -   | -                                       | 680  | 680                    | 680               |
| Other interest-bearing liabilities        | -   | -                                       | 52   | 52                     | 52                |
| Derivatives                               | 3   | -                                       | -  | 3                      | 3                 |
| Other liabilities                         | -   | -                                       | 9,701  | 9,701                  | 9,701             |
|   | <b>3</b>  | <b>-</b>                                | <b>14,997</b>                                      | <b>15,000</b>          | <b>15,000</b>     |
|   | <b>Assets measured at fair value through profit/loss</b>            | <b>Derivatives in a hedged relation</b> | <b>Financial assets measured at amortized cost</b> | <b>Carrying amount</b> | <b>Fair value</b> |
| <b>2021</b>                               |   |   |  |                        |                   |
| <b>Assets in the balance sheet</b>        |   |   |  |                        |                   |
| Receivables from associated companies     | -   | -                                       | 15   | 15                     | 15                |
| Other shares and participations           | 0   | -                                       | -  | 0                      | 0                 |
| Derivatives                               | 644   | -                                       | -  | 644                    | 644               |
| Receivables from related parties          | -   | -                                       | 355  | 355                    | 355               |
| Accounts receivable and other receivables | -   | -                                       | 5,508  | 5,508                  | 5,508             |
| Cash and cash equivalents                 | -   | -                                       | 2,158  | 2,158                  | 2,158             |
|   | <b>644</b>  | <b>-</b>                                | <b>8,037</b>                                       | <b>8,681</b>           | <b>8,681</b>      |
|   | <b>Liabilities valued at fair value through profit for the year</b> | <b>Derivatives in a hedged relation</b> | <b>Liabilities measured at amortized cost</b>      | <b>Carrying amount</b> | <b>Fair value</b> |
| <b>Liabilities in the balance sheet</b>   |   |   |  |                        |                   |
| Liabilities to credit institutions        | -   | -                                       | 8,175  | 8,175                  | 8,175             |
| Lease liabilities                         | -   | -                                       | 435  | 435                    | 435               |
| Other interest-bearing liabilities        | -   | -                                       | 41   | 41                     | 41                |
| Derivatives                               | 5   | -                                       | -  | 5                      | 5                 |
| Other liabilities                         | -   | -                                       | 7,539  | 7,539                  | 7,539             |
|   | <b>5</b>  | <b>-</b>                                | <b>16,190</b>                                      | <b>16,195</b>          | <b>16,195</b>     |

► Notes to the consolidated financial statements

Note 32. Cont.

**Financial instruments measured at fair value in the balance sheet**

The table below shows financial instruments measured at fair value in the balance sheet, classified into the following three levels:

**Level 1:** Fair value is based on quoted market prices on an active market for the same instruments.

**Level 2:** Fair value is based on quoted market prices on an active market for similar instruments or measurement techniques where all variables are based on quoted market prices.

**Level 3:** Fair value is based on measurement techniques and the essential variables are not based on quoted market prices.

| 2022                                    | Level 1    | Level 2    | Level 3 |
|---|------------|------------|---------|
| <b>Assets in the balance sheet</b>      |            |            |         |
| Electricity derivatives                 | -          | 797        | -       |
| Emission rights                         | 58         | -          | -       |
|   | <b>58</b>  | <b>797</b> | -       |
| <b>Liabilities in the balance sheet</b> |            |            |         |
| Currency derivatives                    | 0          | -          | -       |
| Emission rights                         | 3          | -          | -       |
|   | <b>3</b>   | -          | -       |
| 2021                                    | Level 1    | Level 2    | Level 3 |
| <b>Assets in the balance sheet</b>      |            |            |         |
| Emission rights                         | 644        | -          | -       |
|   | <b>644</b> | -          | -       |
| <b>Liabilities in the balance sheet</b> |            |            |         |
| Electricity derivatives                 | -          | 5          | -       |
|   | -          | <b>5</b>   | -       |

**Note 33. Transactions with related parties**

**Relationships with related parties involving control**

The Group is under the control of Preem Holding AB (publ). In addition to the affiliate transactions described for the Group below, the Parent com-

pany has affiliate relationships that involve control with its subsidiaries, see note 114.

| 2022                                      | Sales/interest | Purchases | Receivables Dec 31 | Liabilities Dec 31 | Other (accrued) |
|---|----------------|-----------|--------------------|--------------------|-----------------|
| <b>Relationships with related parties</b> |                |           |                    |                    |                 |
| Parent company                            | 21             | -         | 434                | -                  | 45              |
| Associates                                | 7              | 2,341     | 15                 | 10                 | -               |
| Other affiliates                          | 2              | 215       | 55                 | 24                 | -               |
| 2021                                      | Sales/interest | Purchases | Receivables Dec 31 | Liabilities Dec 31 | Other (accrued) |
| <b>Relationships with related parties</b> |                |           |                    |                    |                 |
| Parent company                            | 28             | -         | 300                | -                  | 15              |
| Associates                                | 6              | 1,743     | 15                 | 17                 | -               |
| Other affiliates                          | 2              | 144       | 55                 | 15                 | -               |

The cost to other related companies includes compensation of SEK 51.4 (54.4) million to Sparrow Winds Ltd.

The company is close to the Chairman of the Board of Preem AB, Jason T. Milazzo.

Another claim is with the related company Corral Marocco Gas & Oil (CMGO). The receivable amounts to SEK 4,626 million (original receivable SEK 3,136 million and capitalized interest SEK 1,490 million). The entire value is written down to 0. From 2019, no interest is paid. There is no security for the claim. CMGO's ability to repay Preem's funds on this claim depends on the success of a lawsuit regarding the ownership of the Moroccan company SAMIR. This process was initiated against Morocco at the ICSID (International Center for Settlement of Investment Disputes) in Washington in 2018. The legal process has entered its final phase and a decision is expected during the second half of 2023 or in the beginning of 2024. Provided that the ICSID decision will be in favor of Corral Marocco Holdings AB, then the measures against Morocco remain.

## ► Notes to the consolidated financial statements

### Note 34. Leasing agreement

#### Leaseholder

The Group's tangible fixed assets consist of both owned and leased assets. The Group leases several types of assets such as buildings, land, vehicles, time-share boats and machinery. No leasing agreements contain covenants or other restrictions in addition to the security of the leased asset.

|                             | 2022          | 2021          |
|-----------------------------|---------------|---------------|
| Tangible fixed assets owned | 11,865        | 11,160        |
| Right-of-use assets         | 673           | 444           |
|                             | <b>12,537</b> | <b>11,605</b> |

| Right-of-use assets                                   | Buildings and land | Equipment and tools | Total      |
|---|--------------------|---------------------|------------|
| Opening balance January 1, 2022                       | 339                | 105                 | 444        |
| Additional rights-of-use assets added during the year | 127                | 290                 | 417        |
| Depreciation  | -101               | -86                 | -187       |
| Disposal/retirements                                  | -2                 | 0                   | -2         |
| Exchange rate differences                             | 2                  | -                   | 2          |
| <b>Closing balance December 31, 2022</b>              | <b>364</b>         | <b>309</b>          | <b>673</b> |

| Right-of-use assets                                   | Buildings and land | Equipment and tools | Total      |
|---|--------------------|---------------------|------------|
| Opening balance January 1, 2021                       | 370                | 201                 | 571        |
| Additional rights-of-use assets added during the year | 102                | 6                   | 107        |
| Depreciation  | -127               | -101                | -229       |
| Disposal/retirements                                  | -5                 | -1                  | -5         |
| <b>Closing balance December 31, 2021</b>              | <b>339</b>         | <b>105</b>          | <b>444</b> |

| Lease liabilities   | 2022       | 2021       |
|---|------------|------------|
| Short term  | 420        | 293        |
| Long term   | 261        | 141        |
| <b>Lease liabilities included in the report over financial position</b> | <b>680</b> | <b>435</b> |

For maturity analysis of leasing liabilities, see Note 2 Financial risk management in the section on liquidity risk.

| Amounts recognized in profit or loss                   | 2022 | 2021 |
|--|------|------|
| Depreciation rights-of-use assets                      | -187 | -229 |
| Interest on lease liabilities                          | -25  | -20  |
| Exchange rate differences                              | -18  | -9   |
| Variable leasing fees not included in the leasing debt | -99  | -107 |

| Amounts reported in the cash flow report             | 2022 | 2021 |
|--|------|------|
| Total cash outflows attributable to lease agreements | 204  | 235  |

The above cash outflow includes both amounts for leasing contracts that are reported as leasing liabilities, as well as amounts paid for variable leasing fees, short-term leases and leases of low value.

#### Property leasing

The group leases buildings and land for its depots, office and fuel stations. The leasing agreements normally have a term of three to five years or in some cases ten years. Some leases include an option to renew the lease agreement at the end of the lease period with another period with the same term. Those options are included in the calculation of the lease agreement if it from the start are clear that it will be used. Some lease agreements contain leasing fees based on changes in local price indices or the group's sales in the leased gas stations during the year. Certain lease agreements also require the group to pay fees relating to property taxes that are imposed on the lessor. These amounts are determined annually. The group rents out some of these properties as operating leases.

#### Leasing of time-share boats

The group leases boats for shipping crude oil and finished products. The leasing contracts normally have a term of two years. All leasing agreements contain an option to renew the lease agreement at the end of the lease period with another period with the same term. Those options are included in the calculation of the value of the right-of-use asset.

#### Other leasing agreements

The group leases vehicles with lease periods of three to five years. In some cases, the group has an opportunity to buy the asset at the end of the lease period, which is rarely used. Usually, the group guarantees the residual value of the leased asset at the end of the lease period. Extension options exist only to an insignificant extent. The expected payments for the residual values are considered intangible for the group.

#### Lessors

##### Operational leases

The group rents out properties to partners. The group classifies these leases as operational because the leases do not transfer the significant risks and rewards associated with ownership of the underlying asset. Below is a maturity analysis of leasing fees, which shows the discounted leasing fees to be received after the balance sheet date.

| IFRS 16                                | 2022       | 2021       |
|--|------------|------------|
| Within a year                          | 106        | 181        |
| Between one year and five years        | 356        | 639        |
| More than five years                   | -          | -          |
| <b>Total undiscounted leasing fees</b> | <b>463</b> | <b>820</b> |

### Note 35. Subsequent events

No significant events have occurred after the balance sheet date.

This note also applies to the parent company.

► Parent company financial statements

## Income statement for the Parent company

AMOUNTS IN SEK MILLION

|   | Note       | 2022           | 2021          |
|---|------------|----------------|---------------|
| Sales including excise duties                 |            | 173,868        | 98,085        |
| Excise duties <sup>1)</sup>                   |            | -10,359        | -9,504        |
| <b>Net Sales</b>                              | 102        | <b>163,509</b> | <b>88,581</b> |
| Cost of goods sold                            | 106        | -147,894       | -82,687       |
| <b>Gross profit</b>                           | 5          | <b>15,614</b>  | <b>5,894</b>  |
| Selling expenses                              |            | -762           | -764          |
| Administrative expenses                       |            | -909           | -866          |
| Other operating income                        | 107        | 718            | 541           |
| Other operating costs                         | 108        | -9             | -20           |
| <b>Operating profit</b>                       | 7, 103-106 | <b>14,652</b>  | <b>4,785</b>  |
| Profit from participations in group companies |            | 14             | 79            |
| Financial income                              |            | 40             | 29            |
| Financial expenses                            |            | -1,852         | -1,169        |
| <b>Financial items, net</b>                   | 109        | <b>-1,798</b>  | <b>-1,061</b> |
| <b>Profit before tax</b>                      |            | <b>12,854</b>  | <b>3,724</b>  |
| Appropriations                                | 121        | -2,848         | -             |
| <b>Profit before tax</b>                      |            | <b>10,006</b>  | <b>3,724</b>  |
| Tax expenses for the period                   | 110        | -2,053         | -759          |
| <b>Profit for the year</b>                    |            | <b>7,954</b>   | <b>2,965</b>  |

### The parent company's Report on results and other comprehensive income

|   |     |              |              |
|---|-----|--------------|--------------|
| <b>Profit for the year</b>  |     | <b>7,954</b> | <b>2,965</b> |
| <b>Other comprehensive income</b>                                   |     |              |              |
| <i>Items that may be reclassified to the income statement:</i>      |     |              |              |
| Actual change in value of hedging instruments                       | 120 | 1,241        | -            |
| Hedging result reclassified to profit for the year                  | 120 | -444         | -            |
| Tax attributable to the items above                                 | 110 | -164         | -            |
| <b>Total other comprehensive income for the year, net after tax</b> |     | <b>633</b>   | <b>-</b>     |
| <b>Total comprehensive income for the year</b>                      |     | <b>8,587</b> | <b>2,965</b> |

1) The excise taxes refer to energy tax, carbon dioxide tax, sulfur tax and alcohol tax.

## Balance sheet for the Parent company

AMOUNTS IN SEK MILLION

| <b>Assets</b>                       | <b>Note</b>  | <b>2022-12-31</b> | <b>2021-12-31</b> |
|-------------------------------------|--------------|-------------------|-------------------|
| <b>Non-current assets</b>           |              |                   |                   |
| Intangible assets                   | 111          | 357               | 419               |
| Property, plant and machinery       | 30, 112      | 11,653            | 10,947            |
| Shares in group companies           | 113          | 259               | 259               |
| Shares in associated companies      | 114          | 203               | 199               |
| Derivatives                         | 27, 127      | 411               | -                 |
| Other long-term receivables         | 115, 127     | 556               | 409               |
| <b>Total assets</b>                 |              | <b>13,439</b>     | <b>12,233</b>     |
| <b>Current assets</b>               |              |                   |                   |
| Inventory                           | 116          | 18,447            | 12,705            |
| <i>Receivables</i>                  |              |                   |                   |
| Accounts receivables                | 30, 117, 127 | 5,038             | 3,584             |
| Receivables from related parties    | 127, 33      | 55                | 55                |
| Receivables from group companies    | 127          | 2,997             | 438               |
| Receivables from associates         | 127          | 0                 | -                 |
| Derivatives                         | 27, 127      | 444               | 644               |
| Other receivables                   | 127          | 1,329             | 1,241             |
| Prepaid expenses and accrued income | 118          | 2,533             | 3,049             |
|                                     |              | <b>12,397</b>     | <b>9,010</b>      |
| Cash and bank balances              | 119, 127     | 3,240             | 2,157             |
| <b>Total current assets</b>         |              | <b>34,083</b>     | <b>23,873</b>     |
| <b>Total assets</b>                 |              | <b>47,522</b>     | <b>36,106</b>     |

# Balance sheet for the Parent Company

AMOUNTS IN SEK MILLION

| Equity, provisions and liabilities              | Note     | 2022-12-31    | 2021-12-31    |
|---|----------|---------------|---------------|
| <b>Equity</b>                                   |          |               |               |
| <i>Restricted equity</i>                        |          |               |               |
| Share capital (610,258 shares)                  |          | 610           | 610           |
| Statutory reserve                               |          | 266           | 266           |
| Other restricted equity                         |          | 127           | 312           |
|   |          | <b>1,003</b>  | <b>1,189</b>  |
| <i>Non-restricted equity</i>                    |          |               |               |
| Fair value fund                                 |          | 633           | -             |
| Profit brought forward                          |          | 9,392         | 8,479         |
| Profit for the year                             |          | 7,954         | 2,965         |
|   |          | <b>17,978</b> | <b>11,444</b> |
| <b>Total equity</b>                             | 120      | <b>18,981</b> | <b>12,632</b> |
| <b>Untaxed reserves</b>                         | 121      | <b>2,848</b>  | <b>-</b>      |
| <b>Provisions</b>                               |          |               |               |
| Provisions for pensions                         | 122      | 157           | 144           |
| Provisions for deferred tax                     | 110      | 1,144         | 923           |
| Other provisions                                | 25       | 158           | 228           |
| <b>Total provisions</b>                         |          | <b>1,459</b>  | <b>1,294</b>  |
| <b>Liabilities</b>                              |          |               |               |
| <i>Non-current liabilities</i>                  |          |               |               |
| Liabilities to credit institutions              | 123      | 4,140         | -             |
| Liabilities to Group companies                  | 127      | -             | 1             |
| Other non-current liabilities                   | 123      | 52            | 41            |
|   |          | <b>4,193</b>  | <b>42</b>     |
| <i>Current liabilities</i>                      |          |               |               |
| Provisions                                      | 25       | 140           | 582           |
| Liabilities to credit institutions              | 123      | -             | 7,970         |
| Advance payments from customers                 |          | 626           | 544           |
| Trade payables                                  | 127      | 7,151         | 5,055         |
| Liabilities to Group companies                  | 127      | 1,980         | 747           |
| Liabilities to associates                       | 127      | 10            | 7             |
| Derivatives                                     | 27, 127  | 3             | 5             |
| Current tax liabilities                         |          | 2,105         | 681           |
| Other liabilities                               | 124, 127 | 2,022         | 1,572         |
| Accrued expenses and deferred income            | 125      | 6,004         | 4,975         |
|   |          | <b>20,041</b> | <b>22,138</b> |
| <b>Total liabilities</b>                        |          | <b>24,234</b> | <b>22,180</b> |
| <b>Total equity, provisions and liabilities</b> |          | <b>47,522</b> | <b>36,106</b> |
| Pledged assets and contingent liabilities       | 30       |               |               |

# Statement of changes in equity for the Parent Company

AMOUNTS IN SEK MILLION

| Note 120  | Restricted equity |                   |                         | Non-restricted equity |                        |                     | Total equity  |
|---|-------------------|-------------------|-------------------------|-----------------------|------------------------|---------------------|---------------|
|   | Share capital     | Statutory reserve | Other restricted equity | Fair value fund       | Profit brought forward | Profit for the year |               |
| <b>Opening equity 2021-01-01</b>                                  | <b>610</b>        | <b>266</b>        | <b>499</b>              | -                     | <b>9,141</b>           | <b>-348</b>         | <b>10,168</b> |
| Appropriation of profits  | -                 | -                 | -                       | -                     | -348                   | 348                 | -             |
| Profit for the year   | -                 | -                 | -                       | -                     | -                      | 2,965               | 2,965         |
| Received group contribution 2020, tax <sup>1)</sup>               | -                 | -                 | -                       | -                     | -119                   | -                   | -119          |
| Group contribution submitted in 2021, net after tax <sup>2)</sup> | -                 | -                 | -                       | -                     | -264                   | -                   | -264          |
| Dividend  | -                 | -                 | -                       | -                     | -117                   | -                   | -117          |
| Fund for internally generated development expenditure             | -                 | -                 | -186                    | -                     | 186                    | -                   | -             |
| <b>Closing equity 2021-12-31</b>                                  | <b>610</b>        | <b>266</b>        | <b>313</b>              | -                     | <b>8,479</b>           | <b>2,965</b>        | <b>12,633</b> |
| <b>Opening equity 2022-01-01</b>                                  | <b>610</b>        | <b>266</b>        | <b>313</b>              | -                     | <b>8,479</b>           | <b>2,965</b>        | <b>12,633</b> |
| Profit for the year   | -                 | -                 | -                       | -                     | -                      | 7,954               | 7,954         |
| Other comprehensive income for the year, net after tax            | -                 | -                 | -                       | 633                   | -                      | -                   | 633           |
| <b>Total comprehensive income for the year</b>                    | <b>-</b>          | <b>-</b>          | <b>-</b>                | <b>633</b>            | <b>-</b>               | <b>7,954</b>        | <b>8,587</b>  |
| Appropriation of profits  | -                 | -                 | -                       | -                     | 2,965                  | -2,965              | -             |
| Group contribution received for 2021, net of tax <sup>3)</sup>    | -                 | -                 | -                       | -                     | 276                    | -                   | 276           |
| Group contribution received for 2022, net of tax <sup>3)</sup>    | -                 | -                 | -                       | -                     | 238                    | -                   | 238           |
| Dividend  | -                 | -                 | -                       | -                     | -2,752                 | -                   | -2,752        |
| Fund for internally generated development                         | -                 | -                 | -186                    | -                     | 186                    | -                   | -             |
| <b>Closing equity 2022-12-31</b>                                  | <b>610</b>        | <b>266</b>        | <b>127</b>              | <b>633</b>            | <b>9,391</b>           | <b>7,954</b>        | <b>18,981</b> |

1) Group contribution amounting to SEK 555 million was received from the parent company for tax income year 2020. The receivable that occurred due to this was transferred by a formless dividend according to Swedish Company Act chapter 17, §1, 4 and amounted to SEK -555 million. The tax effect of the group contribution amounts to SEK -119 million and is accounted for together with the group contribution directly against equity.

2) Group contribution paid for 2021 amounts to SEK -333 million and has been paid by cash. Tax effect on the group contribution amounts to SEK 69 million and is accounted for together with the group contribution directly against equity.

3) During 2022, additional group contributions have been submitted for a total of SEK -1,340 million for assessment year 2021. Tax on this amounts to SEK 276 million. For assessment year 2022, group contributions have been submitted for a total of SEK -1,156 million. Tax on it amounts to SEK 238 million. The debts that arose in this transaction have both been settled by netting against claims that arose when the shareholder contribution was received.

# Cash flow statement for the Parent Company

AMOUNTS IN SEK MILLION

|  | Note | 2022          | 2021         |
|--|------|---------------|--------------|
| <b>Operating activities</b>  |      |               |              |
| Profit before tax  |      | 12,854        | 3,724        |
| Adjustments for non-cash items   | 126  | 755           | 2,255        |
|  |      | <b>13,610</b> | <b>5,979</b> |
| Tax paid   |      | -65           | -146         |
| <b>Cash flow from operating activities before changes in working capital</b> |      | <b>13,545</b> | <b>5,833</b> |
| <b>Cash flow from changes in working capital</b>                             |      |               |              |
| Increase (-)/Decrease (+) in inventories                                     |      | -5,741        | -2,983       |
| Increase (-)/Decrease (+) in operating receivables                           |      | -3,594        | -3,872       |
| Increase (+)/Decrease (-) in operating payables                              |      | 5,580         | 2,155        |
| <b>Cash flow from operating activities</b>                                   |      | <b>9,790</b>  | <b>1,133</b> |
| <b>Investing activities</b>  |      |               |              |
| Divestment of subsidiaries   |      | -             | 94           |
| Acquisition of intangible assets   |      | -123          | -588         |
| Acquisition of tangible fixed assets   |      | -1,840        | -644         |
| Sale of intangible fixed assets  |      | -             | 168          |
| Sale of tangible fixed assets  |      | 6             | 3            |
| Investment in financial assets   |      | -3            | -30          |
| Disposal of financial assets   |      | -             | 19           |
| <b>Cash flow from investing activities</b>                                   |      | <b>-1,960</b> | <b>-978</b>  |
| <b>Financing activities</b>  |      |               |              |
| Borrowings   | 126  | 7,827         | 3,420        |
| Repayment of loans   | 126  | -11,461       | -3,044       |
| Group contribution/Dividends paid  |      | -2,752        | -450         |
| Transaction costs  |      | -375          | -            |
| <b>Cash flow from financing activities</b>                                   |      | <b>-6,760</b> | <b>-73</b>   |
| Cash flow for the year   |      | 1,070         | 81           |
| Opening cash and bank balances   |      | 2,157         | 2,062        |
| Exchange gains/losses on cash and cash equivalents                           |      | 13            | 14           |
| <b>Closing cash and bank balances</b>  | 119  | <b>3,240</b>  | <b>2,157</b> |



► Parent company notes

# Notes to the Parent Company financial statements

## Note 101. Significant accounting policies for the Parent Company

Preem AB (publ), corp. id no. 556072-6977, is the Parent Company of the Preem AB Group (Preem) and has its head office in Stockholm. The Group's operations involve extensive refining of crude oil and sales of petroleum products.

Preem has prepared its Annual Report in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2 "Accounting for legal entities". In addition, statements issued by the Swedish Financial Reporting Board, which apply to listed companies, apply. In accordance with RFR 2, parent companies whose financial statements for the Group comply with IFRS, must prepare their financial statements in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), adopted by the European Union, insofar as these accounting principles interpretations are in accordance with the Swedish Annual Accounts Act, the Social Security Act and with regard to the connection between accounting and taxation. The recommendation states which exceptions from and additions to IFRS are to be made.

The financial reports are presented in Swedish krona, rounded to the nearest million.

### Differences between Group and parent company accounting policies

Differences between the accounting policies of the Group and the Parent Company are described below. The accounting policies described below for the Parent Company have been applied consistently to all periods presented in the Parent Company's financial statements.

A more detailed description of the accounting policies applied by the Group as well as significant estimates and judgments are contained in Note 1 to the consolidated financial statements.

### Classification and presentation methods

The Parent Company's income statement and balance sheet are presented in accordance with the Swedish Annual Accounts Act's schedule. The difference compared with IAS1 "Presentation of Financial Statements", which is applied in the presentation of the consolidated financial statements, relates primarily to the recognition of financial assets, current assets, equity, a separate heading for provisions in the Parent company's balance sheet, and non-current and current liabilities.

### Subsidiaries and associates

Participations in subsidiaries and associates are recognized by the Parent company using the cost method.

### Leases

#### Lessees

In the Parent Company, all leasing fees are recognized as a cost on a straight-line basis over the lease period.

#### Lessors

The Parent Company recognizes its lease payments as revenue on a straight-line basis over the lease period. The expenses related to the leasing income are recognized when they arise.

### Employee benefits

The Parent company applies different bases for calculating defined benefit plans than those described in IAS 19. The Parent Company observes the provisions of the Swedish Pension Obligations Vesting Act and the Swedish Financial Supervisory Authority's regulations, given that this is a prerequisite for entitlement to tax deductions. The most

significant differences compared with the rules of IAS 19 are primarily the setting of the discount rate, the calculation of defined benefit obligations on the basis of the current salary level with no assumptions about future salary increases and the practice of recognizing all actuarial gains and losses in the income statement as they arise.

### Income taxes

The Parent Company recognizes untaxed reserves in the balance sheet including deferred tax liabilities. In contrast, in the consolidated financial statements, untaxed reserves are divided into deferred tax liabilities and equity. There is no allocation of a share of appropriations to deferred tax expenses in the Parent Company's income statement.

### Group contributions and shareholder contributions for legal entities

The company recognizes group contributions and shareholders' contributions in accordance with RFR 2. Shareholders' contributions are recognized directly in the equity of the recipient and are capitalized in the shares and participations of the contributor, provided that they are not impaired. The general rule is applied to group contributions. Group contributions that the Parent Company receives from subsidiaries are recognized as revenue in the Parent Company's income statement, and Group contributions paid by the Parent Company to a subsidiary are recognized under participations in subsidiaries in the same manner as shareholders' contributions. Group contributions that Preem paid/received to/from its parent company is accounted for as a dividend/contribution, that is directly in equity.

### Development expenditure fund

The amount capitalized for internally generated development expenditures will be transferred from non-restricted equity to the development expenditure fund in restricted equity. The fund decreases as these intangible assets are amortized or impaired.

### Branch in Norway

When recalculating the Norwegian business' income statement and balance sheet, the current exchange rate method is used, which means that the balance sheet is recalculated at the closing day rate and the income statement is recalculated at the average exchange rate.

## Note 102. Segment reporting

| Sales by segment | Supply & Refining | Marketing | Sales between segments | Total   |
|------------------|-------------------|-----------|------------------------|---------|
| 2022             | 160,340           | 39,040    | -35,871                | 163,509 |
| 2021             | 85,999            | 21,913    | -19,331                | 88,581  |

| Sales by geographical region            | 2022           | 2021          |
|---|----------------|---------------|
| Sweden                                  | 63,129         | 33,617        |
| Norway                                  | 23,626         | 7,930         |
| Other Nordic countries                  | 12,324         | 6,564         |
| Netherlands                             | 11,174         | 6,247         |
| UK                                      | 21,487         | 13,451        |
| Other countries                         | 31,769         | 20,771        |
| <b>Net sales for the Parent company</b> | <b>163,509</b> | <b>88,581</b> |

## ▶ Parent company notes

**Note 103. Auditor's fees**

|                | 2022     | 2021     |
|----------------|----------|----------|
| <b>PwC</b>     |          |          |
| Audit fees     | 4        | 3        |
| Tax fees       | -        | 0        |
| All other fees | 5        | 0        |
|                | <b>9</b> | <b>4</b> |

1. Audit fees – fees for the annual audit services and other audit services, i.e. services that only the external auditors reasonably can provide, and include the Company audit and statutory audits.
2. Tax fees – fees for minor tax consultations.
3. All other fees – fees for other services.

**Note 104. Depreciation**

| Breakdown of depreciation               | 2022         | 2021         |
|---|--------------|--------------|
| Intangible assets                       | 186          | 187          |
| Buildings and land improvements         | 121          | 155          |
| Plant and machinery                     | 670          | 691          |
| Capitalized turnaround costs            | 297          | 236          |
| Equipment, tools, fixtures and fittings | 66           | 78           |
|   | <b>1,339</b> | <b>1,347</b> |

| Breakdown by function   | 2022         | 2021         |
|-------------------------|--------------|--------------|
| Cost of goods sold      | 1,102        | 1,100        |
| Selling expenses        | 175          | 183          |
| Administrative expenses | 61           | 63           |
|                         | <b>1,339</b> | <b>1,347</b> |

**Note 105. Leases**

| Lease payments for operating leases | 2022       | 2021       |
|-------------------------------------|------------|------------|
| Minimum lease payments              | 203        | 224        |
| Variable payments                   | 99         | 107        |
| <b>Total lease expenses</b>         | <b>302</b> | <b>331</b> |

**Contracted future minimal lease payments**

|                            |     |     |
|----------------------------|-----|-----|
| Within a year              | 243 | 189 |
| Between one and five years | 324 | 380 |
| Later than five years      | 87  | 85  |

| Lease revenue from operating leases | 2022       | 2021       |
|-------------------------------------|------------|------------|
| Minimum lease payments              | 217        | 191        |
| Variable payments                   | 22         | 28         |
| <b>Total lease revenue</b>          | <b>239</b> | <b>218</b> |

**Contracted future minimum lease payments**

|                            |     |     |
|----------------------------|-----|-----|
| Within a year              | 227 | 181 |
| Between one and five years | 367 | 639 |
| Later than five years      | -   | -   |

**Note 106. Expenses by type of expense**

|                           | 2022           | 2021          |
|---------------------------|----------------|---------------|
| Cost of materials         | 143,417        | 79,079        |
| Freight costs             | 1,336          | 756           |
| Cost of employee benefits | 1,404          | 1,544         |
| Depreciation              | 1,339          | 1,347         |
| Other expenses            | 2,078          | 1,611         |
|                           | <b>149,574</b> | <b>84,337</b> |

**Reconciliation with income statement**

|                         |                |               |
|-------------------------|----------------|---------------|
| Cost of goods sold      | 147,894        | 82,687        |
| Selling expenses        | 762            | 764           |
| Administrative expenses | 909            | 866           |
| Other operating costs   | 9              | 20            |
|                         | <b>149,574</b> | <b>84,337</b> |

**Note 107. Other operating income**

|                      | 2022       | 2021       |
|----------------------|------------|------------|
| Heating deliveries   | 135        | 86         |
| Rental income        | 116        | 114        |
| Charter rent         | 246        | 209        |
| Port income          | 59         | 66         |
| Storage certificates | 119        | 48         |
| Other                | 42         | 18         |
|                      | <b>718</b> | <b>541</b> |

**Note 108. Other operating expenses**

|  | 2022     | 2021      |
|--|----------|-----------|
| Disposals/retirements of equipment and tools | 9        | 20        |
|  | <b>9</b> | <b>20</b> |

**Note 109. Financial items, net**

|   | 2022          | 2021          |
|---|---------------|---------------|
| Group contribution  | -13           | 17            |
| Profit from divestment shares in associated companies                       | 1             | -10           |
| Dividend in associated companies  | 25            | -             |
| Profit divestment shares in subsidiaries                                    | -             | 72            |
|   | <b>14</b>     | <b>79</b>     |
| Interest income from instruments measured at amortized cost                 | 40            | 29            |
| <b>Financial income</b>   | <b>40</b>     | <b>29</b>     |
| Interest expenses from defined benefit unfunded pension obligation          | -2            | -2            |
| Interest expenses from instruments measured at amortized cost <sup>1)</sup> | -514          | -422          |
| Net exchange differences  | -1,217        | -691          |
| Other   | -119          | -54           |
| <b>Financial expenses</b>   | <b>-1,852</b> | <b>-1,169</b> |
| <b>Financial items, net</b>   | <b>-1,798</b> | <b>-1,061</b> |

1) Of which interest expenses from accrued transaction costs in connection with raising loans that are reported according to the effective interest method SEK 162 million (105).

## ► Parent company notes

**Note 110. Tax**

| Current tax expense (-)/tax revenue (+)   | 2022          | 2021        |
|---|---------------|-------------|
| Tax expenses for the period   | -1,998        | -631        |
| Tax attributable to previous years <sup>1)</sup>                                  | 2             | 0           |
|   | <b>-1,996</b> | <b>-631</b> |
| Deferred tax expenses (-)/tax income (+)  |               |             |
| Deferred tax on temporary differences   | -57           | -21         |
| Deferred tax on tax loss carryforwards  | -             | -107        |
|   | <b>-57</b>    | <b>-128</b> |
| <b>Total reported tax expenses</b>  | <b>-2,053</b> | <b>-759</b> |
| Reconciliation of effective tax   | 2022          | 2021        |
| Profit before tax   | 10,006        | 3,724       |
| Income tax calculated according to the prevailing tax rate for the Parent company | -2,061        | -767        |
| Other non-deductible expenses   | -12           | -24         |
| Non-taxable income  | 19            | 21          |
| Tax attributable to previous years <sup>1)</sup>                                  | 2             | 0           |
| Other tax adjustments   | -             | 11          |
| <b>Reported tax expenses</b>  | <b>-2,053</b> | <b>-759</b> |
| Tax attributable to other comprehensive income                                    |               |             |
| Tax on changes in value of hedging instruments                                    | -164          | -           |
| Tax items recognized directly in equity   |               |             |
| Current tax in group contributions paid (received) <sup>2)</sup>                  | -514          | 50          |

1) During 2021 Preem received a group contribution from its parent company amounting to SEK 119 million for tax income year 2020. The previous year's tax carry forward SEK -107 million and a tax asset relating to interests of SEK 11 million was used and the net tax effect therefore sum to 0.

2) For more information about group contributions and taxes recognized directly in equity see Statement of Changes in equity for the Parent Company.

The reported effective tax rate was 20.5 percent (20.4).

| 2022   | Deferred tax assets | Deferred tax liabilities |
|--|---------------------|--------------------------|
| <b>Deferred tax assets and tax liabilities</b> |                     |                          |
| Derivatives                                    |                     | -169                     |
| Land and buildings                             | -                   | -52                      |
| Machinery and equipment                        | -                   | -924                     |
| Other  | 1                   | -                        |
| <b>Total asset/liability</b>                   | <b>1</b>            | <b>-1,145</b>            |
| <b>Net liability</b>                           | <b>-</b>            | <b>-1,144</b>            |
| 2021   | Deferred tax assets | Deferred tax liabilities |
| <b>Deferred tax assets and tax liabilities</b> |                     |                          |
| Land and buildings                             | -                   | -45                      |
| Machinery and equipment                        | -                   | -924                     |
| Other  | 47                  | -                        |
| <b>Total asset/liability</b>                   | <b>47</b>           | <b>-970</b>              |
| <b>Net liability</b>                           | <b>-</b>            | <b>-923</b>              |

| Change in deferred tax in temporary differences in 2022 | Amount at beginning of year | Recognized in profit/loss for the year | Recognized in OCI | Amount at year end |
|---|-----------------------------|--|-------------------|--------------------|
| Derivatives   | -                           | -5                                     | -164              | -169               |
| Land and buildings                                      | -45                         | -6                                     | -                 | -52                |
| Machinery and equipment                                 | -924                        | 0                                      | -                 | -924               |
| Other   | 47                          | -46                                    | -                 | 1                  |
| <b>Total temporary differences</b>                      | <b>-923</b>                 | <b>-57</b>                             | <b>-164</b>       | <b>-1,144</b>      |

The Company has no unactivated tax loss carryforward.

**Note 111. Intangible assets**

| Internally generated computer software           | 2022       | 2021       |
|--|------------|------------|
| Opening cost                                     | 937        | 937        |
| Completion of the ongoing construction           | -          | 0          |
| Disposals/retirements                            | -2         | -          |
| <b>Carrying amount at end of period</b>          | <b>935</b> | <b>937</b> |
| Opening depreciations                            | 518        | 330        |
| The year's depreciations                         | 186        | 187        |
| Disposals/retirements                            | -2         | -          |
| <b>Closing accumulated depreciation</b>          | <b>702</b> | <b>518</b> |
| <b>Recorded value at the end of the period</b>   | <b>233</b> | <b>419</b> |
| Emission rights <sup>1)</sup>                    | 2022       | 2021       |
| Opening value                                    | 0          | -          |
| The year's investments                           | 123        | -          |
| <b>Recorded value at the end of the period</b>   | <b>123</b> | <b>-</b>   |
| <b>Total reported value of intangible assets</b> | <b>357</b> | <b>419</b> |

1) For further information see note 15.

## ► Parent company notes

**Note 112. Tangible fixed assets**

| <b>Land and buildings</b>                                    | <b>2022</b>   | <b>2021</b>   | <b>Audit inspection</b>                           | <b>2022</b>   | <b>2021</b>   |
|--|---------------|---------------|---|---------------|---------------|
| Opening cost   | 3,571         | 3,456         | Opening amount                                    | 2,186         | 2,023         |
| Disposals/Retirements  | -12           | -40           | Completion of construction in progress            | 216           | 163           |
| Acquisitions from subsidiaries                               | 13            | -             | Investments                                       | 3             | -             |
| Completion of ongoing new facilities                         | 61            | 106           | <b>Closing accumulated value</b>                  | <b>2,405</b>  | <b>2,186</b>  |
| Other changes  | -4            | 49            | Opening depreciation                              | 1,380         | 1,144         |
| <b>Carrying amount</b>                                       | <b>3,630</b>  | <b>3,571</b>  | The year's depreciation                           | 297           | 236           |
| Opening depreciation   | 1,956         | 1,836         | <b>Closing accumulated depreciation</b>           | <b>1,677</b>  | <b>1,380</b>  |
| Disposals/Retirements  | -10           | -34           | <b>Carrying amount</b>                            | <b>729</b>    | <b>806</b>    |
| Acquisitions from subsidiaries                               | 13            | -             | <b>Equipment, tools and installations</b>         | <b>2022</b>   | <b>2021</b>   |
| The year's depreciations                                     | 121           | 155           | Opening amount                                    | 1,456         | 1,481         |
| <b>Closing accumulated depreciation</b>                      | <b>2,080</b>  | <b>1,956</b>  | Disposals/Retirements                             | -30           | -57           |
| <b>Carrying amount</b>                                       | <b>1,549</b>  | <b>1,615</b>  | Completion of construction in progress            | 51            | 33            |
| <b>Machinery and other technical facilities<sup>1)</sup></b> | <b>2022</b>   | <b>2021</b>   | <b>Closing accumulated value</b>                  | <b>1,477</b>  | <b>1,456</b>  |
| Opening cost   | 19,840        | 19,321        | Opening amount                                    | 1,220         | 1,199         |
| Disposals/Retirements  | -27           | -115          | Disposals/Retirements                             | -30           | -56           |
| Acquisitions from subsidiaries                               | 26            | -             | The year's depreciation                           | 66            | 78            |
| Completion of construction in progress                       | 248           | 634           | <b>Closing accumulated value</b>                  | <b>1,256</b>  | <b>1,220</b>  |
| <b>Closing accumulated depreciation</b>                      | <b>20,088</b> | <b>19,840</b> | <b>Carrying amount</b>                            | <b>221</b>    | <b>236</b>    |
| Opening depreciation   | 12,652        | 12,061        | <b>Construction in progress</b>                   | <b>2022</b>   | <b>2021</b>   |
| Disposals/Retirements  | -20           | -100          | Opening amount                                    | 1,102         | 1,392         |
| Acquisitions from subsidiaries                               | 26            | -             | Disposals/Retirements                             | 0             | -8            |
| The year's depreciations                                     | 670           | 691           | Investments                                       | 1,869         | 653           |
| <b>Closing accumulated depreciation</b>                      | <b>13,327</b> | <b>12,652</b> | Completion of construction in progress            | -576          | -935          |
| <b>Carrying amount</b>                                       | <b>6,760</b>  | <b>7,188</b>  | <b>Carrying amount</b>                            | <b>2,394</b>  | <b>1,102</b>  |
|  |               |               | <b>Total reported value tangible fixed assets</b> | <b>11,653</b> | <b>10,947</b> |

1) The reported value includes precious metals of a value SEK 141 million (142).

### Note 113. Participation in Group companies

|   | Corp. ID no. | Reg. Office | Number of shares | Participating interest, % | Carrying amount |
|---|--------------|-------------|------------------|---------------------------|-----------------|
| <b>Swedish companies</b>                          |              |             |                  |                           |                 |
| <i>Operating</i>                                  |              |             |                  |                           |                 |
| Bensinstation Preem AB                            | 556909-4633  | Malmö       | 1,000            | 100                       | 1               |
| Preem Shipping AB                                 | 559110-9052  | Stockholm   | 50,000           | 100                       | 0               |
| Preem Technology AB                               | 556117-6610  | Lysekil     | 4,000            | 100                       | 1               |
| Svensk Petroleum Förvaltning AB                   | 556067-8459  | Stockholm   | 664              | 66                        | 0               |
| Drivmedelstation Preem AB                         | 556955-3117  | Stockholm   | 1,000            | 100                       | 0               |
| Tibblemarken 3 AB                                 | 556915-2571  | Stockholm   | 500              | 100                       | 0               |
| Celkirk AB  | 559110-1596  | Stockholm   | 50,000           | 100                       | 27              |
| <i>Dormant</i>                                    |              |             |                  |                           |                 |
| Svenska Petroleum AB                              | 556046-4819  | Stockholm   | 1,000            | 100                       | 0               |
| Såifa Drivmedel AB                                | 556039-7001  | Stockholm   | 5,000            | 100                       | 1               |
|   |              |             |                  |                           | <b>29</b>       |
| <b>Foreign companies</b>                          |              |             |                  |                           |                 |
| <i>Operating</i>                                  |              |             |                  |                           |                 |
| Preem Norge AS                                    | 919,502,193  | Bærum       | 75,048           | 100                       | 230             |
|   |              |             |                  |                           | <b>230</b>      |
| <b>Accumulated cost</b>                           |              |             |                  | <b>2022</b>               | <b>2021</b>     |
| At start of the year                              |              |             |                  | 276                       | 612             |
| Liquidation of Preem Försäkrings AB               |              |             |                  | -                         | -338            |
| Group contributions                               |              |             |                  | 13                        | 2               |
|   |              |             |                  | <b>288</b>                | <b>276</b>      |
| <b>Accumulated impairment losses/amortization</b> |              |             |                  |                           |                 |
| At start of the year                              |              |             |                  | 17                        | 183             |
| Liquidation of Preem Försäkrings AB               |              |             |                  | -                         | -168            |
| Impairment losses                                 |              |             |                  | 13                        | 2               |
|   |              |             |                  | <b>29</b>                 | <b>17</b>       |
| <b>Carrying amount at end of period</b>           |              |             |                  | <b>259</b>                | <b>259</b>      |

► Parent company notes

## Note 114. Participation in associates

| Swedish companies                             | Corp. ID no. | Reg. Office | Number of shares | Participating interest, % | Carrying amount |
|---|--------------|-------------|------------------|---------------------------|-----------------|
| AB Djurgårdsberg                              | 556077-3714  | Stockholm   | 366              | 37                        | 0               |
| Göteborgs Smörjmedelsfabrik, Scanlube AB      | 556287-6481  | Gothenburg  | 50,000           | 50                        | 25              |
| SunPine AB                                    | 556682-9122  | Piteå       | 16,685           | 25                        | 98              |
| RenFuel K2B Lignolproduktion AB               | 559095-1116  | Stockholm   | 249,999          | 25                        | 28              |
| Pyrocell AB                                   | 559167-3784  | Gävle       | 500              | 50                        | 51              |
|   |              |             |                  |                           | <b>203</b>      |
|   |              |             |                  | <b>2022</b>               | <b>2021</b>     |
| Opening cost                                  |              |             |                  | 199                       | 213             |
| Divestment Biozin Holding AS and Suncarbon AB |              |             |                  | -                         | -29             |
| Group contributions                           |              |             |                  | 3                         | 15              |
| <b>Closing balance</b>                        |              |             |                  | <b>203</b>                | <b>199</b>      |

For information on the companies' income, assets and liabilities, see note 17.

## Note 115. Other long-term receivables

|   | 2022       | 2021       |
|---|------------|------------|
| Receivable parent company                     | 434        | 300        |
| Receivable group company                      | 25         | 25         |
| Receivable associated companies               | 15         | 15         |
| Other shares and participations               | 0          | 0          |
| Endowment insurance                           | 77         | 64         |
| Other items                                   | 5          | 5          |
| <b>Closing accumulated acquisition values</b> | <b>556</b> | <b>409</b> |

For information on other shares and shares, see note 18.

## Note 116. Inventories

|                | 2022          | 2021          |
|----------------|---------------|---------------|
| Raw material   | 9,103         | 4,130         |
| Finished goods | 9,344         | 8,576         |
|                | <b>18,447</b> | <b>12,705</b> |

The acquisition value of the inventory in the group includes the equivalent of SEK 83 (0) million regarding loaned inventory volumes. Borrowed inventory volumes corresponding to a total inventory value of SEK 35 (105) million are not included in the inventory value. The value is reported net per counterparty.

## Note 117. Trade receivables

|  | 2022         | 2021         |
|--|--------------|--------------|
| Trade receivables                      | 5,043        | 3,616        |
| Provision for expected credit losses   | -5           | -32          |
| <b>Fair value of trade receivables</b> | <b>5,038</b> | <b>3,584</b> |

Provisions for expected credit losses are made. A claim that is overdue for more than 90 days is reserved in full.

| Age analysis:          | 2022         | 2021         |
|------------------------|--------------|--------------|
| Not due                | 4,653        | 3,345        |
| Less than 5 days       | 282          | 170          |
| Between 6 and 30 days  | 40           | 64           |
| Between 31 and 60 days | 62           | -1           |
| Between 61 and 90 days | 3            | 1            |
| More than 90 days      | 3            | 37           |
|                        | <b>5,043</b> | <b>3,616</b> |

| Changes in the reserve for expected credit losses are as follows:  | 2022     | 2021      |
|--|----------|-----------|
| At start of period   | 32       | 33        |
| Provision for credit losses / unused amounts reversed for the year | -24      | 4         |
| Confirmed losses for the year                                      | -3       | -5        |
| <b>At end of period</b>  | <b>5</b> | <b>32</b> |

The accounting policies applied are described in Note 20 for the group.

## ► Parent company notes

**Note 118. Prepaid expenses and accrued income**

|                  | 2022         | 2021         |
|------------------|--------------|--------------|
| Accrued income   | 2,093        | 2,705        |
| Prepaid catalyst | 323          | 208          |
| Prepaid expenses | 53           | 59           |
| Other            | 64           | 77           |
|                  | <b>2,533</b> | <b>3,049</b> |

Accrued income includes uninvoiced income to Group companies of SEK - million (717). From 2022, these are included in the item receivables from group companies.

**Note 119. Cash and bank balances**

The cash and bank balance in the balance sheet and the cash flow analysis include the following with due date shorter than three months after acquisition.

|                       | 2022         | 2021         |
|-----------------------|--------------|--------------|
| Cash and bank balance | 3,240        | 2,157        |
|                       | <b>3,240</b> | <b>2,157</b> |

**Note 120. Equity**
**Share capital**

The company's share capital amounts to SEK 610,258,000. The number of shares amounts to 610,258 and refers in its entirety to share class A. The shares are fully paid and the number of shares was the same at both the beginning and the end of the year. Quota value amounts to SEK 1,000/share.

**Reserve fund**

The reserve fund constitutes restricted equity and is set aside according to the previously valid limited liability companies act (1975:1385).

**Other restricted equity**

Other restricted equity consists of the transfer of an amount that corresponds to internally accrued development costs.

**Fair value fund**

The fair value fund includes a cash flow hedge reserve. The cash flow hedge reserve is used to account for the effective part of the fair value change on the derivatives that are identified and qualifies as a cash flow hedge; this is explained in note 2. In subsequent periods, the amounts are reclassified to the income statement.

|  | 2022       | 2021     |
|--|------------|----------|
| Opening balance 2022   | -          | -        |
| Translation differences during the period  | -          | -        |
| Fair value changes on hedging instruments reported in other comprehensive income                     | 1,241      | -        |
| Tax attributable to fair value changes on hedging instruments reported in other comprehensive income | -256       | -        |
| Reclassified to cost of goods sold in the income statement   | -444       | -        |
| Tax attributable to items reclassified to the income statement                                       | 91         | -        |
| <b>Closing balance</b>   | <b>633</b> | <b>-</b> |

**Unrestricted equity**

Non-restricted equity consists of the previous year's non-restricted equity with additions for the year's profit and received shareholder contributions.

**Conditional shareholder contributions**

Preem AB has received conditional shareholder contributions of a total of SEK 3,344 million, including SEK 863 million from Preem Holding AB (publ) in 2020, SEK 1,982 million in 2011 and SEK 500 million in 2010 from Corral Petroleum Holdings AB (publ).

**Note 121. Untaxed reserves**

|                                | 2022         | 2021     |
|--------------------------------|--------------|----------|
| <b>Tax allocation reserve</b>  |              |          |
| Opening balance                | -            | -        |
| Provision for taxation in 2022 | 2,848        | -        |
| <b>Closing balance</b>         | <b>2,848</b> | <b>-</b> |

**Note 122. Provisions for pensions**

|   | 2022       | 2021       |
|---|------------|------------|
| <b>Provision in the balance sheet</b>   |            |            |
| The present value of the obligation (calculated according to Swedish principles) regarding unfunded pension plans | 55         | 58         |
| The present value of the obligation for partially funded plans  | 102        | 86         |
| <b>Provision for pension obligations</b>  | <b>157</b> | <b>144</b> |
| <b>Changes in provision</b>   |            |            |
| Net debt at the beginning of the year regarding pension commitments   | 144        | 134        |
| Interest portion of the year's pension costs  | 2          | 2          |
| Provision   | 16         | 15         |
| Pension payments  | -6         | -7         |
| <b>Provision for pension obligations</b>  | <b>157</b> | <b>144</b> |
| Of which credit insured via FPG/PRI   | 55         | 58         |

Alecta decides on value hedging of the PRI debt every year. The level of value hedging as of 01/01/2023 was decided to amount to 10.84 percent. The average over the past 20 years has amounted to 1.5 percent. The high indexation will affect the company's debt by roughly SEK 5 million in 2023.

## ▶ Parent company notes

**Note 123. Borrowing**

|   | 2022         | 2021         |
|---|--------------|--------------|
| <b>Long-term borrowing</b>                          |              |              |
| Loans in SEK  | 1,300        | -            |
| Loans in USD  | 3,131        | -            |
| Deposits  | 52           | 41           |
| <b>Total long-term loans and leasing</b>            | <b>4,483</b> | <b>41</b>    |
| Capitalized transaction costs                       | -291         | -            |
| <b>Total long-term borrowing, net</b>               | <b>4,192</b> | <b>41</b>    |
| <b>Short-term borrowing</b>                         |              |              |
| Loans in USD  | -            | 8,049        |
| <b>Total short-term loans,</b>                      | <b>-</b>     | <b>8,049</b> |
| Capitalized transaction costs                       | -            | -79          |
| <b>Total short-term borrowing, net</b>              | <b>-</b>     | <b>7,970</b> |
| <b>Total borrowing group, net</b>                   | <b>4,192</b> | <b>8,011</b> |
| <b>Total borrowing, excluding transaction costs</b> | <b>4,483</b> | <b>8,090</b> |

|                       | 2022 | 2023 | 2024 | 2025- | Total |
|-----------------------|------|------|------|-------|-------|
| Amortization schedule | -    | -    | -    | 4,483 | 4,483 |

**Loan terms, effective interest rate and maturity structure**

| Long-term liabilities credit                          | Nominal value local currency | Effective interest, % | Maturity (million SEK) |              |                   |
|---|------------------------------|-----------------------|------------------------|--------------|-------------------|
|   |                              |                       | Less than 1 year       | 1-5 years    | More than 5 years |
| - SEK, variable interest rates                        | 1,300                        | 4.69                  | -                      | -            | 1,300             |
| - USD, variable interest rates                        | 300                          | 8.51                  | -                      | 3,131        | -                 |
| <b>Total</b>  |                              |                       | <b>-</b>               | <b>3,131</b> | <b>1,300</b>      |
| Capitalized transaction costs related to the USD loan |                              |                       | -                      | -291         | -                 |
| Deposits  |                              |                       | -                      | -            | 52                |
|   |                              |                       | <b>-</b>               | <b>2,840</b> | <b>1,352</b>      |
| <b>Total borrowing</b>                                |                              |                       |                        |              | <b>4,192</b>      |

The outstanding average fixed interest term as of December 31, 2022 was approximately 43 months.

**Fulfillment of special loan terms**

Loans amounting to a total of SEK 3,131 million (USD 300 million) are a syndicated loan and are subject to a clause on requirements for the fulfillment of conditions for a minimum level of equity, net debt in relation to equity, interest coverage ratio and net debt in relation to EBITDA. All conditions were met as of December 31, 2022. Loans of SEK 1,300 million against the Swedish Export Credit Corporation are earmarked for investment at the refinery in Lysekil. The loan is covered by the National Debt Office's program for green credit guarantees.

**Note 124. Other liabilities**

|                             | 2022         | 2021         |
|-----------------------------|--------------|--------------|
| VAT                         | 844          | 574          |
| Excise duties <sup>1)</sup> | 1,006        | 824          |
| Other liabilities           | 172          | 174          |
|                             | <b>2,022</b> | <b>1,572</b> |

1) Excise duties refer to energy tax, carbon dioxide tax, sulfur tax and alcohol tax.

**Note 125. Accrued expenses and deferred income**

|                                    | 2022         | 2021         |
|------------------------------------|--------------|--------------|
| Purchase of crude oil and products | 5,130        | 3,625        |
| Personnel                          | 412          | 357          |
| Interest                           | 2            | 2            |
| Other                              | 459          | 991          |
|                                    | <b>6,004</b> | <b>4,975</b> |

**Note 126. Supplementary disclosures to the cash flow statement**

|  | 2022       | 2021         |
|--|------------|--------------|
| <b>Interest paid and dividends received</b>                                  |            |              |
| Dividends received   | 25         | -            |
| Interest received  | 22         | 5            |
| Interest paid  | -371       | -302         |
| <b>Adjustment for non-cash items</b>   |            |              |
| Depreciation of non-current assets   | 1,339      | 1,347        |
| Unrealized exchange rate losses (+) / exchange rate gains (-)                | 26         | 77           |
| Unrealized exchange rate losses (+) / exchange rate gains (-), financial net | 27         | -11          |
| Unrealized loss (+) / gain (-) on derivatives                                | -242       | 174          |
| Expensed portion of transaction costs  | 162        | 105          |
| Provisions / reversal of provisions  | -511       | 648          |
| Result from the sale of financial shares                                     | -          | 80           |
| Result from sale/disposal of fixed assets                                    | 3          | -135         |
| Other  | -50        | -29          |
|  | <b>755</b> | <b>2,255</b> |



## ▶ Parent company notes

Note 126. Cont.

**Reconciliation of liabilities arising from financing activities**

|  | Opening<br>balance 2022 | Cash flows    | Non-cash<br>changes<br>Exchange rate,<br>unrealized | Closing<br>balance 2022 |
|--|-------------------------|---------------|---|-------------------------|
| Loan in SEK from the Swedish Export Credit Corporation     | -                       | 1,300         | -   | 1,300                   |
| Syndicated bank loans                                      | 8,049                   | -4,944        | 27  | 3,132                   |
| Deposits   | 41                      | 11            | -   | 52                      |
| <b>Total liabilities arising from financial activities</b> | <b>8,090</b>            | <b>-3,633</b> | <b>27</b>   | <b>4,484</b>            |

|  | Opening<br>balance 2021 | Cash flows | Non-cash<br>changes<br>Exchange rate,<br>unrealized | Closing<br>balance 2021 |
|--|-------------------------|------------|---|-------------------------|
| Syndicated bank loans                                      | 7,697                   | 363        | -11   | 8,049                   |
| Deposits   | 28                      | 14         | -   | 41                      |
| <b>Total liabilities arising from financial activities</b> | <b>7,725</b>            | <b>377</b> | <b>-11</b>  | <b>8,090</b>            |

| Other unused credit facilities   | 2022          | 2021         |
|----------------------------------|---------------|--------------|
| Approved credit lines            | 11,491        | 5,699        |
| <b>Totally unused facilities</b> | <b>11,491</b> | <b>5,699</b> |

**Note 127. Financial instruments**
**Financial instruments by category**

| 2022                                       | Assets measured at fair<br>value through profit/<br>loss for the year | Derivatives in<br>a hedging<br>relationship | Assets measured at<br>amortized cost | Carrying<br>amount | Fair value    |
|--|---|---|--------------------------------------|--------------------|---------------|
| <b>Assets in the balance sheet</b>         |   |   |                                      |                    |               |
| Other shares and participations            | 0   | -   | -                                    | 0                  | 0             |
| Other long-term receivables                | -   | -   | 556                                  | 556                | 556           |
| Derivatives                                | 58  | 797   | -                                    | 855                | 855           |
| Receivables from related companies         | -   | -   | 55                                   | 55                 | 55            |
| Receivables from group companies           | -   | -   | 1,941                                | 1,941              | 1,941         |
| Receivables from associated companies      | -   | -   | 0                                    | 0                  | 0             |
| Accounts receivables and other receivables | -   | -   | 6,367                                | 6,367              | 6,367         |
| Cash and cash equivalents                  | -   | -   | 3,240                                | 3,240              | 3,240         |
|  | <b>58</b>   | <b>797</b>                                  | <b>12,159</b>                        | <b>13,014</b>      | <b>13,014</b> |
| <b>Liabilities in the balance sheet</b>    |   |   |                                      |                    |               |
| Liabilities to credit institutions         | -   | -   | 4,431                                | 4,431              | 4,431         |
| Liabilities to group companies             | -   | -   | 1,237                                | 1,237              | 1,237         |
| Liabilities to associated companies        | -   | -   | 10                                   | 10                 | 10            |
| Derivatives                                | 3   | -   | -                                    | 3                  | 3             |
| Other liabilities                          | -   | -   | 9,800                                | 9,800              | 9,800         |
|  | <b>3</b>  | <b>-</b>                                    | <b>15,478</b>                        | <b>15,480</b>      | <b>15,480</b> |

## ▶ Parent company notes

Note 127. Cont.

| 2021                                      | Assets measured at fair value through profit/loss for the year      | Financial assets measured at amortized cost | Carrying amount | Fair value    |
|---|---|---|-----------------|---------------|
| <b>Assets in the balance sheet</b>        |   |   |                 |               |
| Other shares and participations           | 0   | -   | 0               | 0             |
| Receivables from related companies        | -   | 355   | 355             | 355           |
| Receivables from group companies          | -   | 463   | 463             | 463           |
| Receivables from associated companies     | -   | 15  | 15              | 15            |
| Accounts receivable and other receivables | -   | 4,825                                       | 4,825           | 4,825         |
| Derivatives                               | 644   | -   | 644             | 644           |
| Cash and cash equivalents                 | -   | 2,157                                       | 2,157           | 2,157         |
|   | <b>644</b>  | <b>7,815</b>                                | <b>8,459</b>    | <b>8,459</b>  |
|   | Liabilities measured at fair value through profit/loss for the year | Liabilities measured at amortized cost      | Carrying amount | Fair value    |
| <b>Liabilities in the balance sheet</b>   |   |   |                 |               |
| Liabilities to credit institutions        | -   | 8,049                                       | 8,049           | 8,049         |
| Liabilities to Group companies            | -   | 748   | 748             | 748           |
| Liabilities to associated companies       | -   | 7   | 7               | 7             |
| Derivatives                               | 5   | -   | 5               | 5             |
| Other liabilities                         | -   | 7,171                                       | 7,171           | 7,171         |
|   | <b>5</b>  | <b>15,975</b>                               | <b>15,980</b>   | <b>15,980</b> |

**Financial instruments measured at fair value in the balance sheet**

The table below shows financial instruments measured at fair value in the balance sheet, classified into the following three levels:

**Level 1:** Fair value is based on quoted market prices on an active market for the same instruments.

**Level 2:** Fair value is based on quoted market prices on an active market for similar instruments or measurement techniques where all variables are based on quoted market prices. This level includes oil derivatives in the form of swaps and options and interest rate swaps.

**Level 3:** Fair value is based on measurement techniques and the essential variables are not based on quoted market prices.

| 2022                                    | Level 1    | Level 2    | Level 3  |
|---|------------|------------|----------|
| <b>Assets in the balance sheet</b>      |            |            |          |
| Electricity derivatives                 | -          | 797        | -        |
| Emission rights                         | 58         | -          | -        |
|   | <b>855</b> | <b>797</b> | <b>-</b> |
| <b>Liabilities in the balance sheet</b> |            |            |          |
| Currency derivatives                    | 0          | -          | -        |
| Emission rights                         | 3          | -          | -        |
|   | <b>3</b>   | <b>-</b>   | <b>-</b> |
| 2021                                    | Level 1    | Level 2    | Level 3  |
| <b>Assets in the balance sheet</b>      |            |            |          |
| Emission rights                         | 644        | -          | -        |
|   | <b>644</b> | <b>-</b>   | <b>-</b> |
| <b>Liabilities in the balance sheet</b> |            |            |          |
| Electricity derivatives                 | -          | 5          | -        |
|   | <b>-</b>   | <b>5</b>   | <b>-</b> |

**Note 128. Proposal for allocation of profits**

| Unrestricted equity in the parent company amounts to (SEK):          | 2022                  |
|--|-----------------------|
| Non-restricted equity  | 10,024,840,936        |
| Profit for the year  | 7,953,564,250         |
| <b>Total</b>   | <b>17,978,405,185</b> |
| The board proposes that the amount be appropriated as follows (SEK): | 2022                  |
| Dividend   | 892,600,000           |
| Retained earnings to be carried forward                              | 17,085,805,185        |
| <b>Total</b>   | <b>17,978,405,185</b> |

► Board signatures

Stockholm March 29, 2023

Richard Öhman

Michael G:son Löw

Magnus Heimborg  
*Chief Executive Officer*

Jason T. Milazzo  
*Chairman of the Board*

Lennart Sundén

Petter Holland

Cristian Mattsson  
*Employee representative*

Laura Leinikka  
*Employee representative*

Our audit report was submitted on March 29 2023

Öhrlings PricewaterhouseCoopers AB

Martin Johansson  
*Authorized Public Accountant*

Anna Rozhdestvenskaya  
*Authorized Public Accountant*

## ► Auditor's Report

# Auditor's report

To the general meeting of the shareholders of Preem AB (publ),  
corporate identity number 556072-6977

## Report on the annual accounts and consolidated accounts

### Opinions

We have audited the annual accounts and consolidated accounts of Preem AB (publ) for the year 2022. The annual accounts and consolidated accounts of the company are included on pages 3–50 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 parent company as of 31 December 2022 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2022 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

### Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

### 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.

### 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.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). This description is part of the auditor's report.

## 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 Preem AB (publ) for the year 2022 and the proposed appropriations of the company's profit or loss.

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

### Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

**Responsibilities of the Board of Directors and the Managing Director**

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

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

**Auditor's responsibility**

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

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

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

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

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). This description is part of the auditor's report.

Stockholm, 29 March 2023

Öhrlings PricewaterhouseCoopers AB

Martin Johansson  
*Authorized  
Public Accountant  
Auditor in charge*

Anna Rozhdestvenskaya  
*Authorized  
Public Accountant*

► Other

## The Preem Group's operations in summary

|  | 2022    | 2021   | 2020   | 2019   | 2018   |
|--|---------|--------|--------|--------|--------|
| <b>Key figures</b>   |         |        |        |        |        |
| Net Sales  | 160,548 | 89,592 | 58,190 | 84,694 | 92,553 |
| Profit/loss before tax, SEK million                        | 13,015  | 3,838  | -461   | 922    | 1,746  |
| Return on capital employed, %                              | 48      | 20     | 1      | 8      | 12     |
| Return on adjusted equity, %                               | 59      | 32     | -4     | 5      | 11     |
| Adjusted EBITDA, SEK million                               | 15,343  | 4,204  | 1,960  | 3,330  | 3,570  |
| Capital expenditures in plants <sup>1)</sup> , SEK million | 1,973   | 715    | 964    | 2,576  | 2,063  |
| Total assets, SEK million                                  | 47,799  | 36,950 | 30,559 | 37,617 | 29,092 |
| Equity/assets ratio, %                                     | 46      | 36     | 35     | 28     | 44     |
| Average number of employees                                | 1,557   | 1,457  | 1,564  | 1,536  | 1,483  |

1) Excluding facilities acquired through company acquisitions.

## Definitions

### Capital employed

Total assets minus interest-free trade payables.

### Average adjusted equity

Equity including non-controlling interests.

### Return on capital employed

Profit/loss before borrowing expenses as a percentage of average capital employed.

### Return on adjusted equity

Profit/loss after tax as a percentage of average adjusted equity.

### Adjusted EBITDA

Operating profit/loss before amortization of intangible assets and depreciation of property, plant and equipment excluding price effects on inventory, exchange rate differences when buying and selling oil products and net gain/loss on derivatives valued at fair value.

### Equity/assets ratio

Adjusted equity as a percentage of total assets.



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forward our climate target by ten years  
- from 2045 to 2035.

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