Annual and Sustainability Report 2024

Transition in progress

For a better journey to 2035. Because we want to, can and must.

Preem enables the journey to a better future

Preem continues the transition towards large-scale renewable production and a climate-neutral value chain by 2035.

Global challenges such as climate change require the acceleration of the transition to a more sustainable society. For Preem, which has both a large fossil production and an ambitious sustainability agenda, the transition is a major challenge that requires the business to change fundamentally.

Preem is carrying out extensive investments to achieve a climate-neutral value chain by 2035. At the same time, Preem continues to contribute to the important security of fuel and energy supply in Sweden and Europe.

Preem's transition
from fossil fuels to renewable sources occurs through research and development, the establishment of new renewable value chains, and through the conversion of refineries, logistics and sales channels.

Sustainability Report

About Preem
Preem's operations 4
Preem in figures 5
Value chain 6
CEO statement 7

Preem 2024 **10**
External trends 11
Vision and strategies 13

The future of Preem **14**
The future value chain 15
Preem's transition plan 16
Challenges 17

Sustainability framework **24**
Materiality analysis 25
Preem's sustainability framework 27
Sustainable economy 28
Climate 32
Environment 39
Sustainable value chains 44
Sustainable offering 50
People and safety 55
Responsible business 61

Governance and risk management **66**
Corporate governance 67
Board 70
Risk management 71
About the Sustainability Report 74

Sustainability notes **75**
UN Sustainable Development Goals 76
Targets and outcomes 79
TCFD/TNFD 84
Board signatures 86
The auditor's statement on the statutory Sustainability Report 87
Definitions 88

Annual Report

Directors' Report **89**

Financial Reports **95**
Report notes 96
Consolidated Financial Statements 97
Notes to the Consolidated Financial Statements 101
Parent Company Financial Statements 122
Parent Company notes 127
Board signatures 136
Auditor's Report 137

Other
Financial figures in summary 139
Contacts and address 139

About this report

This report contains Preem's Annual Report and Preem's Sustainability Report for the period January 1 to December 31 2024.
The Sustainability Report focuses on the Group's most material sustainability topics and constitutes Preem's statutory Sustainability Report in accordance with the Annual Accounts Act. The Sustainability Report has not been subject to review or audit by an external party, beyond the auditor's statutory review. In cases where reported data has been adjusted since previous years, this is commented on in connection with the relevant information. Read more about the report on page 74. The Annual Report has been prepared separately and has been reviewed by the auditors. The Annual Report and Sustainability Report are available at www.preem.com.

Preem's operations in brief

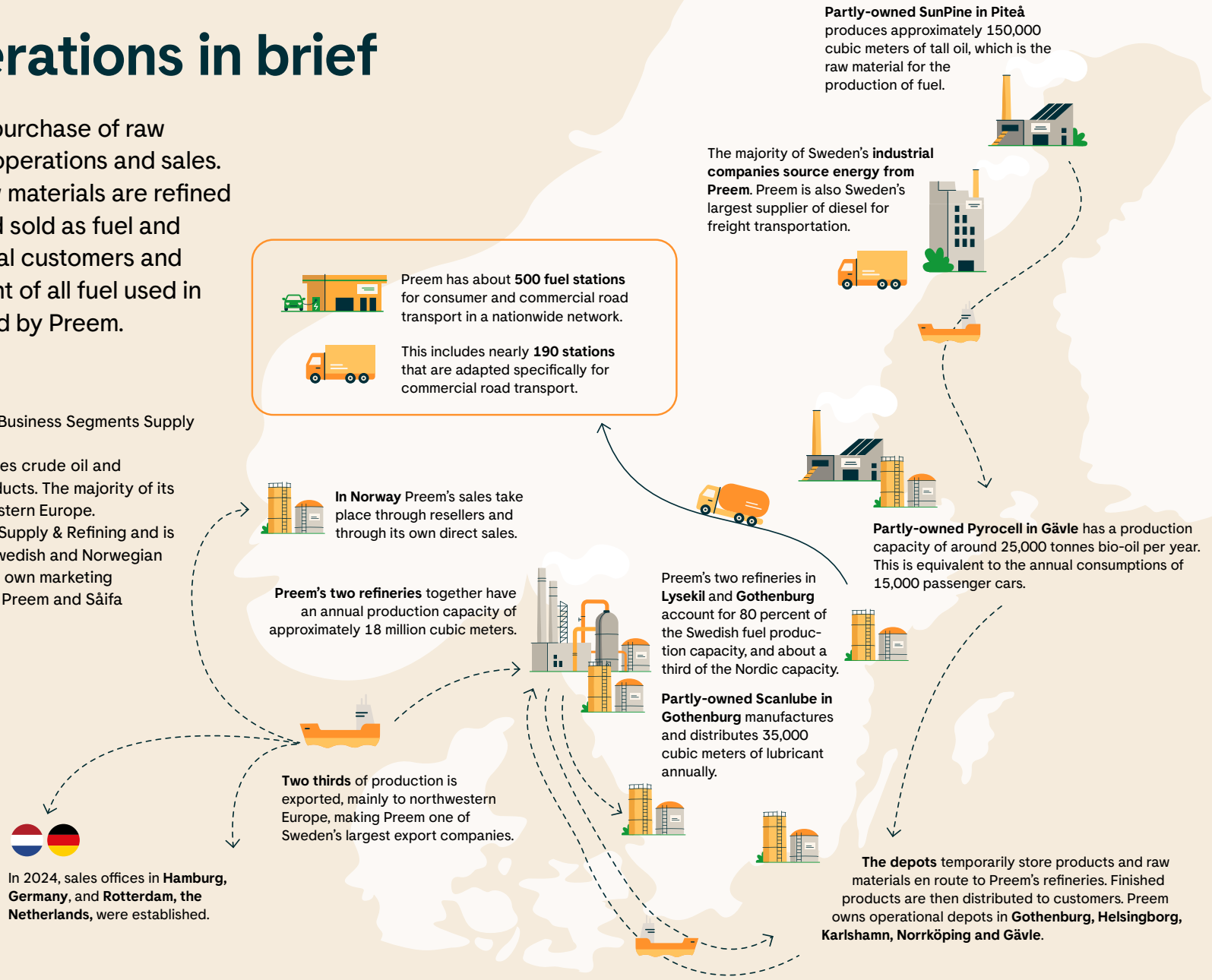
Preem's operations include purchase of raw material, production, depot operations and sales. Crude oil and renewable raw materials are refined at Preem's two refineries and sold as fuel and other products to commercial customers and consumers. About 50 percent of all fuel used in Sweden annually is produced by Preem.

Two Business Segments

Preem's sales take place through the two Business Segments Supply & Refining and Marketing & Sales.

Supply & Refining purchases and refines crude oil and renewable raw materials into finished products. The majority of its products are exported, mainly to northwestern Europe.

Marketing & Sales buys products from Supply & Refining and is responsible for the sale of these on the Swedish and Norwegian markets. Sales take place through Preem's own marketing channels, through fuel stations (under the Preem and Såifa brands) and through resellers.



Preem in figures 2024

Financial outcome

131 bn
SEK in **turnover**

2.2 bn
SEK in **operating profit**

2.8 bn
SEK in **investments** for reduced climate impact

7.3%
in return on **captial employed (ROCE)**

4.5 bn
in adjusted **EBITDA**[1)]

57%
in **equity ratio**

1) EBITDA adjusted for price gains/losses on inventories, currency translation effects and net result from derivatives measured at fair value.

Procurements and production

Crude oil – by country of origin
Geographic distribution (%) based on volume

Renewable raw materials and products – by country of origin
Geographic distribution (%) based on volume

15,920,000
m^3 production of **fossil fuels**

428,000
m^3 production of **renewable fuels**

Reducing emissions

-12% [2)3)]
total emissions of carbon dioxide equivalents

-49% [2)3)]
emissions of **carbon dioxide equivalents at raw material extraction** (scope 3)[3)]

-15% [3)]
emissions of **carbon dioxide in refining** (scope 1, 2)[3)]

-7% [2)3)]
emissions of carbon dioxide equivalents in **the use of sold products** (scope 3)[3)]

1.9 Mt
savings in carbon dioxide equivalents through sold renewable volumes compared to fossil alternatives

2) Due to a changed contractual structure regarding depot collaborations between industry actors, a recalculation of emissions both upstream and downstream has become necessary. The revision applies to the years 2022, 2023, and 2024. Due to the absence of an update to the base year, the reduction will appear less significant compared to previously reported years.

3) Compared to base year 2018.

Preem employees

~1,600

~3,000
who meet customers on a daily basis under Preem brand via **resellers** and **partners**

Work attendance rate
97%
Target 2024: 97%

The figures on this page are in most cases rounded to give an overview, for exact figures and more information on the calculations, please see the Sustainability notes on page 75.

As part of Preem's compliance with CSRD, the previous accounting of "Distributed economic value" inspired by GRI Standards has been removed.

Value chain

From raw material to tank

Preem sources crude oil and renewable raw materials from all over the world and transports them to its refineries in Gothenburg and Lysekil. The raw materials are then refined into finished products that are sold in Sweden and Norway, and exported to the international market.

Deliveries

Preem procures an average of 300,000 barrels of raw materials every trading day from suppliers worldwide. Crude oil is by far the largest raw material for Preem's fuel production and is delivered by tankers. As Preem expands its renewable production, the raw materials will be transported by smaller container and bulk vessels instead of tankers.

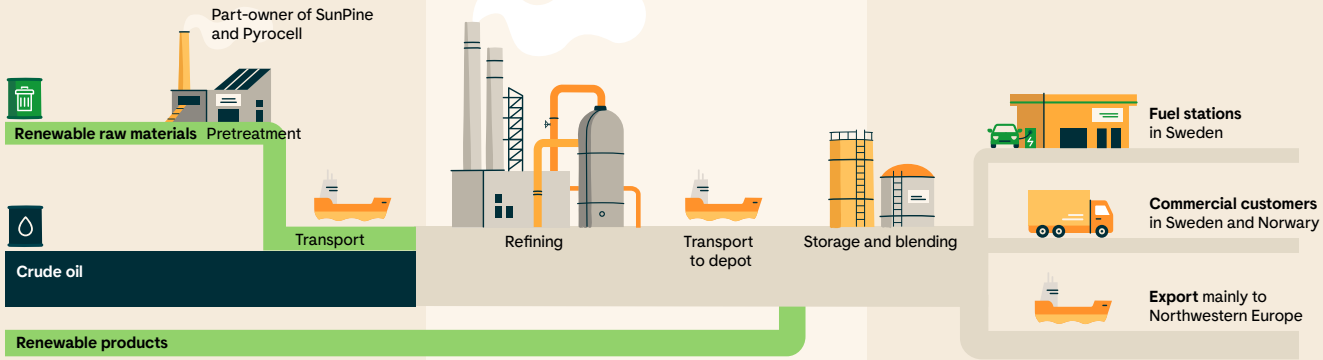
Production

Preem's two refineries in Lysekil and Gothenburg account for 80 percent of the domestic refining capacity in Sweden, and a third of the Nordic capacity. Preem has an annual production capacity of approximately 18 million cubic meters of fuel. Preem also operates depots in Gothenburg, Helsingborg, Karlshamn, Norrköpings and Gävle.

Sales

Around two thirds of Preem's production is exported to the international market, mainly to countries in northwest Europe. A third is allocated to the Swedish and Norwegian markets, either through Preem's own fuel station network, through bulk sales to commercial customers or through resellers.

Preem's value chain



Process volumes

Raw material breakdown for refineries:

97% fossil raw materials
3% renewable raw materials

Preem's facilities can process approximately 18 million cubic meters of fuel per year with:

2 refineries | **1** port | **5** depots

Approximately **2,000 ship** calls are made annually at the ports of Preem's refineries in Gothenburg and Lysekil to drop off raw materials or pick up products.

Distribution of fuels 2024:

50% for export
38% via Preem's fuel stations
12% via other domestic sales

In 2024 Preem produced approximately:
- 15,920,000 cubic meters of **fossil** fuels
- 428,000 cubic meters of **renewable** fuels

Climate impact – distribution of carbon dioxide emissions throughout the value chain in 2024

7% during extraction – just below **4** million tonnes CO_2e 2024

4% during refining – around **2** million tonnes CO_2e 2024

89% during use of sold products – around **46,5** million tonnes CO_2e 2024

A year of important milestones in our transition

In 2024, Preem continued to deliver good long-term profitability. Together with important milestones along our transition journey, this means that Preem is well-equipped for the future.

Magnus Heimburg
President and CEO

The year was marked by ongoing geopolitical challenges. In Sweden, inflation slowed down and interest rates were lowered, while the recession hit certain sectors hard, resulting in reduced purchasing power and a record number of bankruptcies. Russia's invasion of Ukraine continued, and after Donald Trump was elected president in the USA, global markets prepared for increased protectionism and potential tariff implications. These factors collectively shaped a complex and dynamic 2024, which had a direct impact on our market and operations.

Preem plays a crucial role in turbulent times by ensuring a stable and reliable fuel supply to our customers – private individuals and companies – in Sweden, Norway and our export markets. Fuel is a crucial resource for society to function, and as we now summarize 2024, I can proudly state that we have once again lived up to our mission.

Safety first

Some of the tasks at our workplaces involve risky elements. Therefore, safety is always our highest priority, and we work diligently to ensure that no one is injured or falls ill due to their work. Our vision of zero injuries is central to our safety work and permeates everything we do.

We have a target of a maximum of 1.0 absences due to accidents per million hours worked. It is an ambitious target. Through training, communication and close support to our employees, we are continuously working to strengthen our safety culture and reach our targets. The outcome in 2024 was 0.7, which is an improvement from the previous year and an important step in the right direction. But we are not satisfied with that – safety is an area where we always strive for further improvements.

To prevent future injuries, we investigate all incidents thoroughly, learn lessons and develop measures to prevent accidents from happening again. Through this preventive work, we continue to strengthen our safety and create a safe working environment for our employees.

Global challenges

As usual, the financial year 2024 was affected by the world market prices of our raw materials and products. These, in turn, are affected by developments in the rest of the world. At a time of ongoing geopolitical tensions and macroeconomic uncertainty, the world price of crude oil stabilized at a comparatively high level. During the year the price fluctuated between around USD 71 and USD 93 per barrel, with an average of about USD 81 per barrel. The year ended with a price of USD 75 per barrel, only USD 1 lower than at the beginning of the year.

After the record years of 2022 and 2023, we saw a gradual normalization of the European market for refined products in 2024. At the same time, the Swedish krona continued to trade at low levels against the US dollar.

Overall, this resulted in a slightly lower turnover, from just under SEK 138 billion in 2023 to almost SEK 131 billion in 2024. Operating profit amounted to almost SEK 2.2 billion, compared to SEK 7.9 billion in the previous year.

Despite the weaker result, Preem continues to demonstrate a strong financial position, with total liquidity of SEK 16 billion. This signifies a strong position, providing us with stability and enabling our transition and growth strategy for the future.

Continued investments in the transition

Since 2018, we have reduced emissions by over 12 percent across our entire value chain – from just over 60 million tons of carbon dioxide equivalents to just over 52.5 million tons in 2024 [1)]. Our goal is to have a climate-neutral value chain within ten years. In 2024, our fossil climate emissions decreased by nearly 700,000 tons compared to the previous year.

A major milestone during the year was when we received our second state green credit guarantee. The approximately SEK 2.8 billion financing enables a large-scale conversion of the ICR plant in Lysekil. Preem plans to invest about SEK 5.5 billion in this project, which, when completed, will produce both renewable aviation fuel and renewable diesel.

During the year, rebuilding the so-called Synsat plant has proceeded, which will increase our diesel supply with renewable blends. When the two plants are in place, Preem's total production capacity for renewable fuels will be over 2.5 million cubic meters per year, thus making Preem one of Europe's leading producers of renewable fuels.

Further success was achieved in September, when we sold ten million liters of HVO100 on the Swedish market for the first time in a single month. Furthermore, we continued the expansion of electrified charging points for both light and heavy truck traffic at several stations around the country.

We also made significant improvements regarding our own transports. During the year, most of our road transport switched to HVO100, reducing fossil fuel emissions by 5 900 tonnes per year compared to using diesel at the 2024 greenhouse gas reduction obligation level of six percent. In 2025, this work will continue, with the goal that our Norwegian road transport will also switch to renewable fuel.

The Synsat- and HVO-initiatives demonstrate that we are on the right track with our transition and that we continue to make great progress towards a more sustainable and climate-neutral Preem, while ensuring our future competitiveness.

It begins and ends with committed employees

In a year characterized by significant challenges, I would like to conclude by warmly thanking all our dedicated staff for their hard work, commitment and professionalism. We are in the midst of a historic transition, with development and change permeating the entire organization.

It is therefore particularly pleasing that, for the third year in a row, we have met and even exceeded our targets for employee engagement according to our annual employee survey. With this strong foundation, Preem is better equipped than ever, and I look forward to a bright and exciting future.

"Fuel is a crucial resource for society to function, and as we sum up 2024, I am proud to say that we have once again lived up to our mission."

Magnus Heimburg, *President and CEO*

1) Preem has revised the calculations for fossil carbon dioxide emissions in Scope 3 for years 2022, 2023 and 2024 (for more details see page 38). The new circumstances may also have an impact on previous calculations (2018–2021). The goal is to investigate this in 2025.

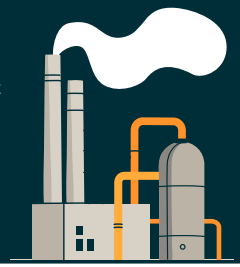
Events during the year

January

- Preem donated the fire engine "Bettan" to Ukraine.

March

- The Swedish Land and Environment Court approved a revised license for Preem's refinery in Lysekil. The permit allows, among other things, the reconstruction of the so-called ICR plant in order to increase renewable production.



April

- The new environmental permit for the Gothenburg refinery was implemented. The new license allows the refinery to increase the throughput of renewable feedstock up to 7.6 million tonnes.
- Preem's self-produced fully renewable diesel was sold for the first time on the Swedish market.

May

- Preem received a new state green credit guarantee of approximately SEK 2.8 billion for the reconstruction of the ICR plant in Lysekil. When completed, the reconstruction is expected to increase Preem's renewable production capacity by 1.2 million cubic meters.
- Preem became the main partner of the Female Engineer Network with the aim of creating new arenas for networking and co-creation, contributing to skills exchange and promoting a more equal business community.

July

- Preem signed an exclusive cooperation agreement with The Swedish Association of Road Transport Companies. Through a five-year agreement, the organization's member companies are offered favorable offers on Preem Evolution Diesel, HVO100, biogas (CBG), fuel and lubricants. The partnership commences on January 1, 2025.

August

- Preem and Recharge opened their first joint station with fast charging for heavy traffic in Falkenberg. Throughout the year, Preem opened charging stations in Rosersberg, Markaryd, Nykvarn and Trollhättan, among others.

September

- Preem won "Chain of the Year" at the Convinience gala with the motivation that the company has continuously and purposefully transformed itself from being a necessary stop to a place you want to stay.
- A new milestone for HVO100 (renewable diesel) is reached when Preem sells over ten million liters on the Swedish market during September.

November

- The renewable fuel HVO100 started to be used in all of Preem's own road transport, which reduced fossil emissions from these transports.
- Karriärföretagen in Sweden named Preem one of Sweden's leading career companies for students and young professionals.

December

- Preem partnered with Too Good To Go to reduce food waste at fuel stations.

Preem 2024

External trends 11
Vision and strategies 13

Navigating in an unstable world

Preem's prerequisites to transition its operations to large-scale renewable production and a climate-neutral value chain by 2035 are directly affected by developments globally. Closely monitoring external developments and continuously adapting operations is central to proactively meeting challenges and seizing opportunities in the pursuit of a more sustainable future.

Increased geopolitical uncertainty

The last few years have been characterized by increased geopolitical uncertainty, high inflation and interest rates, volatile financial markets and increased financial stress on businesses and households. The conflict in the Middle East and the war in Ukraine have had a major impact on energy markets and the global economy. In addition, a structural geopolitical and security shift is taking place, where China and other regional power centers are challenging the world order dominated by the United States. For companies in the fuel industry, the consequences of increased geopolitical tensions are highly tangible, driving costs and increasing uncertainty about economic developments and market conditions.

Preem's response

With extensive domestic fuel production, Preem plays an important role in contributing to securing Sweden's fuel and energy supply. Preem maintains this responsibility by ensuring the highest safety standards at its facilities. Geopolitical developments mean that Preem is constantly prepared to make decisions that immediately impact raw material supply and product sales. Preem steers its purchases to the local market where possible to reduce dependence on other countries. Preem's stable finances and good liquidity create financial sustainability and good conditions for managing economic fluctuations.

The severe impacts of climate change

Rising global temperatures have dramatic consequences for the climate and give rise to various climate-related risks. Nature, people and communities are directly affected as sea levels rise, ice melts, and extreme weather such as heatwaves, cyclones and extreme rainfall become more frequent. Climate change also risks leading to loss of biodiversity and ecosystem services.

To mitigate these and more severe impacts in the future, the EU, among others, has introduced directives and laws to reduce greenhouse gas emissions. This causes so-called 'transition risks' for those companies that do not have the ability to adapt quickly enough. Preem is responding to this through its transition journey. In the wake of climate change, physical climate risks are also emerging, making companies' value chains, raw material supplies and facilities vulnerable.

Preem's response

Preem will reduce climate impact through a large-scale conversion of operations where fossil raw materials are replaced, and plants are adapted for the production of renewable alternatives. In addition, investments in large-scale production of renewable aviation fuel and evaluations of electrofuel production are underway. To ensure future sustainability and resilience in the business, Preem is conducting analyses of the physical climate risks that may arise along the value chain and at its facilities. One aspect of the analysis is how access to various renewable raw materials is affected by a changing climate.

External trends

Tighter EU regulation on sustainability

Climate change, biodiversity loss and threats to human rights are all issues that contribute to increasing demands for responsible business. This is also reflected in a tightening of legislation in a number of sustainability areas, with new or updated EU legislation, such as Fit for 55 and the Corporate Sustainability Reporting Directive, as driving forces.

For the fuel industry, this involves accelerating the transition to a more sustainable business model. The importance of reducing dependence on fossil crude oil is also underlined by the tightening of emissions trading, which will significantly increase the cost of carbon emissions.

Preem's reponse

Preem meets the market's needs by increasing renewable production and gradually phasing out fossil fuels. An important part is the development of domestic value chains for renewable raw materials based on, for example, residual products from forestry and agriculture. If Preem assesses that conflicts of objectives arise, for example, if there is a risk that the extraction of a renewable raw material will negatively affect biodiversity, Preem chooses to exclude the raw material. Preem also wants to work to promote transparency around these issues, which is reflected, for example, in its own reporting.

Business drives sustainability

The transition required to reduce climate change increases the demand for more sustainable alternatives, ultimately challenging business models and societal infrastructure. Business responses are extensive and innovative, aiming at new business opportunities, and many see the transition as an opportunity for future competitiveness. Development in the vehicle and transport sector is one of the most obvious examples of how the ongoing transition to an electrified vehicle fleet fundamentally changes the industry.

A clear consequence for the fuel industry is a gradual reduction in demand for fossil fuels, which must be met with renewable solutions. In the long term, there are opportunities to contribute to the transition of shipping and aviation by offering renewable aviation fuels, hydrogen and electrofuels.

Preem's response

Preem meets new demands and needs by expanding and broadening its portfolio of renewable products and services. In addition to significant investments in renewable, liquid fuels. Preem is collaborating with the company Recharge to install super-fast chargers for electric cars and light traffic at manned stations.. Preem is also investing in expanding charging infrastructure for commercial and heavy traffic. In parallel, Preem is exploring the possibilities of biogas, electrofuels and fossil-free hydrogen.

Digitalization, AI and new technology

Rapid technological developments are changing how people consume, work, communicate and socialize. Digitalization and the application of new technologies enable flexible ways of working remotely in virtual environments and foster new business models and processes. Technological innovations have long been fundamental to optimizing and streamlining operations and managing complex logistics flows. These are all areas of great importance to the fuel industry. AI represents a giant leap in technology, but at the same time, it comes with significant risks of making wrong decisions based on incomplete data and a lack of transparency and accountability.

Preem's response

Preem closely follows technological developments and implements new technologies to streamline operations and realize the transition. This in turn must be met with technology that enables the extraction of renewable raw materials on a large scale. Preem already applies advanced process control at its refineries, and active work is underway to build competence and evaluate the possibilities of AI. For example, Preem is conducting machine learning tests to increase production automation and the management of complex raw material flows, and in administration, software robots streamline various processes.

Strategic priorities to reach the target

Preem's transition aims to limit climate impact and secure the company's profitability and future competitiveness. The strategy is to transform the business with continued good profitability, and it contains four key priorities. Preem's success is based on access to new technology, competent and committed employees, leadership adapted to a high rate of change, and a value chain that is efficient and reliable without compromising on safety.

Strategic priorities

Offer sustainable mobility solutions

Preem is determined to be part of the fuel market of the future. This requires Preem to expand its portfolio of renewable products and offerings to meet customer needs – today and in the future. Particular focus is placed on renewable solutions for road transport and aviation, e-mobility, as well as on partnerships and strategic customers.

Transform fossil production to renewable

The market for liquid fuels is changing. Fossil fuels are being phased out in favor of renewables. Preem is accelerating the transition through co-processing with the goal of having the capacity to produce 2.5 million cubic meters of renewables by 2030 at the latest and double that by 2035. At the same time, Preem is adapting its total production capacity to society's reduced needs. This work is crucial to achieving the goal of a climate-neutral value chain by 2035.

Expand the portfolio of renewable raw materials

When phasing out fossil crude oil in favor of renewables, it is important to ensure both good availability of renewable raw materials and that the new value chains for raw materials are sustainable in the long term. Preem deepens partnerships with selected suppliers and develops internal competence in sustainability evaluations in procurement and production. Preem also focuses on targeted R&D programs and partnerships.

Undergo a digital transformation for profitable growth

The ongoing digitalization and access to new technology affect the entire society. For Preem, digitalization is a necessity and an opportunity to meet the future needs of customers and society. Preem's digital transformation is noticeable in production, supply chain and how the company meets customers in the market. It also contributes to a more flexible business and a more efficient Preem.

Strategic measures to meet the target – current initiatives

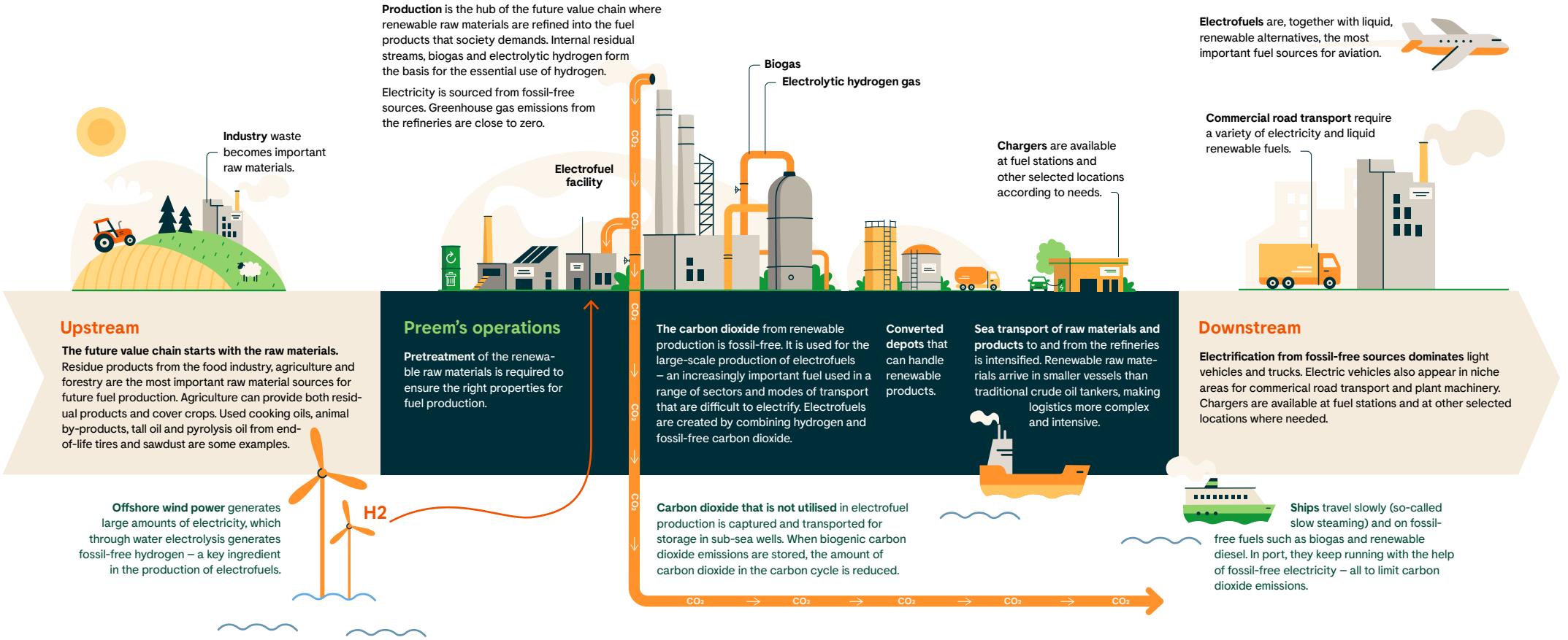
- ✓ **The rollout rate of super-fast chargers** for light vehicles is proceeding according to plan, in parallel with the establishment of charging points for commercial road transport.
- ✓ **Continued establishment of sales companies** in Hamburg, Germany, and Rotterdam, the Netherlands.
- ✓ **Preem completed the conversion of the Synsat plant** in Lysekil in 2024, expanding the renewable production capacity by approximately one million cubic meters.
- ✓ **Investment decisions have been made** for the construction of a new pre-treatment plant for renewable raw materials, the HCU project in Lysekil. During the year, this project has been separated from the remaining part of the ICR project (rebuilding of the ICR plant), which is subject to a new investment decision in 2025.
- ✓ **Production of HVO100**, a renewable diesel that can be sold under tax break in Sweden.
- ✓ **Agreement with Scandinavian Enviro Systems and Antin Infrastructure Partners** to secure access to residual tire pyrolysis oil for the production of fully and partially renewable fuels.
- ✓ **Pilot study with Vattenfall** for the development of a new value chain where off-shore wind power and fossil-free hydrogen are connected with Preem's refineries for the production of electrofuels.
- ✓ **Development of new, digital payment solutions** within Preem's nationwide station network.
- ✓ **Continuous implementation of modern technology** to contribute to more efficient production and planning.

The future of Preem

Future value chain 15
Preem's transition plan 16
Challenges 17

Future value chain

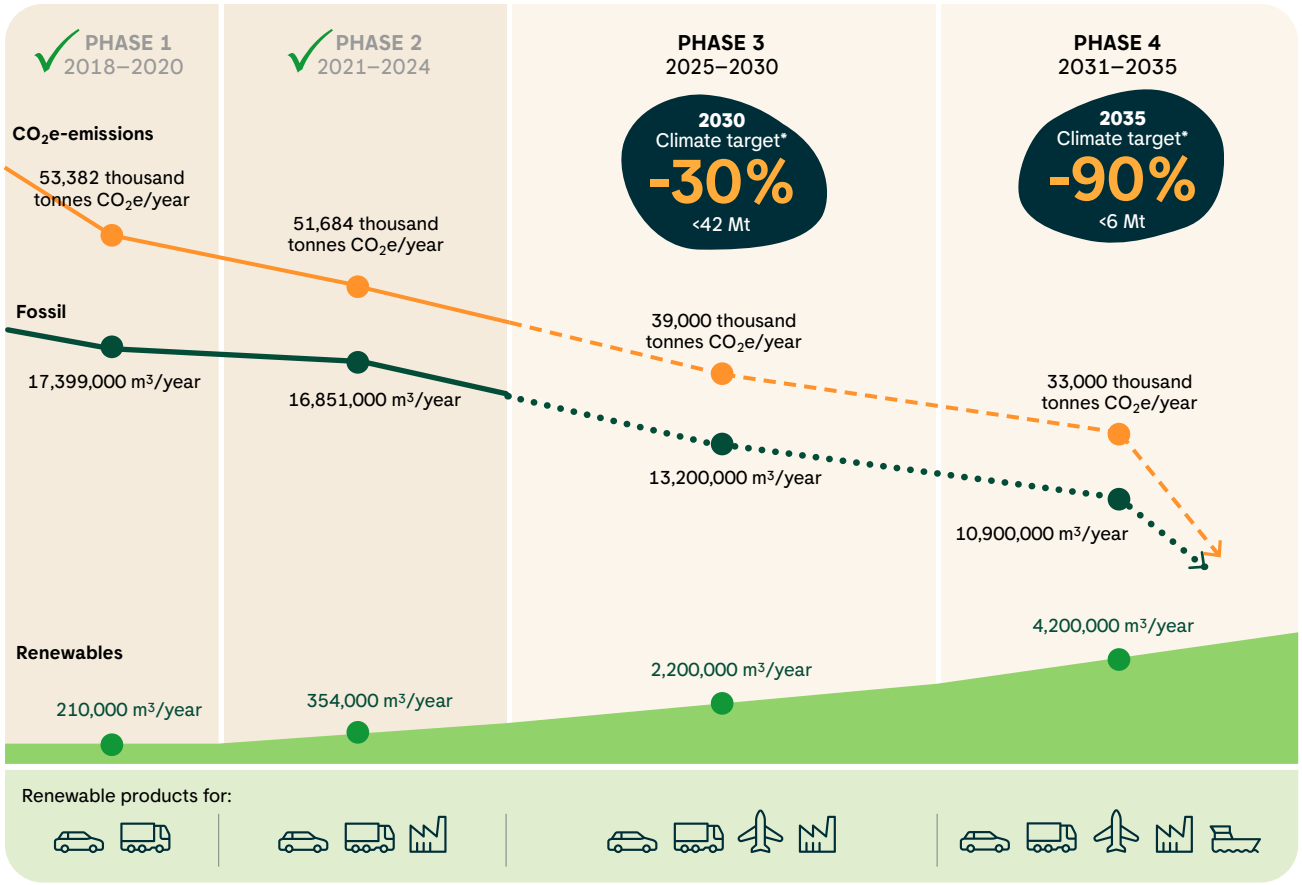
By 2035, the goal is for Preem's value chain to be climate-neutral, meaning the company must fundamentally change its operations in the coming years. Preem must continue to develop an entirely new value chain based on renewable raw materials, and technological advancements must enable the capture of carbon dioxide from renewable production. This carbon dioxide can thereafter be used for large-scale production of electrofuels or for permanent geological storage.



Preem's transition plan

Preem is undergoing the most significant transition in the company's history. The transition plan for production is the core of the company's transition. It includes the main projects at the refineries to increase renewable production and reduce fossil production in order to reach climate targets and a profitable future value chain. The plan describes how the business is developing and will develop over the years 2018 (base year) to 2035 (target year) and is divided into four phases: Phase 1 (2018–2020), Phase 2 (2021–2024), Phase 3 (2025–2030) and Phase 4 (2031–2035). Within each phase, the plan describes how the business is developing in four main areas: fossil production capacity, renewable production capacity, climate targets and markets for renewable products. The objectives for each area are materialized in line with the implementation of approved and planned conversion projects, mainly through rebuilding and new construction at the refineries in Lysekil and Gothenburg.

By the end of 2024, Preem has completed the first and second phases of the plan[1]. This entails that Preem has taken two important steps in the transition towards a climate-neutral value chain by 2035. During the third phase, further investments are planned in both new and existing facilities at the refineries. Already in the second half of 2024, the so-called HCU project was initiated, which will expand Preem's pre-treatment capacity for renewable raw materials. This project paves the way for the next ICR project, which aims to increase Preem's renewable production capacity to 2.5 million cubic meters by 2030 – the target for Phase 3[2]. For more details on the transition plan and the key projects included in it, see page 34.



- CO_2e emissions on average for each phase.
  Base year (2018): 60,231 thousand tonnes CO_2e/year. Target year (2035): 1,500 thousand tonnes CO_2e.
- Estimated average fossil production per phase, reduced production to **0 m³/year**.
- Estimated average biofuel and electrofuel production per phase, increasing production to **5,000,000 m³/year, 2035**.

* CO_2e compared to the base year 2018

1) The second half of 2024 was marked by challenges in the final phase of the so-called Synsat project, which was planned to be operational in the fall of 2024. Start-up complications have forced the operation to postpone the start-up of renewable generation until the first quarter of 2025.

2) Due to a strategic restructuring of Preem´s transition plan, the timeline for the ICR project has been adjusted compared to what was reported last year. The project is now expected to be completed within Phase 3, by 2030 at the latest, which is why the target of 2.5 million cubic metres of renewable production capacity is set for the end of this phase.

A challenging transition

With a clear strategy, significant investments and various activities, Preem is now accelerating the transition towards a climate-neutral and profitable value chain by 2035. Preem must navigate several challenges along the way, ensure effective risk management, and take advantage of all opportunities.

1 Unpredictable regulation

Long-term regulations are a prerequisite for Preem's transition. Stable political and regulatory developments are required to create predictability and minimize risk in connection with large-scale investments and strategic decisions. *Read more on page 18.*

2 Technological advances

An effective transition is dependent on major technological advances. At the same time, rapid technological development challenges Preem's ability to quickly adopt new technology and apply it in its operations. *Read more on page 19.*

3 Fossil-free energy

The transition will multiply the need for fossil-free energy, while expanding fossil-free alternatives requires significant investment and time. Preem's challenge will be securing sufficient fossil-free energy at the right time and at a competitive price. *Read more on page 20.*

4 Raw material supply

The demand for renewable raw materials is high, while supply is limited. With fierce competition, Preem needs to secure the supply of raw materials, partly by developing new supply chains focusing on renewable raw materials. *Read more on page 21.*

5 Need for competence

Access to the right skills creates the conditions for Preem's future competitiveness and for carrying out an effective transition. Therefore, attracting, retaining, and developing relevant skills are critical success factors for Preem. *Read more on page 22.*

6 Financing

Preem's transition requires significant investments to achieve the goal of climate neutrality across the entire value chain by 2035. Stable profitability, new financing solutions, and good dialogue with investors are crucial for a successful transition. *Read more on page 23.*

Challenge

Unpredictable regulation

Unpredictable regulation is a serious threat to the transition

Long-term regulations are a prerequisite for an effective climate transition. A long-term policy promotes risk-taking and encourages companies to make large-scale investments and strategic decisions to limit climate change. When politics suddenly changes direction and the regulations alter, the transition is made more difficult and delayed. Since 2018, the Swedish greenhouse gas reduction obligation has contributed to a clearly defined plan to reduce climate impact from road transportation through increased blending levels of renewable fuel. In 2023, however, the greenhouse gas reduction obligation was paused, and for 2024 to 2030, lower requirements apply compared to before. Preem believes that the regulatory changes implemented, unfortunately, lead in the wrong direction and increase emissions in the transport sector.

In contrast to Sweden's chosen path, the EU is increasing the pace and tightening sustainability requirements in several areas under the Fit for 55 legislation package. Unless new Swedish national requirements are added, there is a risk that Sweden's emission commitments to the EU will not be met by 2030.

Strategic initiatives to ensure more predictable regulations

Efforts in renewable fuels form the basis of Preem's long-term strategy for the transition. Preem is balancing the effects of a changed greenhouse gas reduction obligation and a corresponding sharp decline in domestic demand for biofuels by increasing sales in other geographical markets and adapting its offerings to modes of transport such as aviation and shipping. During the past year, Preem established sales offices in Hamburg, Germany and Rotterdam, the Netherlands, to strengthen its presence in the European market.

Preem works purposefully, strategically, and long-term to create an understanding of the importance of long-term regulations and for ongoing dialogue with the government, politicians, and other relevant stakeholders, as well as participate in public debate. Preem wants to continue to work for a policy that promotes renewable fuels and products over fossil fuels. With long-term and, at best, ambitious regulations, Preem can streamline the transition planning. This also provides the opportunity to attract investment to the sections of the value chain that must transform. Ultimately, it creates opportunities for Preem to make a transition to a more sustainable and competitive business that continues to create value for society, even in a fossil-free future.

Activities in 2024

- Preem maintained a dialogue with politicians and other stakeholders about the importance of clear and predictable regulations.
- Preem was active in the public debate about the importance of maintaining ambitious climate targets and an appropriate Swedish greenhouse gas reduction obligation.
- Preem ensured preparedness for change through active monitoring of both political and regulatory developments.
- Changed sales patterns for Preem's renewable products from Sweden to the northern European market, where the demand is growing.

Challenge

Technological advances

Rapid technological development to ensure maintained competitiveness

Rapid technological developments are having profound impacts on society, businesses and individuals. In particular, digitalization, which already permeates virtually all social, organizational and economic activities, and the establishment of new technologies, such as AI, whose risks and opportunities are discussed daily. All major technological shifts pose challenges and market changes, with new power balances creating winners and losers. A company that cannot adapt to technological developments or capitalize on new business opportunities will likely lose competitiveness. Dependence on new technology to make major shifts is extensive and is particularly true for realizing the transition to a climate-neutral business.

A key factor in Preem's future development is the ability to develop new technologies for extracting renewable raw materials and producing renewable fuels. Competitiveness is also affected by how AI, automation and robotics are utilized and implemented in the business. A further dimension is continuously offering payment solutions and digital services matching customer demand and needs.

Strategic initiatives to harness technological advances

Preem's transition to producing renewable fuels requires a high level of innovation in new and modified production and process technology to increase flexibility in the choice of raw materials. Preem automates and uses machine learning to streamline production, depot management and handling of complex raw material flows. In addition, around 30 software robots have been implemented to automate routine tasks.

Strategic partnerships are important for Preem to secure access to new technology and skills. For example, Preem and Setra's collaboration in Pyrocell[1)] has led to the development and industrialization of new technology for converting sawdust into pyrolysis oil, which can be further processed into renewable fuels. Preem also conducts research and development with research institutes and universities to better utilize residual and waste products as raw materials in production and develop more efficient technologies. In collaboration with Recharge, Preem continues to establish modern charging infrastructure in the company's nationwide station network.

Activities in 2024

- Preem undertook large-scale test production of renewable fuel based on pyrolysis oil from end-of-life tires with partially renewable material.
- Preem initiated projects to secure future-proof communication infrastructure for connecting sensors and other technology at the refineries.
- Pilot tests of Preem's AI language model for handling internal documentation, an AI assistant for IT support, and sensors for early detection of moisture under pipe insulation.
- Preem implemented a new CRM system for digital customer processing and credit management.

1) Pyrocell is co-owned by Setra and Preem. The company's business concept is to produce bio-oil from sawdust.

Challenge

Fossil-free energy

3

Rapidly accelerating need for fossil-free energy

Climate change and electrification are challenging society by multiplying the need for fossil-free energy. Fossil energy sources such as coal, oil and gas must quickly be replaced by fossil-free alternatives. The expansion of fossil-free energy alternatives requires large investments and also takes time. The challenge for all actors that make that transition is to ensure sufficient amounts of fossil-free energy at the right time and at a competitive price. The uncertainty has the effect that the transition, in some sectors, is seen as a high-risk project. Many industrial transition projects have been delayed, paused, or even discontinued due to uncertainties linked to a fossil-free energy supply.

Large-scale fuel production is fundamentally very energy efficient. However, Preem's transition to production based on renewable raw materials is more energy-intensive than if crude oil is the raw material. This is because renewable raw materials require more pre-treatment before being refined, and the relative hydrogen consumption is higher when processed in the refineries. Another challenge for Preem is the increased energy demand when establishing new value chains for electrofuels.

Strategic initiatives for energy efficiency and constructive partnerships

Preem works strategically and systematically with the energy issues. This is partly operational, for example, through continuous monitoring and analysis to identify possible energy efficiency improvements. Partly from a more long-term perspective, Preem draws up action and investment plans to manage continued energy efficiency improvements in parallel with meeting a significantly increased energy demand in line with the transition. Preem's electrical energy needs will almost double over the next five years. A continued increase is expected, primarily driven by a possible large-scale electrofuel production.

Strategic collaborations and cooperation with other actors are crucial to meeting future needs for fossil-free energy. Preem has an ongoing constructive dialogue with politicians, social actors, and suppliers on how these can be used together to accelerate and secure access. For example, Preem and Vattenfall are collaborating on developing a value chain where offshore wind power and renewable hydrogen are connected to the refinery industry on the Swedish west coast.

Activities in 2024

- Preem had an ongoing dialogues with relevant stakeholders on future-proofing fossil-free energy. It continued its collaboration with Vattenfall to develop a new value chain for the refineries on the west coast.
- Preem participated in initiatives for regional collaboration on hydrogen in western Sweden together with climate-leading process industry, Rise, Chalmers and others.
- Preem continued developing more energy-efficient fuel stations, for example through more efficient ventilation, upgraded appliances and LED lighting.

Challenge

Raw material supply

Secure the supply of renewable raw materials

The transition to climate neutrality requires replacing fossil crude oil for fuel production with renewable raw materials. Around Europe and the rest of the world, refineries are now being extensively adapted and fully or partially converted to process renewable raw materials. In addition, new plants are being built for production based on renewable raw materials from the outset. The challenges are particularly evident in the current imbalance between a high demand for and a limited supply of renewable raw materials. Preem's strategy is to use waste raw materials from other industries. In the case of non-waste raw materials, there are often conflicting objectives, such as ensuring that the need for renewable raw materials does not out-compete a crop grown for food or feed. Moreover, climate change can potentially reduce the amount of arable land in the world. As a result, the already fierce competition for renewable raw materials is likely to increase further.

Strategic activities secure the supply of renewable raw materials

Preem works systematically and long-term to secure the supply of renewable raw materials and establish new value chains. Preem primarily seeks supplier partnerships in the local area, but the development of global partnerships is necessary to secure sufficient quantities of renewable raw materials. Regardless of whether the supply of raw materials is local or global, new supply chains need to be created. As these emerge, new sustainability risks also arise that must be assessed and considered. To counteract adverse effects on human rights and the environment along the value chain, Preem works to build close partnerships with suppliers and carry out supplier audits to ensure compliance with set requirements. Read more on page 44.

Investing in collaborations, research and development is critical to securing the supply of renewable raw materials. Examples include Preem's new research project with RISE and KTH for upgrading pyrolysis oil and pilot-scale tests for potential new renewable raw materials for Preem's refineries.

Activities in 2024

- Preem's long-term partnership with Connex further strengthened the supplier network of European waste-based fats and oils.
- Continued collaboration with the Swedish University of Agricultural Sciences to develop the field cress plant, whose oil-bearing seeds show potential for the production of renewable fuels.
- Preem signed an agreement with Scandinavian Enviro Systems and Antin Infrastructure Partners' tire recycling company to secure the supply of tire pyrolysis oil extracted from used car tires.
- Preem expanded its purchases of used cooking oil through close cooperation with Sino Renewables in China.

Challenge

Need for competence

5

Fierce competition for excellence

Access to comprehensive technological competence, sustainability skills, innovation capacity, leadership and self-leadership is critical to succeeding in the climate transition. However, there is a shortage of crucial occupational categories related to Sweden's climate transition needs. The limited supply of the right competencies creates fierce competition for talent, and ultimately, the competence shortage also risks threatening the advancement of necessary technologies and the desired pace of the climate transition.

Strategic initiatives to secure the supply of future competence

Preem's transition and future long-term competitiveness require a lot of new competencies. The business is knowledge-intensive, and many strategic skills are complex and require lengthy training. Working long-term to attract, retain and develop relevant competence is a critical success factor for Preem.

An important measure is the annual review of resource and competence needs. The aim is to identify the critical competencies required to achieve strategy and business objectives, map skills gaps and develop action plans.

Preem works actively to retain and develop internal skills and strengthen employee engagement by prioritizing safety, health and well-being and offering a stimulating work environment. Efforts that have contributed to Preem being named one of Sweden's leading career companies by Karriärföretagen in 2024. In addition, Preem carries out several activities to contribute to increased interest in the company, as well as in technology-related professions and training relevant to Preem's operations. Preem also welcomes interns and offers apprenticeships to students and young professionals. Through "Teknikspråget," Preem offers paid internships to young adults at the refineries in Gothenburg and Lysekil, and engineering students are invited to write their theses with the support of Preem's employees. Preem frequently participates in labor market days and is the leading partner of the Female Engineering Network (FEN), which promotes gender equality and diversity in business.

Activities in 2024

- An internal project team has been established to deliver a structured and scalable competence development effort for all employees in AI and digital tools, spring 2025.
- "Preem's Leadership Days" including lectures and interactive activities to develop skills related to Preem's leadership profile, values, and transition journey.
- Within the framework of "Teknikspråget", 13 people received paid internships at Preem and six students were invited to write their theses. In addition, Preem participated in a total of eleven labor market days for technology and engineering students across the country.
- Preem launched a new social media campaign, "Much more than a gas station", targeting technicians and engineers.
- Within the framework of the main partnership for FEN, Preem organized several events and participated in the Engineering Day in Stockholm where 700 professional engineers participated.

Challenge

Financing

Access to capital enables the transition

Preem's transition aims to ensure a continued profitable business model and future competitiveness. To succeed, significant investments are required, which makes Preem dependent on capital. Internally, good profitability enables reinvestments to take place. New financing solutions and close relationships with investors are crucial for external financing.

For example, the need for major investments in the future was underlined in Mario Draghi's report on the future competitiveness of the EU, which advocates broad strategies to strengthen Europe's economic position. As a dominant player in Northern Europe, Preem's success in transitioning to a climate-neutral and profitable value chain can play a central role in ensuring future European competitiveness.

Strategic initiatives to secure Preem's financing and profitability

Preem's objective is for all profitability investments to be made in projects that aim to increase renewable production and the development of a climate-neutral value chain.

As a result of geopolitical and macroeconomic uncertainty in the world, Preem's profitability decreased in 2024 compared to the record years of 2022 and 2023. To secure the need for external capital, Preem is developing long-term relationships with different investors and initiatives, such as the establishment of a green financing framework according to the green bond principle. The framework was used in 2022 to issue a green bond through Preem Holding AB. At the EU level, regulation is now being tightened. New directives have been adopted to direct capital to a greater extent towards the EU's green growth strategy, which can provide increased opportunities for external funding of projects contributing to the transition. Read more about Preem's financing solutions on page 28.

Activities in 2024

- Preem's profitability continues to contribute to the transition and the operating profit for the year amounted to SEK 2,151 million.
- Preem invested SEK 2,803 million in renewable production, mainly in rebuilding the Synsat plant and feasibility studies for rebuilding the ICR plant in Lysekil. This represents 75 percent of CAPEX in 2024.
- Preem was granted funding of EUR 241 million, equivalent to SEK 2,800 million, from AB Svensk Exportkredit and Crédit Agricole Corporate & Investment Bank. The loan is part of the Swedish National Debt Office's credit guarantee program for green investments and is part of the funding of a major refurbishment of the ICR plant at the Lysekil refinery. This is the second green credit guarantee issued by the Swedish National Debt Office to Preem as part of this program, with the first loan part-financing the refurbishment of the Synsat plant in Lysekil, completed by Preem in 2024.
- Preem was granted a total of SEK 173 million in support within the framework of the Climate initiative for the construction of charging infrastructure within the station network.
- Continued work within the framework of the Corporate Sustainability Reporting Directive (CSRD) and the EU Taxonomy Regulation, for increased transparency regarding Preem's specific transition plans, sustainability work and objectives.

Sustainability framework

Materiality analysis 25
Preem's sustainability framework 27
- Sustainable economy 28
- Climate 32
- Environment 39
- Sustainable value chains 44
- Sustainable offering 50
- People and safety 55
- Responsible business 61

Analysis and dialogue for identifying Preem's significant sustainability aspects

The materiality analysis helps Preem define the company's material sustainability issues, and forms the basis for priorities in ongoing sustainability work. The analysis forms an important basis for the strategy work, where sustainable strategies create long-term competitiveness and ensures that Preem takes responsibility for the impact of its operations along the value chain and on all stakeholder groups. The materiality analysis also determines which issues are given the most attention in sustainability reporting.

Methodology for materiality analysis

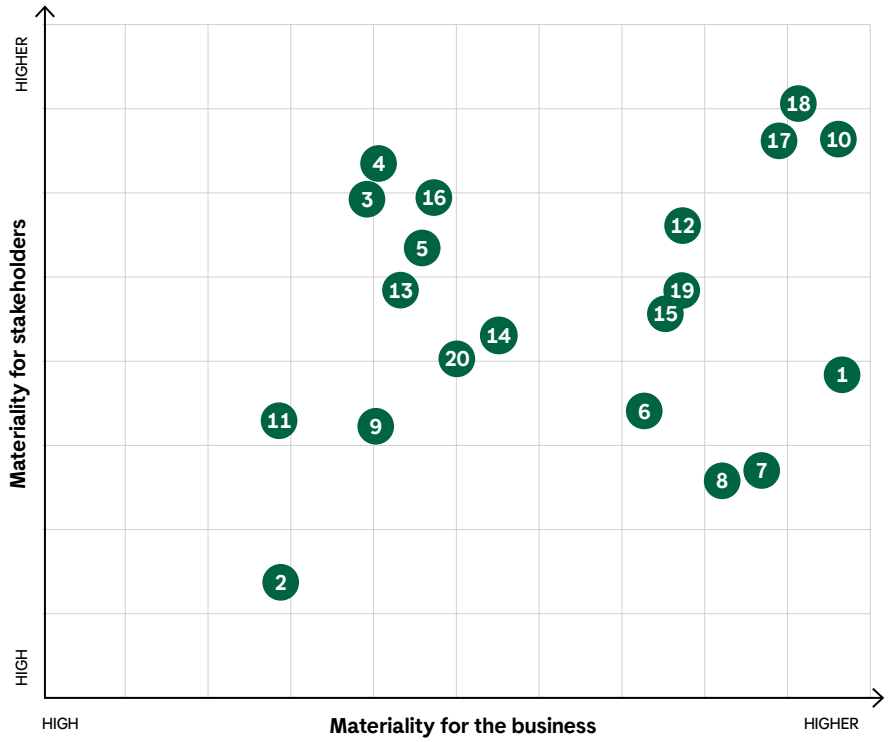
The materiality analysis is based on a gross list of aspects based on regulations and global objectives such as the UN's Global Sustainability Goals and the Paris Agreement. In addition, benchmarks and reporting standards such as the Global Reporting Initiative (GRI), the Task Force on Climate-related Financial Disclosures (TCFD) and the Task Force on Nature-related Financial Disclosures (TNFD) are used as starting points for the analysis, as well as industry-specific focus areas. Central is also input from stakeholder dialogues conducted by Preem on an ongoing basis together with more targeted efforts such as interviews or surveys. Overall, Preem's annual update of the materiality analysis includes the following parts:

- An impact analysis determining the impact of operations on environment, people and society.
- A stakeholder analysis including stakeholders' values and expectations of Preem.
- A business analysis defining what is strategically important to Preem's business.

The results of the materiality analysis are clearly linked to Preem's strategy and provide important input to the strategy process. Similarly, the strategic work is important to better understand the link between sustainability issues and business. This can be described as an iterative process.

In 2024, Preem did not carry out an annual update of the materiality analysis, but the previous materiality analysis forms the basis for the 2024 sustainability report. Instead, Preem conducted a double materiality assessment in accordance

Preem's key sustainability issues



Sustainable economy
1 Sustainable profitability and value creation

Responsible business
2 Local communities
3 Business ethics
4 Product responsibility
5 Energy security in local markets
6 Communication and impact on society

People and safety
7 Health and safety
8 Employee well-being and development
9 Chemical management

Sustainable offering
10 Renewable fuels
11 Sustainable assortment

Sustainable value chains
12 Environment and social impact in the supply chain

Environment
13 Emissions to air, soil and water
14 Use of resources
15 Energy use
16 Biodiversity

Climate
17 Climate impact from the use of sold products
18 Climate impact from operations
19 Climate impact from the supply chain
20 Climate adaptation

Materiality analysis

with the EU Corporate Sustainable Reporting Directive (CSRD). Preem intends to prepare a sustainability report based on the outcome of the double materiality assessment in the first CSRD-aligned report, following the format and timeline outlined in the directive.

Sustainability issues with increased relevance

Based on the ongoing dialogue with stakeholders and internal experts during the year, Preem assessed that some issues have become more relevant. Therefore, they should have increased visibility in Preem's reporting for 2024. Reducing climate impact remains critical, and Preem plays a vital role through the realization of the transition and meeting the high expectations placed on the company. As more and more climate-related physical risks become apparent, climate adaptation was also deemed increasingly essential. Therefore, it was added as a material issue for Preem in this year's reporting. The uncertain global situation means a continued strong focus on energy security in Sweden. Preem also sees a growing interest in increased transparency regarding the origin of both fossil and renewable raw materials. In this context, issues such as business ethics, the environment and social impact in the supply chain will become increasingly important for Preem in the coming years. For Preem, it is also important to carefully monitor the consequences of the government's previous decision on lowered requirements within the greenhouse gas reduction obligation and the new proposal made in 2024 – a minor increase in the greenhouse gas reduction obligation with tax reductions on fuel as compensation – making the future difficult to navigate. The consequences for Preem so far are a reduced Swedish demand for renewable fuels, leading to an increased international presence and greater complexity in the value chain. The materiality analysis and the sustainability issues essential to Preem are illustrated in the figure "Preem's essential sustainability issues" on the previous page.

Preem welcomes continued focus on the EU Green Deal, where a range of political initiatives such as sustainability reporting according to CSRD and the Corporate Sustainability Due Diligence Directive (CSDDD) covering the entire value chain have a direct impact on the company. In 2024, Preem worked intensively to implement the CSRD and related reporting standards, including internal training and guidance on the new directive and its importance for Preem. Based on the double materiality assessment outcome, a baseline and gap analysis was conducted involving large parts of the company. The work resulted in several critical gaps being closed during the year. A plan is in place to develop sustainability reporting in accordance with the expanded requirements from the implementation of CSRD and associated reporting standards in the Annual Accounts Act (ÅRL).

Preem's nine stakeholder groups

A better understanding of Preem's stakeholders' expectations and requirements in the field of sustainability is fundamental to developing the business in the desired direction. Preem has identified nine stakeholder groups that are important in different ways for the company's operations and for the priorities that are set. The company has a systematic approach to capturing stakeholders' views. The frequency and manner in which Preem interacts with stakeholders differ, but common to all is regular and ongoing dialogues throughout the year. More extensive data collection from Preem's stakeholders is primarily done through surveys.

Preem's stakeholder groups

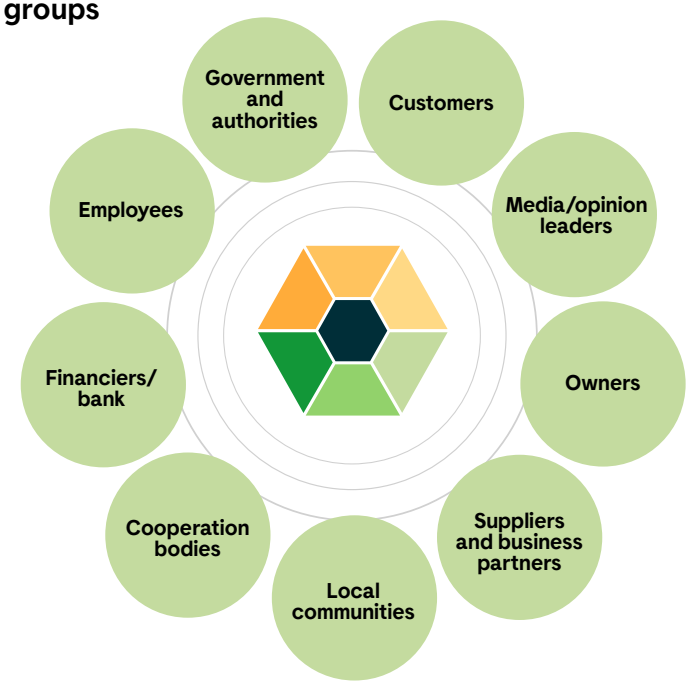
Government and authorities
Set the rules for the market. *Government and authorities, politicians and legislators.*

Employees
Enable competitiveness. *Employees, management, trade unions.*

Financiers/banks
Finance necessary investments.

Cooperation bodies
Creating tomorrow's market together with Preem. *Universities and institutes, interest groups, agricultural and forestry stakeholders.*

Local communities
Enable "license to operate". *Lysekil and other local communities.*



Customers
Make product purchasing decisions. *Private customers, consumers and B2B (retailers, transport, export, industry etc).*

Media/opinion makers
Influence customers, authorities and other stakeholders. *Media, NGOs and environmental organizations.*

Owners
Manage and finance the business.

Suppliers and business partners
Provide access to raw materials and expertise. *Suppliers, franchisees and business partners.*

Sustainability framework for governance and communication

The sustainability topics defined as material for Preem are summarized in seven focus areas. Together, these focus areas form Preem's sustainability framework, which provides important support in the governance and work to realize the transition and achieve the long-term goal of a climate-neutral and profitable value chain by 2035.

The Sustainability Framework covers seven focus areas that affect Preem's value chain and are important to Preem's stakeholders as well as the business: Sustainable economy, Climate, Environment, Sustainable value chains, Sustainable offering, People and safety, and Responsible business. The focus area Sustainable economy forms the foundation for the other areas and creates the conditions for long-term sustainable business.

The framework describes the impacts, risks, opportunities, progress, and goals in each focus area, as well as the underlying sustainability issues. The seven focus areas and the work that Preem conducts in each area are described in more detail on the following pages. For more information on Preem's sustainability governance model, see pages 67–69.

Preem's focus areas and key sustainability issues

Page

Sustainable economy 28
Sustainable profitability and value creation

Climate 32
Climate impact from the supply chain
Climate impact from operations
Climate impact from the use of sold products
Climate adaptation

Environment 39
Emissions to air, soil and water
Use of resources
Energy use
Biodiversity

Sustainable value chains 44
Environmental and social impact in the supply chain

Sustainable offering 50
Renewable fuels
Sustainable assortment

People and safety 55
Health and safety
Employee well-being and development
Chemicals management

Responsible business 61
Local communities
Business ethics
Product responsibility
Energy security in local markets
Communication and impact on society

Focus area:

Sustainable economy

Material sustainability topic

- Sustainable profitability and value creation

Development 2024

- Operating profit for the year amounted to SEK 2,151 million.
- Preem invested SEK 2,803 million in renewable production and reduced climate impact, totaling 75 percent of CAPEX.
- Preem was granted financing of EUR 241 million, corresponding to approximately SEK 2,800 million, from AB Svensk Exportkredit and Crédit Agricole Corporate & Investment Bank. A loan that is covered by the Swedish National Debt Office's credit guarantee program for green investments and which is part-financing a major rebuilding of the ICR plant at the Lysekil refinery.

Focus area: Sustainable economy

Economic stability lays the foundation

A solid financial position with good profitability and good access to external financing is a prerequisite for Preem's transition of operations. It also ensures that Preem can deliver the high-quality products and services that today's society needs.

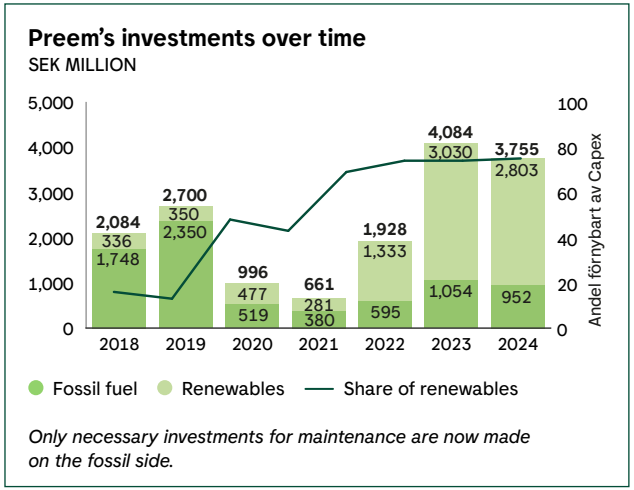
As Mario Draghi emphasizes in his report "The Future of European Competitiveness – A Competitiveness Strategy for Europe"[1], the transition to a sustainable economy with reduced dependence on fossil fuels is crucial for EU's future competitiveness. Preem's transition journey plays an important role in a larger European context and for the company's future profitability and competitiveness. However, for Preem to realize the transformation of its operations, extensive investments are required. Good and solid profitability is fundamental, helping ensure financial resources to be allocated to investments. In addition, good relationships with financial institutions and other investors are critical, which helps secure important external funding.

Economic management for a profitable transition

Preem's Board of Directors is responsible for managing the company's capital to generate the best possible return and continuously assessing the company's financial situation. The goal of a climate-neutral value chain by 2035 is firmly in place and is expected to ensure a continued profitable business model and future competitiveness. Preem's CEO leads and manages the ongoing administration. As support, the CEO has an accounting and economy function that designs and monitors financial and economic governance. Preem's internal control framework for financial reporting aims to provide reasonable assurance that Preem's objectives are met regarding reliable financial reporting and protection of the company's assets, read more on page 67. Preem sets its long-term financial targets in connection with the annual review of the strategic plan for the transition. Subsequently, work is done to break down the goals into more short-term financial goals in a business plan, which Preem then concretizes in a budget for each business area and group function.

1) The report was published on September 9, 2024.

Focus area: Sustainable economy



The continuous monitoring of a number of key figures is central to ensuring that the business remains financially stable and profitable and delivers according to target.

- ROCE (return on capital employed) is used to measure profitability. Preem's goal is to have a return on working capital of 15 percent over time.
- Equity ratio shows a company's long-term solvency and financial strength. Preem's target an equity ratio of over 30 percent over time.
- A central goal for Preem's transformation is that 100 percent of the profitability investments in production facilities and associated logistics chains should contribute to increasing and managing renewable production, as well as to projects that reduce climate impact. For fossil production, Preem only makes investments that are necessary for maintenance.

More about Preem's strategic initiatives to secure financing for the transition can be found on page 23.

Main initiatives for financing and investments throughout the year

Preem was granted financing of EUR 241 million, equivalent to approximately SEK 2,800 million, from AB Svensk Exportkredit and Crédit Agricole Corporate & Investment Bank, through a loan covered by the Swedish National Debt Office's credit guarantee program for green investments. This financing is intended to part-finance a major rebuild of the ICR facility at the Lysekil refinery when this project starts. After conversion, the plant will be able to produce renewable diesel (HVO100) and renewable aviation fuel (SAF). This is the second credit guarantee issued by the Swedish National Debt Office linked to Preem's conversion project, where the first loan from AB Svensk Exportkredit partly financed the Synsat plant's conversion in Lysekil, completed in 2024. Preem's long-term investment loans at the end of 2024 consisted of these two loans from AB Svensk Exportkredit (SEK).

Focus area: Sustainable economy

In total, Preem invested SEK 2,803 million in the handling and production of renewable fuels and other climate mitigation measures. For example:

- Reconstruction of the Synsat plant in Lysekil to significantly increase the production capacity of renewable fuels.
- Reconstruction and completion of two units in Lysekil and one unit in Gothenburg for the production of fuels with a small proportion of renewables, so-called co-processing.
- Preparatory study to rebuild the ICR plant in Lysekil to enable the use of a larger proportion of renewable raw materials and produce fully renewable diesel and aviation fuel, read more on page 35.
- Further development of charging stations, with Preem and Recharge each financing half. In collaboration with Recharge, Preem also opened up for charging for commercial road transport.
- Continued reconstruction of depots in Helsingborg and Norrköping for handling the renewable raw materials used in production.
- Newly constructed or upgraded "Do it yourself" car washes to reduce the risks of chemical emissions via sewers.

Preem allocated all Green Bond funds to sustainable transition projects, which are defined under the financing framework developed in 2022 in accordance with the Green Bond Principles (GBP).

Within investments for maintenance of fossil production, Preem invested SEK 163 million for the installation of a new dust filter at one of the plants in Lysekil. The project, which Preem started in 2024 with ground preparation work, is expected to be in operation by the end of 2025. It will contribute to a significant reduction in dust emissions. More information can be found on page 42.

Outcome 2024

- The year was characterized by geopolitical and macroeconomic uncertainties and challenging market conditions, which contributed to Preem's turnover decreasing to SEK 130,765 million, compared to SEK 137,711 million in 2023.
- Operating profit decreased to SEK 2,151 million, compared to SEK 7,908 million in 2023.
- Preem's net debt decreased to 0.05, from negative 0.05 in 2023, resulting in an equity ratio of 57 percent. The solidity target was thus reached.
- ROCE amounted to 7.3 percent, which meant that the target of over 15 percent for ROCE was not met.
- This year's profitability continues to contribute to Preem's transition and facilitates the company's growth strategy, reflected in the investments in projects for increased renewable volumes. They amounted to approximately 75 percent of total investments or almost 100 percent of the CAPEX category "profitability investments". In total, Preem invested SEK 2,803 million for increased renewable production and, by extension, a reduced climate impact.

Sustainable profitability – key figures	2024	2023	2022
Adjusted EBITDA[1], MSEK	4,524	12,454	15,343
Return on capital employed (ROCE)[2], %	7	27	48
Equity ratio, %	57	58	46
Investments for reduce climate impact (CAPEX)[3], MSEK	2,803	3,030	1,333
Climate impact mitigation investments (CAPEX)[3], as a percentage of total CAPEX	75	75	72

1) EBITDA adjusted for price gains/losses on inventories, currency translation effects and net result from derivatives measured at fair value.

2) Return on capital employed measures how efficiently a company uses its capital.

3) All investments that create conditions for renewable production and carbon reduction.

As part of Preem's alignment with CSRD, previous reporting of "Economic value created and distributed" inspired by GRI Standards has been removed.

See the sustainability notes on page 79 for more details.

Looking ahead: planned activities 2025

- Preem plans to invest SEK 2.5 billion in the handling and production of renewable fuels, mainly focusing on the renewable fuel conversion projects in the form of the HCU and ICR projects.
- Implementation of and reporting in accordance with the CSRD and the EU Taxonomy Regulation will be challenging and resource-intensive work in the coming years. More transparent and comparable sustainability reporting will help to facilitate the management of capital flows to investments that support the transition to a sustainable economy. This development creates good conditions for Preem to attract external financing with the aim of realizing a sustainable transition of the business while maintaining stable profitability.

Focus area:

Climate

Material sustainability topics

- Climate impact in the supply chain
- Climate impact from the use of sold products
- Climate impact from operations
- Climate adaptation

Development 2024

- Preem's total greenhouse gas emissions have decreased slightly between 2023 and 2024. The primary reason for this is reduced sales of fossil fuels.
- Emissions from land transport decreased by approximately 3.6 thousand tonnes compared to the previous year due to the transition to renewable fuels.
- Preem completed the rebuilding of the Synsat plant in Lysekil, which now enables a production capacity of renewables with up to 40 percent of the plant's total production.

Focus area: Climate

Actions that accelerate the pace of transition

As Sweden's largest fuel producer, Preem has a great responsibility in reducing the climate impact of its operations and implementing the transition to a production based on renewable fuels. The goal is clear, Preem will achieve a climate-neutral value chain by 2035.

The production and combustion of fossil fuels, in industrial processes and for electricity, heat and transport, is by far the largest contributor to climate change. Global temperatures are rising faster near the poles, and the risks of Sweden and northern Europe being affected by various forms of extreme weather, such as floods, droughts, heat waves, and forest fires, are extensive. In other words, it is necessary to limit the impact so that climate change can be stabilized at a level that does not endanger ecosystems, biodiversity and livelihoods in society.

Preem's operations are essential in this context, as the amount of emissions along the value chain, especially in the use of the fuel sold products, corresponds to more or less the same amount as Sweden's territorial emissions per year. This makes reduction of the business's climate impact as Preem's most important sustainability issue. By establishing renewable fuel production while reducing fossil fuel production, Preem aims to fundamentally transition its operations and business. Preem will play a central role in realizing the most significant emission reductions in Sweden while continuing to secure a domestic supply of fuel, heat, and energy, thus maintaining critical societal functions.

In parallel, Preem is mapping and assessing climate-related physical risks and dependencies to adapt key assets in the form of facilities and supply chains in the short, medium and long term to a changing climate.

Goals that set the direction for the work

Preem's Board of Directors sets climate targets and mitigation strategies. The CEO is responsible for the implementation in Preem's operational management and daily work. To follow up on the progress in the climate work, sustainability managers and parts of the group management hold quarterly reviews where governance and outcomes of the work are discussed. Read more on page 68.

Preem has high climate ambitions with a transition journey towards large-scale renewable production and a climate-neutral value chain by 2035. The reduction of emissions are set to take place at the rate required to achieve the Paris Agreement's 1.5-degree target, and the entire value chain is included – from the extraction of raw materials to production, distribution and finally, use of sold products. By securing access to renewable raw materials to enable renewable fuel production, Preem makes a vital contribution to enabling Sweden's goal of reducing greenhouse gases from domestic transport. The national target is to reduce emissions by at least 70 percent by 2030 compared to 2010 levels.

To ensure that Preem's transition journey keeps pace, the company has defined two sub-targets, which are integrated into the company's strategy:

- Reduce Preem's direct greenhouse gas emissions by 50 percent by 2030 (scope 1).
- Reduce greenhouse gas emissions throughout Preem's value chain by 30 percent by 2030 (scope 1–3).

Focus area: Climate

The sub-targets identify where changes need to be made and provide necessary support for business management. The interim target for reducing Preem's direct greenhouse gas emissions is set higher because it covers the company's operations, where it has the greatest control, overview, and influence over emissions. The sub-target for scope 3 is set lower but is challenging as it accounts for most of the business's total GHG emissions, generated upstream and downstream along the value chain.

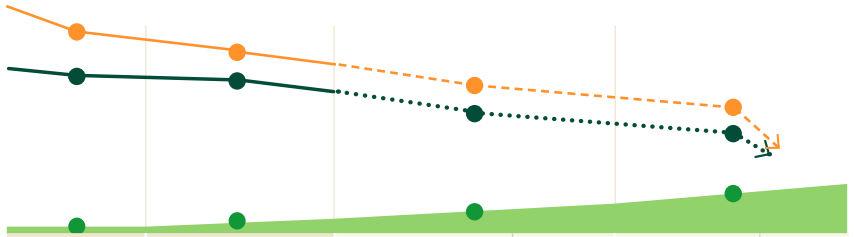
Transition plan with stepwise emission reductions

The emission reductions that Preem intends to achieve will not be linear, but the pace depends on technology shifts, decisions on conversions and the needs of society. The transition is also affected by the pace of permit processes, the possibility of financing and political decisions, which are necessary for Preem to make the investment decisions required to maintain a high pace of work and progress in the projects.

To ensure emission reductions, a concrete action plan has been developed in the form of a transition plan for the production transition. This is divided into four phases, ranging from 2018 (base year) to 2035 (target year). In the illustration on the right, production and emissions are based on an average of the years of the phases. Averages are used to smooth out variations between years that occur in connection with turnarounds. The 1.5 Mt CO_2e emissions projected to remain in 2035 are primarily from renewable feedstock extraction. The forecast is based on conservative assumptions.

Preem's definition of climate neutrality is based on the Science Based Targets Net-Zero standard, entailing a reduction of at least 90 percent of emissions throughout the value chain from the base year 2018 to the target year 2035. The remaining emissions that cannot be reduced or eliminated will be compensated for through various projects, of which carbon capture and storage (CCS) is one example.

Preem's production transition plan



			✓ **PHASE 1** *2018–2020*	✓ **PHASE 2** *2021–2024*	**PHASE 3** *2025–2030*	Forecast *2030*	**PHASE 4** *2031–2035*	Forecast *2035*
Preem's climate target Scope 1–3						<42 Mt **-30%***		<6 Mt **-90%***
Scope 1						≤1 Mt **-50%***		≤0 Mt **-100%***
Transition to meet climate targets	Unit	Base year 2018	Average/phase	Average/phase	Forecast Average/phase	Forecast *2030*	Forecast Average/phase	Forecast *2035*
Greenhouse gas emissions								
Scope 1–3	thousand tonnes CO_2e	60,231	53,382	51,684**	39,000	35,600	33,000	1,500
Scope 1	thousand tonnes CO_2e	2,305	1,931	2,057	1,600	1,100	1,000	N/A
Fossil production	000 m^3	18,693	17,399	16,851	13,200	11,900	10,900	N/A
Bio-based production and electrofuels	000 m^3	210	210	354	2,200	2,400	4,200	5,000
Renewable products to:								
Key projects The transition projects are described in more detail on the next page.			• GHT (Gothenburg) • Synsat low (Lysekil)	• FCC low (Lysekil) • ICR/MHC low (Lysekil) • Synsat low (Gothenburg) • Synsat (Lysekil)	• ICR (Lysekil) • Biogas, • CCS (Lysekil) • HCU (Lysekil)		• HVO (Gothenburg) • CCS (Gothenburg) • MHC/FCC (Lysekil) • e-fuels • fossil exit	

- CO_2e emissions on average for each phase.
- Estimated fossil crude oil production on average for each phase.
- Estimated bio-based production and electrofuels on average for each phase.

*) CO_2e in comparison with the base year 2018.

**) Due to a changed contractual structure regarding depot collaborations between industry actors, a recalculation of emissions both upstream and downstream has become necessary. The revision applies to the years 2022, 2023, and 2024. The new conditions may also potentially affect calculations for previous years (2018–2021). The goal is to investigate this during 2025. This implies that the outcomes of the forecasts will also need to be scrutinized and revised in subsequent reports.

Key projects for the production transition

To expand the renewable fuel production capacity in line with the plan, each phase has a number of projects to convert and build new refineries – some have been completed, and a number are underway or planned. As refineries are converted to produce renewable fuels, fossil fuel production capacity is phased out. From phase three, 2025–2030, carbon capture is also a prerequisite for reducing greenhouse gas emissions in scope 1. Preem also plans to develop the product portfolio by including renewable fuels for aviation and shipping.

Key projects

✓ PHASE 1 *2018–2020*	✓ PHASE 2 *2021–2024*	PHASE 3 *2025–2030*	PHASE 4 *2031–2035*
GHT (Gothenburg) – Rebuilding of the renewable plant GHT (Green Hydro Treater) at the Gothenburg refinery. Expands the plant's renewable production capacity to 320,000 cubic meters per year. Completed in 2020. **Synsat Low (Lysekil)** – Adaptation of the Synsat plant in Lysekil for low blending (max 5 percent) of renewable feedstock. Expands annual renewable production capacity by 50,000 cubic meters. Completed in 2020.	**FCC Low (Lysekil)** – Rebuilding of the FCC (Fluidized Catalytic Cracker) plant in Lysekil to enable low blending (max five percent) of renewable feedstock and increase annual renewable production capacity by 25,000 cubic meters. Completed in 2022. **ICR/MHC low (Lysekil)** – Rebuilding to enable low blending (max. five percent renewable feedstock) in the ICR (IsoCracker) and MHC (Mild Hydro Cracker) plants, both in Lysekil. Expands annual renewable production capacity by 100,000 cubic meters. Completed in 2023. **Synsat low (Gothenburg)** – Adaptation of the Synsat plant in Gothenburg for low blending (max five percent) of renewable raw materials. Expands annual renewable production capacity by 50,000 cubic meters. Completed in 2023. **Synsat (Light wedge)** – Reconstruction of the Synsat facility in Lysekil, enabling large-scale production of liquid fuels with up to 40 percent renewable content. Increases annual renewable production capacity by 900,000 cubic meters. Completed in 2024 but full-scale production not expected until 2025.	**HCU (Lysekil)** – Construction of a new pre-treatment plant enabling the Lysekil refinery to handle lower quality renewable feedstocks. Investment decision taken in 2024, with target completion by 2027. **ICR (Lysekil)** – Large-scale conversion of the ICR plant (IsoCracker) in Lysekil. Expands Preem's production capacity of fully renewable fuels such as HVO100 and SAF (Sustainable Aviation Fuels) by 600,000 cubic meters each. Investment decision planned for 2025. **Biogas** – Utilization of internally refined renewable gases and externally purchased renewable gases for the production of low-carbon hydrogen, which in turn is used in the production of renewable fuels. This activity is important for the reduction of direct emissions from refineries (scope 1). The biogas initiative also involves establishing business and system conditions for purchasing biogas in existing infrastructure. **CCS (Lysekil)** – Establishment of a Carbon Capture and Storage facility in Lysekil. Provides a capacity to reduce direct climate emissions by 600,000 tonnes.	**HVO (Gothenburg)** – New construction of a so-called Green Feed Unit in Gothenburg with the aim of increasing Preem's production capacity of HVO100 and SAF (Sustainable Aviation Fuel) by a total of one million cubic meters. Planned to be completed between 2030 and 2035. **CCS (Gothenburg)** – Establishment of a carbon capture facility in Gothenburg. Provides a capacity to reduce direct climate emissions by 300,000 tonnes. **MHC/FCC (Lysekil)** – Conversion of the MHC (Mild Hydro Cracker) and FCC plants in Lysekil, from fossil to renewable production. Planned to be completed between 2030 and 2035. **E-fuels** – Large-scale production of electrofuels (e-fuels) for commercial road transport, aviation and sea vessels. Planned to be in production in a first phase in 2032 and a second phase in 2035. **Fossil exit** – Rebuilding Preem's upgrading facilities means that the space for fossil fuels is reduced to such low levels that purchases of fossil crude oil will cease in exchange for renewable raw materials.

Activities focused on reducing emissions along the value chain

Preem's operations give rise to both direct and indirect greenhouse gas emissions. The direct emissions, scope 1, come from production at Preem's two refineries, the operation of depots and fuel stations under the company's auspices. The indirect emissions come partly from purchased electricity and district heating, scope 2, and partly from, for example, the extraction of raw materials, transportation, use of fuels and business travel, scope 3.

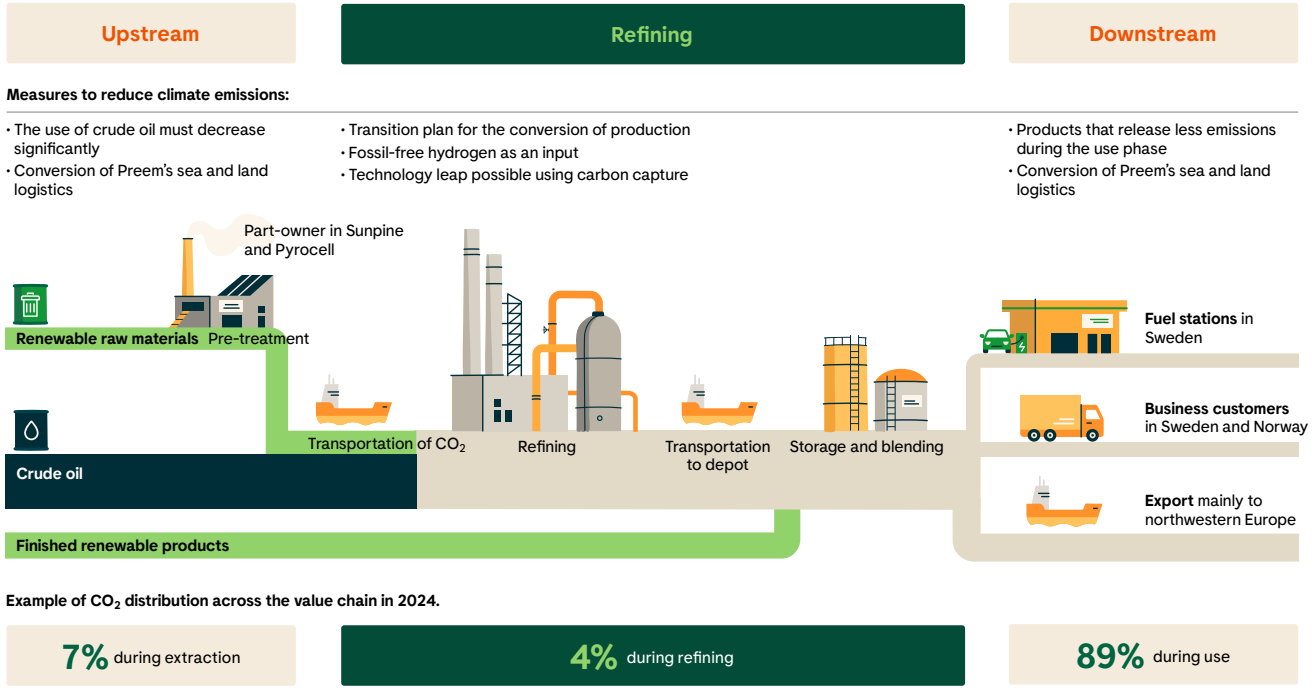
Upstream: The use of crude oil must be reduced significantly

Emissions from Preem's upstream supply chain come mainly from the purchase of crude oil and raw materials that are refined in Preem's own refineries. Regardless of the raw material, the emissions are categorized as indirect and included in scope 3. In general, the extraction of renewable raw materials generates lower emissions than the extraction of crude oil, as more energy-intensive methods are used. In addition, there is a risk of higher methane emissions from crude oil extraction, as large quantities of the gas are often present in the same space as the crude oil.

Even if the use of crude oil as an input material is to be significantly reduced over time, Preem will use crude oil as an input material until climate neutrality is achieved. However, there are good opportunities to make active choices by choosing crude oil extracted with methods that generate a lower climate impact or have a shorter transportation distance to the company's refineries than other alternatives. For example, compared with alternatives on the market, North Sea crude oil extraction gives rise to significantly lower greenhouse gas emissions than most other crude oil alternatives. A majority of Preem's crude oil purchases come from Norway, and the majority of renewable feedstock purchases are made on the European market, read more on page 47.

In line with set climate targets, Preem will reduce the use of crude oil as an input and replace it with renewable alternatives. Today, Preem mainly uses renewable raw materials consisting of waste and residual products from the food, wood, and pulp industries, such as used cooking oil, fats, tall oil, and pyrolysis oil. Preem is also active in several research and development projects to identify more renewable raw materials and develop processes to convert them into renewable fuels.

Preem's value chain – planned and implemented actions to reduce emissions



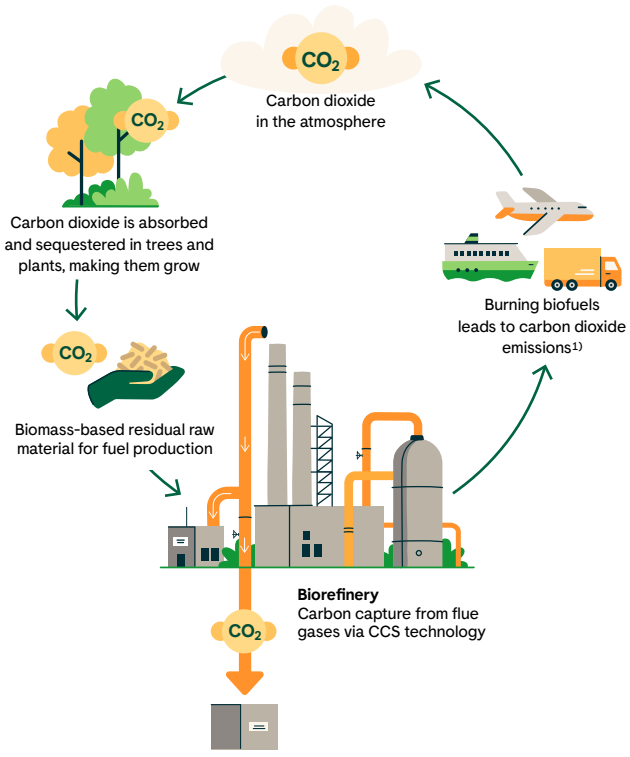
Refining: Transition plan for the conversion of production

To reach its climate targets, Preem will rebuild its refineries and adapt them to increase renewable fuel production. At the same time, the total output of fuels compared to today's volumes will be significantly lower, given that Preem will gradually reduce the production of fossil fuels.

Over the last decade, Preem has developed good technology to convert former fossil production units to produce renewable fuels. With this expertise and experience, Preem can scale up its renewable production capacity to increase production to at

*) Due to a strategic restructuring of Preem's transition project, the timeline for the ICR project has been adjusted compared to what was reported last year. The project is now expected to be completed within Phase 3, by 2030 at the latest, which is why the target of 2.5 million cubic metres of renewable production capacity is set for the end of this phase.

Carbon cycle of biofuels.



1) Biogenic emissions are counted as zero in accordance with the Renewable Energy Directive guidelines.

least 2.5 million cubic meters of renewable fuels by 2030* and double that by 2035. The projects described on page 35 are extensive and dependent on, for example, the timelines of the permitting processes going according to plan and long-term political decisions providing stable conditions for continued investment. Read more on page 18.

Refining: Fossil-free hydrogen as an input

Hydrogen is an essential input for fuel production and is mainly produced from fossil gas, making its production one of the refineries' major greenhouse gas emitters. Preem is investigating the possibility of shifting to fossil-free hydrogen production based on alternatives such as biogas and renewable residual streams from its own production. Fossil-free hydrogen can also be produced by electrolysis of water and fossil-free electricity, which then requires collaboration with external parties to secure sufficient fossil-free electricity and transmission capacity.

Refining: Technology leap possible using carbon capture

In addition to reducing fossil emissions from the refineries in line with the transition to the production of renewable raw materials, Preem plans to install carbon capture and storage (CCS) technology. During the year, further studies were conducted at the Lysekil refinery to obtain a sufficient level of detail on the various stages of capture, liquefaction, intermediate storage and loading to start the process of applying for an environmental permit for CCS in 2025. Development work is also underway at the Gothenburg refinery to eventually be able to install CCS. Preem estimates that up to 900,000 tonnes of carbon dioxide per year can be captured when the expansion of CCS at the refineries is completed. This corresponds to approximately 40 percent of the emissions currently emitted from the refineries.

Moreover, when CCS is combined with emissions from renewable feedstocks, it reduces the carbon content of the carbon cycle. By driving operations towards negative emissions, Preem's biorefineries can, in theory, become carbon sinks.

Preem is actively working on identifying and evaluating other effective and robust ways to bind carbon dioxide. In recent years, the focus has been on creating efficient logistics chains and sustainable storage sites for captured carbon dioxide.

Downstream: Products that release less emissions during the use phase

The majority of Preem's emissions, more than 88 percent, are emitted during the use phase, when sold products are combusted. As Preem phases out fossil fuels from production in favor of renewables, emissions in the use phase will be significantly reduced.

Preem monitors the development of the automotive sector and its needs. The ambition is to offer and provide renewable fuels that are in demand.

In addition to renewable liquid fuels, the demand for charging infrastructure for electric vehicles is an area of strong growth. Preem was early to offer charging points across the station network and is now increasing its offering.

Preem follows the development of fossil-free hydrogen and the possibility of producing different types of e-fuels in the future. For Preem to take the necessary steps, a clear demand for products must be secured together with access to fossil free energy sources. From 2030, EU directives require that aviation fuels contain specific proportions of e-fuel and demand for the product is also expected to increase. The requirement for the proportion of e-fuel in aviation fuel will continue to grow in the following years. One challenge with e-fuels is the large amounts of electricity required for production. Such quantities will require an upgraded electricity infrastructure at Preem's refineries and a long-term investment in the area. Preem is currently investigating the possibilities for a possible start of production between 2032 and 2035.

Preem will broaden its offering to include more products required by a more sustainable society, such as renewable refined products that could be refined further in the petrochemical or plastics industries. The refineries of the future can thereby become part of more sustainable value chains through circular solutions and material flows. Products that are not intended for combustion can also contribute to Preem's climate goals.

Focus area: Climate

Upstream and downstream:
Conversion of Preem's sea and land logistics

Logistics take place continuously along Preem's value chain; from the raw material's place of origin to the refineries, and from the refineries to customers, depots and the station network. The majority of logistic emissions are included in scope 3, which means that Preem neither has direct control over the vehicles nor owns them. Preem has a clear set of requirements for the procurement of transport to minimize transport emissions. Since 2024, Preem has only procured land transport in Sweden that runs on HVO100, meaning that by 2025, 100 percent of Preem's land transport is expected to run on HVO100. Preem's transports included in Scope 1 consist of long-term leased vessels, over which Preem has direct operational control. For the long-term leased vessels, Preem is open to signing agreements with new vessels that run on fuels that reduce emissions. One such option is liquefied natural gas (LNG) which two of six long-term leased vessels now use instead of marine gas oil. In general, this switch equates to about 25 percent reduction in GHG emissions. When Preem later produces its own renewable fuel for vessels, the ambition is for long-term leased vessels to run on this instead.

Climate-related risks and climate adaptation

In addition to reducing its climate impact, Preem analyzes risks and opportunities in the value chain to assess and continuously adapt strategy and operations to physical climate risks. The physical climate risks identified are mainly various forms of extreme weather that can affect the production of renewable raw materials as well as the operations of the refineries and depots. Climate adaptation plans are based on risk analyses and include measures such as building adaptations, emergency plans and updated insurance policies. In 2022, for example, the Lysekil refinery established a precipitation plan to deal with future changes in precipitation and water levels. In 2023, Preem initiated a company-wide climate risk analysis covering Preem's entire value chain and its own operations. The risks have been mapped and in 2024 the work of validating and prioritizing the identified risks continued in order to integrate them into business management in a next step. To map and assess climate-related risks, Preem has used the Task force on Climate-related Financial Disclosures (TCFD) framework. The index for the TCFD framework can be found on page 84.

Outcome 2024

- Preem has seen a reduction in total emissions compared to the previous year. The primary reason for this is a decrease in sales of fossil products, which in turn has reduced emissions in the user phase.
- The Scope 1 emissions have slightly decreased compared to last year, primarily due to lower production levels.
- The emissions that occur upstream during raw material extraction have increased. This is because Preem has purchased crude oils that emit more during extraction in 2024 than in 2023, more information can be found on page 47.
- Due to a changed contractual structure regarding depot collaborations between industry actors, recalculating emissions both upstream and downstream has become necessary, leading to adjustments in emissions for 2022, 2023, and 2024. What was previously product exchanges between parties, aimed at minimizing joint costs and transportation, was replaced in 2024 with purchase and sale agreements. This revision significantly raises the calculated emissions for these years, thereby reducing the reduction compared to the base year. These conditions may also affect calculations for previous years (2018–2021). This will be investigated during 2025, and if a recalculation is deemed necessary, the reported reduction is expected to increase again.
- Preem's transition to HVO100 for its procured Swedish land transportation continued, and 100 percent of these land transports now run on renewable fuel. An emission reduction of 3.6 thousand tonnes CO_2e compared with 2023.
- Preem has completed the rebuild of the Synsat plant, which adds renewable production capacity of up to 40 percent of the plant's total production. The modernized Synsat facility is espected to reduce fossil carbon dioxide emissions in the user phase by over 2 million tons per year. Carbon dioxide emissions at the refinery will not increase.

Emissions of carbon dioxide equivalents[1] Mt CO_2e	Change compared to base year	2024	2023	2022	Base year 2018
Direct emissions (Scope 1)	-14%	2.0	2.1	2.0	2.3
Energy use (Scope 2)[3][4]	+141%	0.02	0.03	0.03	0.009
Indirect emissions (Scope 3)[2]	-13%	50.6	51.1	50.4	57.9
Total (scope 1, 2, 3)[2]	-13%	52.6	53.2	52.4	60.2

1) Preem's calculation and reporting of carbon dioxide emissions is done according to the GHG guidelines. Preem has chosen the "Operational control" method, which means that emissions from operations that Preem operationally controls are included in scope 1 or 2.
2) Due to a changed contractual structure regarding depot collaborations between industry actors, a recalculation of emissions both upstream and downstream has become necessary. The revision applies to the years 2022, 2023, and 2024. The new conditions may also potentially affect previous calculations (2018–2021). The goal is to investigate this during 2025.
3) This total value includes emissions that are so-called 'market based' from Scope 2 and excludes 'location based.
4) The significant increase is primarily due to higher emissions from the residual mix.

See the notes on page 80 for a more detailed breakdown of Preem's climate emissions.

Looking ahead: planned activities 2025

- Preem's Swedish land transportation now runs on renewables and the ambition going forward is that all land transportation, including Norway, will switch to renewable fuels with an expected start in 2025.
- Establishing an adapted sustainability reporting according to the CSRD (Corporate Sustainability Reporting Directive) will contribute to a more developed climate report with increased transparency.
- Preem begins work on the HCU pretreatment plant as an important step and prerequisite for large-scale production of renewable fuels in Lysekil.

Focus area:

Environment

Material sustainability topics

- Material sustainability topics
- Emissions to air, soil and water
- Use of resources
- Energy use
- Biodiversity

Development 2024

- Preem mapped nature-related risks and opportunities along the value chain and initiated the development of measurable indicators related to biodiversity.
- Preem began implementing the EU Biodiversity Directive in accordance with the European standards for biodiversity reporting and management.
- Preem conducted nature inventories in and around the refinery in Lysekil, including nesting birds, amphibians and smooth snakes, as well as red-listed species among vascular plants, fungi and lichens.
- Preem initiated the installation of a new dust filter on the catalytic cracker (FCC) in Lysekil, enabling a significant reduction of dust emissions.
- At the Lysekil refinery, Preem implemented measures to handle prewash water from imported renewable raw materials on site. To reduce the risks of oil spills, the joint clean-up exercise "Oil at sea" was carried out by Preem, Preem's rescue service, the rescue service in central Bohuslän, the Coast Guard and the pilot.

Focus area: Environment

Preem's responsibility to improve its environmental impact

Environmental impacts occur along Preem's entire value chain and are particularly significant in refinery operations and transportation. Reducing air, soil and water emissions, improving resource and energy efficiency and reducing biodiversity loss are high priorities for Preem.

Preem's environmental impact is present throughout the value chain, from raw material extraction and production to distribution and end use. This impact consisting mainly of risks of oil spills and various forms of air, soil and water emissions. Air emissions from refineries, depots and stations consist of sulphur oxides (SOx), nitrogen oxides (NOx), dust and volatile organic compounds (VOCs). Despite extensive treatment, the wastewater from the plants contains nitrogen compounds, phosphorus and small residues of carbon compounds. Together, these emissions risk affecting air quality, contributing to eutrophication, amplifying the greenhouse gas effect and leading to biodiversity loss.

An ambition to outperform environmental criteria

Preem's priority and ambition is to perform better in relation to the legal environmental conditions that the company must follow. Preem's environmental work is regulated by national environmental regulations, environmental permits and internal policies. These create a clear framework for reducing emissions, improving resource efficiency and protecting biodiversity. Environmental permitting processes, per the Environmental Code, and EU regulations on the use of best available technology, set terms for emissions to air, soil and water, and also include measures to limit emissions. Preem's policies ensure that its operations not only meet these requirements but also proactively work to reduce environmental impacts.

Refineries and depots are responsible for managing and reducing their emissions. The environment department acts as a guiding and supporting function to ensure compliance with environmental conditions. The purchasing and trading department is similarly responsible for managing the environmental impact of the value chain, both upstream and downstream, with the support of internal specialist functions. This collaboration ensures effective and responsible environmental management at all levels.

Preem's sustainability work is based on systematic work supported by ISO 14001 and continuous risk assessment. These lines of action prevent incidents, optimize environmental performance and develop measures to protect ecosystems and natural resources.

Emissions are monitored daily via the production control system, monthly via scorecards and reported to the refineries' environmental committee. Outcomes are reported to the authorities monthly and annually via environmental reports and Preem's Sustainability Report.

Preem's sustainability requirements for suppliers, based on international standards, are important measures for minimizing environmental risks in the value chain and when purchasing renewable and fossil raw materials. For renewable raw materials, there are explicit requirements in the EU's Renewable Energy Directive (RED). These include ensuring that raw materials are traceable, sustainably produced and free from deforestation. Regular checks and third-party audits ensure compliance with set requirements along the entire value chain.

Responsibility to safeguard biodiversity and human rights

Reducing the loss of biodiversity and ecosystem services is central to increasing the supply of renewable raw materials. This places additional responsibility and incentives on Preem to manage the impact in the raw material chain by choosing raw materials and suppliers that meet the requirements of Preem's Code of Conduct, read more about Preem's Code of Conduct on page 63. Therefore, the extraction of raw materials needs to be carried out in a way that does not deplete water resources or lead to biodiversity loss through deforestation or the destruction of other effective carbon sinks. It also means that Preem excludes renewable raw materials for production when extraction is deemed to have a negative impact on biodiversity, such as palm oil and soybeans. The production of renewable fuels must not restrict people's right to food or contribute to reducing global food security; rather, it should be carried out with full respect for human rights by UN conventions.

Preem's responsibility includes reducing the negative impact of its operations on biodiversity, where changes in land use and physical interventions during the expansion of operations can impact local biotopes and species and protected natural areas. Biodiversity is central to Preem's environmental permit processes. Prior to an environmental permit review, Preem inventories animals and plants in the area, analyzes the potential impact of changes in land use, and the extent to which the negative impact can be minimized or compensated for.

Development of targets and activities related to biodiversity

Preem's ambition is to identify and set relevant indicators and targets related to biodiversity. The TNFD reporting framework[1] and the LEAP[2] methodology are important tools to increase knowledge and understanding of risks and consequences related to biodiversity loss. A key element is to develop a methodology to assess the impact of own operations and value chains on ecosystems and biodiversity, which includes criteria to identify dependencies and risks and integrate the views of affected communities. In 2024, as part of this work, a Corporate Sustainability Directive (CSRD) baseline and gap analysis was conducted to map and compare current efforts with future reporting requirements and targets. Work is also underway to comply with the EU's CSDD Directive, which strengthens corporate responsibilities and commitments along the entire value chain. Read more on page 44.

1) Taskforce on Nature-related Financial Disclosures

2) LEAP is the TNFD's integrated assessment methodology designed to identify and evaluate nature-related issues (Locate, Evaluate, Assess, Prepare).

Preem's main impact factors on biodiversity

Priority	Impact category on biodiversity	Status in 2024
1	**Climate change**	Preem's most significant impact on biodiversity is through its greenhouse gas emissions – emissions from its operations, from extraction upstream in the value chain, and the use of products downstream. For more information on Preem's strategy to reduce its climate emissions, see Climate page 32 and Sustainable value chains page 44.
2	**Land and water use change**	Preem manages the direct impact of its operations within the framework of the business's environmental permits. It undertakes matters of land and water use in accordance with environmental policy and set goals. Preem's sustainability criteria are guiding to reduce the indirect impact generated by the purchase of raw materials, see Sustainable value chains page 44. Preem is a member of Bohuskustens vattenvårdsförbund, whose main purpose is to describe the member companies' overall impact in the receiving water area. The quality of the water is monitored continuously to see how the quality changes over time.
3	**Pollution and emissions**	When refining crude oil to fuel, emissions occur that pollute air, soil and water. Preem's operations are subject to strict environmental conditions, which are reviewed annually by the supervisory authority.
4	**Spread of alien species**	When importing crude oil and renewable raw materials to Preem's refineries, alien species can be found on ships' hulls and in ballast water. Preem complies with MARPOL regulations on ballast water, which aim to regulate the handling of water to reduce the risk of spreading invasive species.
5	**Direct exploitation of resources**	The production of fuel requires large amounts of water and Preem works actively to ensure resource efficient use of water. No identified impact on overexploitation of species.

Systematic work to improve energy and resource efficiency

The production of fuel is an energy-intensive process and Preem's goal is to maintain good values in terms of energy efficiency. On an overall level, Preem has an energy management system, which is part of the company's ISO 14001-certified environmental management system. On an operational level, appointed energy managers at the refineries, together with special energy committees, are responsible for identifying and implementing both ongoing initiatives and promoting overall and long-term energy efficiency work. To create the most resource-efficient refining possible, gas formed during refining is used as fuel throughout the process. The burning of excess gas, known

Focus area: Environment

Utilizing waste heat
Preem annually delivers district heating from its refineries. This year, approximately 629 GWh was delivered, which is equivalent to heating approximately 31,450 homes.

as flaring, only occurs as a safety measure. Waste heat is captured and used for district heating, enabling Preem to deliver 629 GWh of waste heat to the district heating network in 2024.

Plan for waste management

Annually, Preem handles large amounts of waste, which is increasing due to the rebuilding needed for the transition. A subset of the waste is categorized as hazardous and can pose risks to people and the environment. This includes industry-specific wastes that require special handling, such as slop oil, oil sludge residues, biosludge, activated carbon, discarded absorption masses and catalysts. Even the comparatively small amounts of sulphur and coke can be included in this category.

To ensure effective waste management and minimize risks, Preem's operations are certified according to the environmental management system SS-EN ISO 14001. Based on current legal requirements, a waste plan has been established, which, together with instructions and source separation manuals, aims to provide guidance for the refineries' waste management. Preem is responsible for ensuring that the waste is treated correctly by the customer and handles the transportation of hazardous goods in accordance with regulations from MSB.

Key initiatives that contribute to reducing emissions

To reduce dust emissions, Preem initiated the installation of a new dust filter at the refinery in Brofjorden, Lysekil, according to EU requirements for the best possible technology. The new filter will reduce dust emissions, improving air quality and minimizing the impact on ecosystems and nearby communities. Preem also carried out a risk and remedial investigation of soil surfaces at the so-called "Syrahåladiket" at the refinery in Gothenburg. The aim was to investigate the conditions for remedial measures regarding pollutant emissions in the ditch system. The investigation indicated that metal contaminants posing risks to the environment and human health are present in the area. Several metals exceed guideline values, which can negatively affect ecosystems and the food chain. The study proposed several methods for dealing with the pollution in "Syrahåldiket", together with further sampling and testing.

Joint exercise to reduce the risk of oil spills

One of Preem's most highly prioritized environmental risks is oil spills to land or water. To strengthen cooperation and capacity to deal with potential spills and improve the management of this risk, Preem conducted the "Oil at Sea" clean-up exercise at the end of May. The exercise was carried out by Preem, Preem's rescue service, the Central Bohuslän Rescue Service, the Coastguard and the pilot. The exercise scenario involved the discovery of a large quantity of oil on the sea surface at quay 5 in Brofjorden, Lysekil. A review showed that "Oil at Sea" helped improve communication and understanding of roles and responsibilities between organizations, thus laying the foundation for an increased ability to manage and minimize the risk of serious incidents.

Species inventory and increased protection of red-listed species

To promote and protect biodiversity and ecosystem services, Preem conducted in-depth species inventories at the refinery in Lysekil and surrounding municipality. The inventories included nesting birds, amphibians, smooth snakes and red-listed and protected species among vascular plants, fungi and lichens. These inventories now form an important foundation for Preem's internal environmental work and permit applications and notifications to the environmental authorities. To contribute to biodiversity at Preemraff, Preem proposed measures aimed at creating and maintaining more nesting sites for birds, preserving and restoring amphibian habitats, protecting and monitoring wintering sites of smooth snakes, and conducting regular inventories and monitoring of red-listed and protected species.

Focus area: Environment

Outcome 2024

- The Lysekil refinery reduced its production compared to 2023, resulting in lower energy consumption. In contrast, both production and energy consumption increased at the Gothenburg refinery. Sulphur oxide and nitrogen oxide emissions remained low and below the stated targets and environmental conditions.
- Preem's extensive conversion project contributed to a significant increase in waste, including excavated material, compared with previous years. In total, 31,726 (including 674 from station) tonnes of waste were generated in Preem's own operations. Of the total amount of waste from the refineries of 31,052 tonnes, 80.5 percent went to material recycling, 12.4 percent to energy production, 6.9 percent to landfill and 0.2 percent was disposed of.
- In 2024, 674 tonnes of hazardous waste were generated from Preem's station operations. The goal is for all stores to sort corrugated cardboard, shrink and stretch film, plastic packaging, food waste and hazardous waste.
- As a result of Preem suffering a couple of operational disruptions, the target for planned flaring could not be achieved.
- Preem is committed to ensuring that no serious environmental incidents occur in its operations. Despite this, a spill of three to four cubic meters of heavy oil occurred in Skarvikshamnen in April 2023. Reporting to the County Administrative Board and decontamination of the soil was carried out. In 2024, prosecutors nevertheless considered that Preem, through negligence, had violated the Environmental Code and Preem accepted a penalty order. This meant that the company did not reach its target for the year.
- Emissions of volatile organic compounds (VOCs) increased by 20 percent compared to the previous year, which can be linked to increased handling of lighter components, which can contribute to higher diffuse emissions. The measurements carried out are indicative and are used to monitor developments over time.
- To meet the increased storage needs, Preem in Norrköping has started preparations for storage of renewable feedstock. Environmental permits are awaited, and the project is planned to be completed in 2025.

Environment	2024	2023	2022
Emissions to air, soil and water			
Emissions of nitrogen oxides (NOx) to air from production, tonnes	764	776	801
Emissions of sulphur oxides (SOx) to air from production, tonnes	266	217	324
Emissions of volatile organic compounds (VOC) to air from production, tonnes	6,997	5,816	5,994
Release of hazardous substances to water [1], tonnes	1.35	0.92	0.72
Serious environmental incidents[2], number	1[3]	0	0
Energy use			
Energy use within Preem[4], GWh	9,095	8,966	8,490
Energy use outside Preem, GWh	259	282	262
Energy use land transport, GWh	21	22	21
Energy use sea transport, GWh	203	223	210
Energy fuel stations[5], Gwh	35	37	33
Resource use for fuel production			
Fossil raw materials, thousand tonnes	13,513	13,771	14,233
Renewable raw materials, thousand tonnes	369	333	310
Water consumption during refining, 000 m^3	3,779	3,629	3,003
Waste generated [6]			
Hazardous waste, tonnes	3,499	5,516	2,123
Non-hazardous waste, tonnes	28,227	7,757	7,423

1) Although production at the Lysekil refinery decreased, the load on its waste water treatment plant increased, resulting in higher discharges of total extractable substances into the water recipient. An investigation is ongoing to determine the cause of this increase.
2) The measurement includes major incidents in the environmental field that during the year led to violations of conditions or laws (where Preem is convicted of a crime), or damage to the brand.
3) This incident occurred in 2023 but the assessment as a serious environmental incident could not be made until 2024, see "Outcome 2024" for more details.
4) The total energy use within Preem includes the Gothenburg and Lysekil refineries, offices and Preem's depots. Deductions are made for waste heat sold as district heating.
5) Energy use for stations includes electricity and heat consumption. Energy use is based on data from approximately 50 percent of Preem's Swedish stations. Based on this data, a total value has been extrapolated.
6) Waste generated increased in 2024 due to ongoing conversion projects in Lysekil.

See the sustainability notes on page 75 for more details.

Looking ahead: planned activities 2025

- Preem will apply for a new environmental permit for Preemraff Lysekil. The application will cover all operations at the refinery, both existing and proposed, and is an important part of Preem's transition as several future changes will be covered by the new environmental permit.
- Preem intends to deepen the work of mapping the impact of its operations on biodiversity along the value chain according to TNFD. The focus is on developing a strategy and setting targets for a systematic approach that identifies, assesses and manages nature-related dependencies, impacts, risks and opportunities in line with CSRD requirements.
- A parallel project at Preem's Lysekil refinery intends to manage prewash water from imported renewable feed. This includes separating renewable hydrocarbons from water for recovery of hydrocarbons as renewable feedstock and treatment of the water in the existing treatment plant. To reinforce environmental protection, a bund wall is also being built around the tank.
- Start-up of remedial soil decontamination measures at Preemraff Göteborg. The aim is to investigate the conditions for remedial measures in the ditch system regarding the polluting emissions.

Focus area:

Sustainable value chains

Material sustainability topics

- Environment and social impact in the supply chain

Development 2024

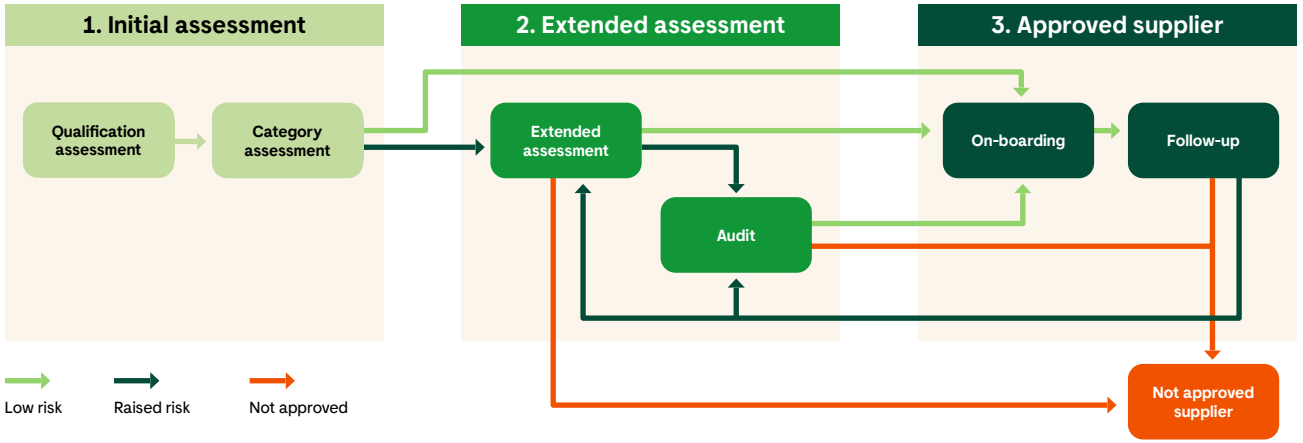
- Preem continued to map and analyze environmental, social and governance risks along the value chain, aiming to increase transparency in line with the EU Due Diligence Directive, CSDDD.
- Preem entered into agreements with Scandinavian Enviro Systems and Antin Infrastructure Partners joint venture to secure the supply of the raw material tire pyrolysis oil and thus access to future volumes of waste raw material based on end-of-life car tires.
- Preem expanded its purchases of used cooking oil through close cooperation with Sino Renewables in China. As part of the supply chain risk management, Preem conducted a desk audit with the help of a third party and carried out on-site visits in China together with Business Sweden.

Focus on a future-proof supply chain

Annually, Preem buys input goods, products and services worth around SEK 100 billion. As a result of the transition, a number of new categories are being sourced, giving rise to new supply chains and sustainability risks. To ensure good risk management, Preem works to carefully map and consider the impact of purchases on the environment, working conditions, human rights and sound business principles.

The focus for managing and monitoring sustainability risks in the supply chain concentrates on the large number of purchases of input goods, mainly fossil crude oil for the refineries, made annually by Preem. As Preem transitions its operations, purchases are increasing in other categories, such as building materials, contracting and expertise, to cope with conversions and the installation of new technology. Meeting the need for renewable raw materials requires purchasing from completely new markets and suppliers. There is also an ongoing need to identify and manage the sustainability risks that may arise in the supply chains for the food assortment of station stores.

Process for supplier verification



The process is risk-based. In the process, suppliers are screened in several steps and in cases where elevated risk is detected, the assessment is extended. If a supplier is not approved or misbehaves, the cooperation is terminated. This can happen in all the different stages of the process.

Focus area: Sustainable value chains

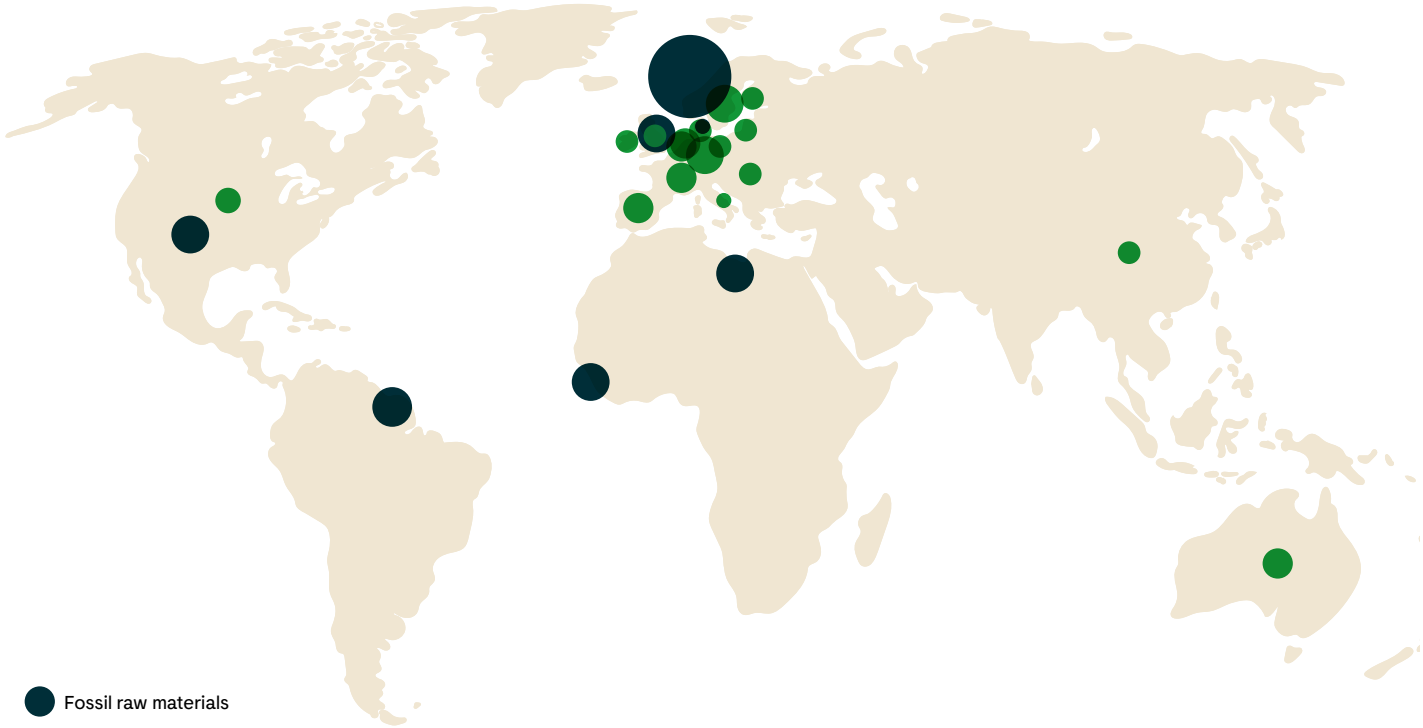
Supplier requirements and new legislation are important drivers

Fundamental to Preem's work is to systematically identify and manage the risks that can be linked to the supply chains in combination with a clear set of requirements. Possibilities to influence suppliers vary between different purchasing categories, but the goal is for all suppliers to accept Preem's Code of Conduct, or have their own that at least meets Preem's requirements. In 2024, Preem implemented the goal that the Code of Conduct be included in all new agreements (100 percent) with suppliers who supply indirect materials[1)] to Preem. This work will continue in 2025 and be extended to all contracts.

Legislators and institutions are increasingly demanding governance and monitoring of the management of risks in the supply chain. The EU's Corporate Sustainability Due Diligence Directive (CSDDD) entered into force in July 2024 and member states now have until July 2026 to transpose it into national law. The CSDDD requires companies to identify, manage, disclose and address human rights and environmental risks in their value chains in order to promote responsible business. As Norway has implemented the Transparency Act, a legislation based on the aforementioned EU directive, Preem is already affected through the Norwegian operations of Preem AS.

The risk-based approach required by the new legislation has already been implemented in Preem's processes for purchasing and evaluation of suppliers of renewable raw materials and products, and to some extent for purchasing crude oil. At management level, supplier monitoring takes the form of an annual review of Preem's strategic suppliers and high-risk suppliers, such as raw material suppliers. In addition to sustainability aspects, the criteria also include quality aspects, such as service level. To ensure that Preem's risk-based approach and the annual screening meet upcoming legal requirements, the company conducted a baseline analysis in 2024 to identify any gaps. More on Preem's risk-based approach can be found on page 45.

Geographic overview of Preem's purchases of fossil and renewable raw materials



Please note that the fossil and renewable volumes use different scales and therefore cannot be compared with each other. The size of the circles within the raw material categories is not proportional, but gives an approximate picture of the volumes coming from each country.

1) Indirect purchases consist of all materials that are not used as input materials in Preem's refining.

Focus area: Sustainable value chains

The fossil supply chain

Crude oil is by far Preem's largest raw material for fuel production. Each trading day, Preem buys an average of 300,000 barrels of crude oil and other raw materials from suppliers worldwide. The crude oil industry is usually associated with serious risks that vary greatly depending on the origin and actors involved. Spills and leaks during extraction and transportation, impacts on natural environments and biodiversity, climate-impacting emissions during extraction, extensive water use, and risks of corruption and human rights violations can be summarized as the main risk aspects. In recent years, lower investments in crude oil extraction have contributed to a reduced supply of crude oil in the nearby North Sea. As a result, Preem will have to expand its supply of crude oil to different parts of the world and to areas with higher sustainability risks and longer shipping distances. A limited supply of crude oil also makes it more difficult for a relatively small customer to set sustainability requirements in a more supplier-driven market. Challenges are also posed by the international volatile situation, which has a major impact on production patterns and supply chains.

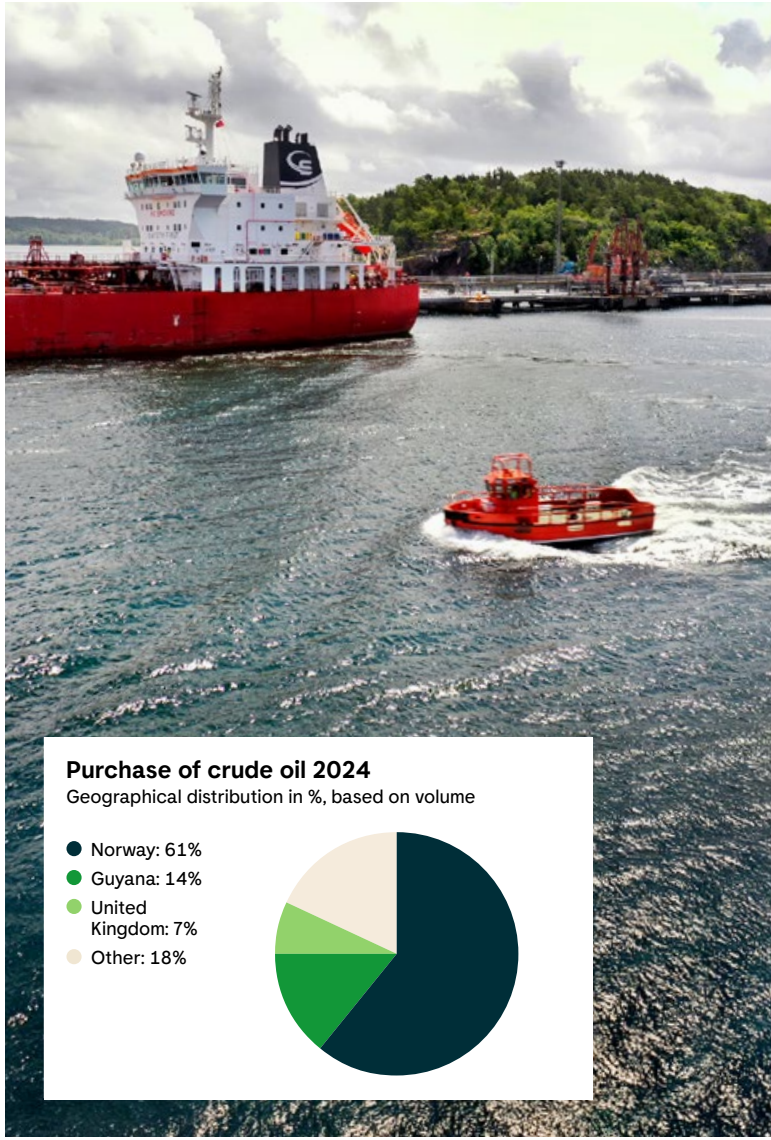
Upcoming legislation will improve traceability

The need for fossil crude oil will remain for the foreseeable future, even though the transition journey has begun. It is therefore important to manage the sustainability risks associated with the purchase of the raw material as effectively as possible. Preem's crude oil purchases are primarily governed by Sweden's strict environmental requirements, Preem's financial position and current market conditions. Historically, there has been no legislation or international requirements for traceability in the fossil supply chain. Information is usually available on the country or region of origin of the crude oil, but there are major gaps in traceability beyond the source itself. When purchasing finished products, the possibility of traceability is even lower. This makes it difficult to gather information on the conditions and circumstances at a specific crude oil extraction site. It is hoped that the Corporate Sustainability Due Diligence Directive (CSDDD) will push for increased traceability, improving the ability to monitor human and environmental considerations in the extraction and transportation of crude oil.

The climate footprint of different crude oils

In recent years, the quality of data on emissions caused by crude oil extraction has improved significantly, facilitating monitoring and purchasing decisions. Preem's ambition is to systematically calculate and increase transparency of the climate footprint in purchasing decisions. The majority of Preem's crude oil suppliers are companies that Preem has been working with for a long time; in some cases, the business relationship stretches more than 30 years. To ensure informed choices of crude oil suppliers can be made, the ambition is to continue developing trusting partnerships and close relationships with a small number of actors. For more information on emissions along Preem's value chain, see page 36.

In 2022, Preem stopped buying Russian crude oil and replaced it with crude oil from the United States and the North Sea. This meant lower sustainability risks for a couple of years. This trend was broken in 2024 when Preem expanded its crude oil purchases to Guyana, increasing its exposure to sustainability risks such as those related to sensitive ecosystems. It is likely that future lower volumes of available crude oil from the North Sea and lower investments in crude oil extraction in general will lead to a higher exposure to areas with higher sustainability risks. As part of managing these higher risks, Preem has developed a more structured approach to analyzing and risk assessing counterparties and areas for extraction.



Focus area: Sustainable value chains

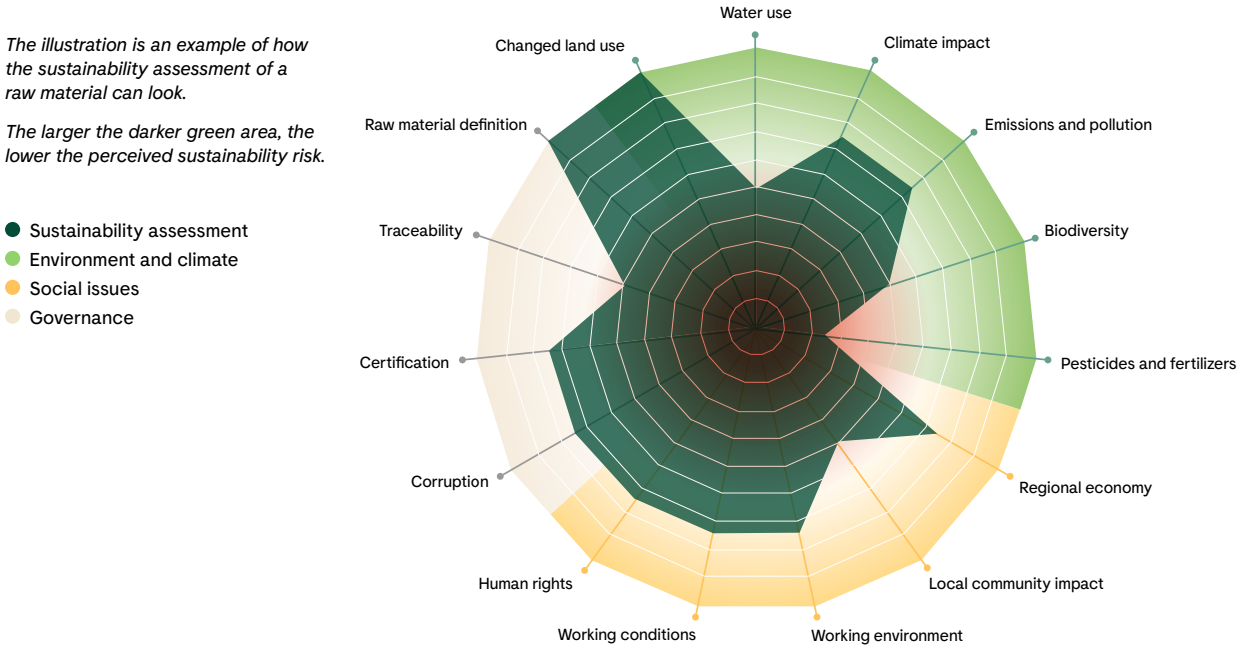
The renewable supply chain

Securing access to renewable raw materials and developing good relationships and collaborations with new suppliers are central to Preem's transition. Preem's need for renewable raw materials is already high and continues to increase. With the start-up of a rebuilt diesel plant in Lysekil during the year Preem's need for renewable raw materials quadrupled. In addition, competition for available raw materials is gradually intensifying. Risks of conflicting objectives along the value chain of renewable raw materials, mainly linked to human rights, global food access, or natural resource depletion, are imminent. Economic incentives for developing countries to grow and produce feedstock for renewable fuels, rather than for food security, can severely affect people. Other negative impacts that can occur are water stress or biodiversity loss.

Aspects in the sustainability assessment of renewable raw materials

The illustration is an example of how the sustainability assessment of a raw material can look.

The larger the darker green area, the lower the perceived sustainability risk.



Tougher regulation for renewable fuels

As a way to counteract relevant sustainability risks and mitigate conflicting objectives in the supply chain, renewable fuels are subject to stricter regulation than crude oil. For example, there are strict requirements for traceability and compliance with sustainability criteria. Preem welcomes high standards, as certification and traceability make it easier to take responsibility throughout the supply chain and reduce the risk of conflicting objectives.

For many years, Preem has assessed the origin of renewable raw materials and products and the sustainability work of suppliers, including policies, certifications and Codes of Conduct. Preem also continuously monitors selected suppliers based on criteria such as quality, health and safety, environment, human rights and corruption.

The renewable supply chain is further governed by Preem's control system for renewable fuels. This system is part of the management system and governs the work processes for renewable raw materials and products. Preem's suppliers must either be certified according to one of the EU's certification systems within the framework of the Renewable Energy Directive[1)] or have a Swedish Sustainability Decision. In the event that the supplier lacks certification or a Sustainability Decision it is possible to carry out a third-party audit to assess whether the supplier meets the requirements of the EU's Renewable Energy Directive.

Traceability and sustainability criteria to reduce risks

To make sustainable choices of raw materials and minimize risks, traceability and compliance with Preem's sustainability criteria and the EU Renewable Energy Directive are crucial. Guiding sustainability criteria to reduce negative impacts in the supply chain include:

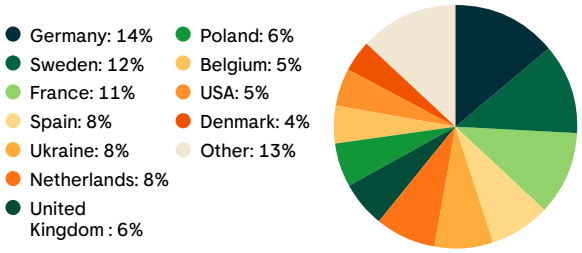
- Production of renewable raw materials should not lead to human rights violations according to UN conventions.
- The production of renewable raw materials shall not cause restrictions on people's right to food or impair global food security.
- The production of renewable raw materials should not deplete water resources or contribute to biodiversity loss.

1) The Renewable Energy Directive is the EU directive on promotion of the use of energy from renewable sources.

Focus area: Sustainable value chains

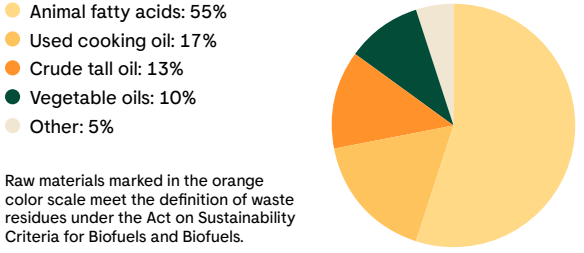
Country of origin of renewable raw materials and products

Distribution in percentage based on volume



Renewable raw materials for refining

Distribution in percentage based on volume



Raw materials marked in the orange color scale meet the definition of waste residues under the Act on Sustainability Criteria for Biofuels and Biofuels.

Collaboration and research develop sustainable supply chains

Preem works actively to secure access to renewable raw materials for the future, partly through cooperation agreements with suppliers and partly through research and development to find new raw material streams. Developing good relationships and collaborations with suppliers gives Preem better control over the supply chain and the opportunity to set requirements that reduce sustainability risks. Read more about challenges and partnerships on page 21.

Used cooking oil, which is a raw material for renewable diesel (HVO), currently makes up a smaller proportion of Preem's renewable raw material base. However, the raw material can potentially become important to meet a future need for volumes. Preem is now developing collaborations with suppliers globally to secure sufficient quantities of the right quality. Among other things, Preem has established close cooperation with Sino Renewables in China. The Chinese market is associated with several sustainability risks. As part of managing risks in the supply chain, Preem conducted a desk audit with the help of a third party and, together with Business Sweden, visited partners and suppliers in China. No major deviations from Preem's Code of Conduct were noted.

Outcome 2024

- Countries of origin of the crude oil purchased based on volume: 61 percent from Norway, 14 percent from Guyana and 7 percent from the UK.
- The aim is to include the Code of Conduct in 100 percent of new contracts for three types of indirect purchases. The outcome for the year was 69 percent and work is ongoing.
- 100 percent of Preem's crude oil purchases came from crude oil suppliers who have approved Preem's Code of Conduct or who have their own equivalent Code of Conduct. As well as 100 percent of purchases of renewable raw materials.
- Preem continued to report according to the Norwegian Transparency Act. In implementing the Corporate Sustainability Reporting Directive (CSRD), Preem completed a baseline analysis for the parts that affect the supply chain, and the gaps that were prioritized as high have been closed.
- Preem evaluated 100 percent of the suppliers of renewable raw materials and fuels with regard to the environment, human rights and corruption.
- All renewable raw materials purchased were evaluated against Preem's sustainability criteria, see illustration on page 48.

Environment and social impact in the supply chain	2024	2023	2022
Fossil			
Suppliers who have approved Preem's Code of Conduct[1] (proportion of volume), %	100	99	89
Suppliers evaluated by Preem based on sustainability[2] (share of volume) %	98	96	85
Renewables			
Suppliers who have approved Preem's Code of Conduct[1] (proportion of volume), %	100	100	100
Suppliers evaluated based on sustainability[2] (proportion of volume), %	100	100	100
Proportion of renewable raw materials evaluated by Preem based on sustainability, %	100	100	100

1) Suppliers who have approved Preem's Code of Conduct, or submitted their own Code of Conduct approved by Preem.

2) Evaluation based on sustainability areas of human rights, working conditions, corruption and the environment.

See the sustainability notes on page 79 for more details.

Looking ahead: planned activities 2025

- Work on the EU Due Diligence Directive that identifies, prevents and remedies negative impacts on human rights and the environment will be strengthened, including an in-depth analysis of Preem's value chain.
- Mapping and analysis of sustainability risks in the value chain for the station stores' food assortment will continue with the ambition of setting targets and governance for the area.

Focus area:

Sustainable offering

Material sustainability topics

- Renewable fuels
- Sustainable assortment

Development 2024

- Increased network for charging electric vehicles through 55 new charging points for super-fast charging.
- At the refinery in Gothenburg, Preem produced the first Swedish-made renewable diesel, known as HVO100.
- ISCC certification of Preem's Norwegian operations, to strengthen sales of renewable fuels.

Focus area: Sustainable offering

Offers that meet future requirements

For many years, Preem has supplied a large part of Sweden's private customers, industrial and transport companies with fuel, heat and energy. With its long experience in liquid fuels, Preem is now facilitating the transition to renewable fuels. With a nationwide network of stations, Preem is gradually developing its range of charging options to meet the new needs of both private and commercial traffic.

Preem's customers range from large energy and global shipping companies to private individuals refuelling their vehicles and buying something to eat in the station stores. In other words, a comprehensive offering is required to meet the very different needs and demands of these customer groups. Preem offers a mix of liquid fuels such as diesel, gasoline and HVO100 for passenger vehicles and heavy commercial road transport, and meets the electrification of the vehicle fleet with the rollout of electric charging in the station network. In addition, Preem is a supplier of customized fuels for shipping and is developing renewable and electric fuels for aviation. The nationwide station network's stores offer everything from food and drink to car washes, rentals and accessories for vehicles.

This wide assortment of products raises a number of sustainability risks, not least in the use of the products. For example, it must be possible to refuel liquid fuels without risk to the environment, life and health, and it must be possible to carry out a car wash without the risk of chemicals and other substances being released. In addition, Preem's range of products available in station stores poses challenges with value chains that align with sustainability risks in the food trade and restaurant industry. More on Preem's management of sustainability risks in the supply chain can be found on pages 45–49.

Preem's ambitions in renewable fuels have also provided the opportunity to establish the company as one of the major players in the Norwegian market. The Norwegian renewable mandate has many similarities with the Swedish greenhouse gas reduction obligation in terms of requirements for fuel suppliers. The ambition is to strengthen the offering and grow market shares further. In 2024, Preem's sales of renewable fuels were almost exclusively from what is defined in Norway as advanced products.

Regulatory-driven market for renewable fuels

The EU Renewable Energy Directive[1)] (RED) and its implementation in national legislation governs the European market for liquid renewable fuels. The directive requires market operators to implement a control system ensuring compliance with requirements on raw materials, traceability, carbon reduction, storage and administration, etc. In the case of Preem, the required control system is part of the management system, certified according to ISCC[2)], and compliance is audited annually by both an internal and external party.

In Sweden, the Swedish Energy Agency's Sustainability decision is valid as proof that Preem has sufficient procedures to ensure that the renewable products on sale meet the established sustainability criteria. This means that the products may be used to meet requirements for lower carbon dioxide emissions, which are regulated by the greenhouse gas reduction obligation. Alternatively, the fuel may be sold with break in the form of high blended products, i.e. fuel with a high proportion of renewable content.

The greenhouse gas reduction obligation, significantly reduced at the start of 2024, will increase slightly in 2025 under a new proposal. To meet the lower greenhouse gas reduction obligation and customer demand, Preem has started producing the renewable diesel HVO100. On the Swedish market, the fuel can be sold with a time-limited tax break until the end of 2026, and to countries that do not approve renewable fuels produced

1) The Renewable Energy Directive is the EU directive on the promotion of the use of energy from renewable sources.

2) ISCC stands for International Sustainability and Carbon Certification and is a voluntary certification system that demonstrates compliance with the EU Renewable Energy Directive.

Focus area: Sustainable offering

together with fossil raw materials, so-called co-processing. Reduced demand on the Swedish market, as a result of the reduced greenhouse gas reduction obligation, means that Preem is turning to the European market to a greater extent, where demand for renewable fuel is rapidly increasing in road traffic, sea transport, and aviation. Read more about the challenge of uncertain policies on page 18.

Targets for production of renewable fuel and more charging points

Preem's long-term target is to produce five million cubic meters of liquid renewable fuel per year by 2035, with the interim target to produce 2.5 million cubic meters annually by 2030. Preem's reconstruction of the ICR plant in Lysekil aims to enable Preem to produce renewable jet fuel and larger volumes of renewable diesel in the future. One effect when renewable production increases is that fossil fuels are phased out. The expanded sales of renewable products to more European markets means that Preem needs to continuously adapt the renewable offerings to new certifications and local requirements.

In Sweden, there are currently around 6,580 stations with charging points and almost 700,000 rechargeable vehicles[3]. Since several years, Preem offers charging of electric vehicles in the station network and today there are 21 stations with charging points. Preem's ambition is to establish around eight stations with charging points for passenger vehicles each year. Preem is also working on offering charging facilities for commercial road transport, and established the first charging points during 2024 From 2025, Preem will expand its charging network with a target of 70 stations with charging points by 2030.

To minimize sustainability risks in the food value chain, Preem's stores prioritize organic and Swedish products, and a plant-based protein is a standing option on the menu. To minimize food waste, Preem chooses ingredients with a long shelf life or frozen alternatives for preparation in stores. In 2024, Preem initiated a collaboration with Too Good To Go to further reduce food waste, including its own restaurant at the refinery in Lysekil.

3) Source: Elbilsåret 2024, Power Circle

Focus area: Sustainable offering

Outcome 2024

- 2.6 percent of Preem's production consisted of renewable fuels, which meant a marginal increase compared to 2.2 percent in 2023. The start-up of the rebuilt Synsat plant was delayed, which meant that production was less than planned.
- Preem began producing the first Swedish-made renewable diesel, known as HVO100, at the refinery in Gothenburg.
- In line with the reduced greenhouse gas reduction obligation, the share of renewable fuels in sales on the Swedish market decreased to six percent. The share of renewable in Preem's total sales decreased to four percent. The reduced levels in the greenhouse gas reduction obligation are partly offset by increased sales of HVO100.
- The climate benefit, i.e. the carbon dioxide savings offered to Preem's customers through the use of renewable fuels compared to the use of fossil fuels, amounted to 1.9 million tonnes.
- Stricter climate targets in the European market, with increased demand for renewable fuels as an effect, allowed Preem to increase exports to Europe. This also led to the need for certifications and adaptations to meet local requirements. For example, Preem underwent a third-party audit to be able to sell renewable fuels that fall under the definition of advanced fuels on the Dutch market. In addition, the Norwegian operations of Preem AS were ISCC certified.
- Work on a sustainable assortment at stations continued with a deeper analysis of sustainability in the value chain.
- Preem established 55 charging points during the year and initiated work on fast charging for commercial road transport.
- Preem signed a five-year agreement as the exclusive fuel partner to the Swedish Association of Road Transport Companies.

	2024	2023	2022
Fosil fuels			
Production of fossil fuels, 000m³	15,920	16,523	16,788[2]
Renewable fuels			
Production of renewable fuels, 000m³	428	381	341
Proportion of produced volume of renewable fuels, %	2.62	2.25	1.99[2]
Proportion of renewable fuels in sales in Sweden, %	6	14	14
Proportion of renewable fuels in total sales, %	4	6	7
Number of stations with new charging point installations	10	9	2
Number of new charging point installations	55	52	8
Climate benefit through the use of sold renewable fuels			
CO_2e-savings compared to fossil alternative (WTW), thousand tonnes	1,951	2,707	3,116
CO_2e-savings compared to fossil alternative (WTW), %	90	89	88
Sustainable assortment			
Proportion of sustainable of items sold, %[1]	5	5	6

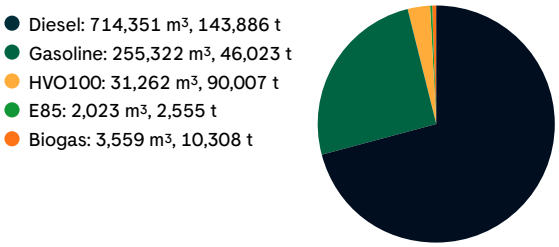
1) Proportion of sustainable items sold, based on the previous year's management and targets, new management and goals will be developed in 2025.

2) The figures for 2022 have been updated due to a previous calculation error that slightly underestimated total fossil production.

See the sustainability notes on page 82 for more details.

Renewable fuels sold at Preem's fuel stations 2024

Quantity/Saved tonnes of CO_2e emissions through renewable fuel compared to fossil alternative



Looking ahead: planned activities 2025

- Preem's target is to establish eight charging points for light traffic during 2025, and six charging points for commercial road transport.
- Increased export of renewable fuels due to growing production of renewables.
- Plan for ISCC certification of Preem's newly opened companies in Germany and the Netherlands, together with implementation of the transition to RED III in certification standards and national regulations.
- Continued work on analysis and development of additional targets and governance for sustainable supply.

From fuel station to energy station

Preem aims to become climate neutral by 2035. This requires sustainability management throughout the entire value chain. At Preem's fuel stations, there is a lot to do, from switching the fuels sold to renewable alternatives, to reducing sustainability risks in the food and drink assortment in the stores.

Preem's vision is a future energy station where both vehicles and people can recharge in a more sustainable way. By giving customers more options, the energy station of the future can enable a more sustainable journey for everyone.

Energy-efficient stations

- No oil heating in Preem-owned stores.
- Replacement of lighting in signage, stores and outdoor areas to LED, with an energy efficiency improvement of 60 percent per project. 40 new projects planned in 2025.
- Replacement of central cooling for chilled and freezer rooms with an energy efficiency improvement of 40 percent per switch. 30 replacements are planned during 2025.
- An ambition for Preem's stations to all have renewable electricity.

Transportation with HVO100

Preem has switched to running 99 percent of its Swedish land transports with fuel to stations and corporate customers with HVO100. Work is continuing on the transition to HVO100 for transport on the Norwegian market.

Car wash

The goal is for 80 percent of the water in Preem's car washes to be recycled to reduce resource use.

Free menstrual protection

Red Locker is available since 2023 at all Preem's manned stations.

HVO100

The number of stations that offer HVO100 is increasing.

Electric charging

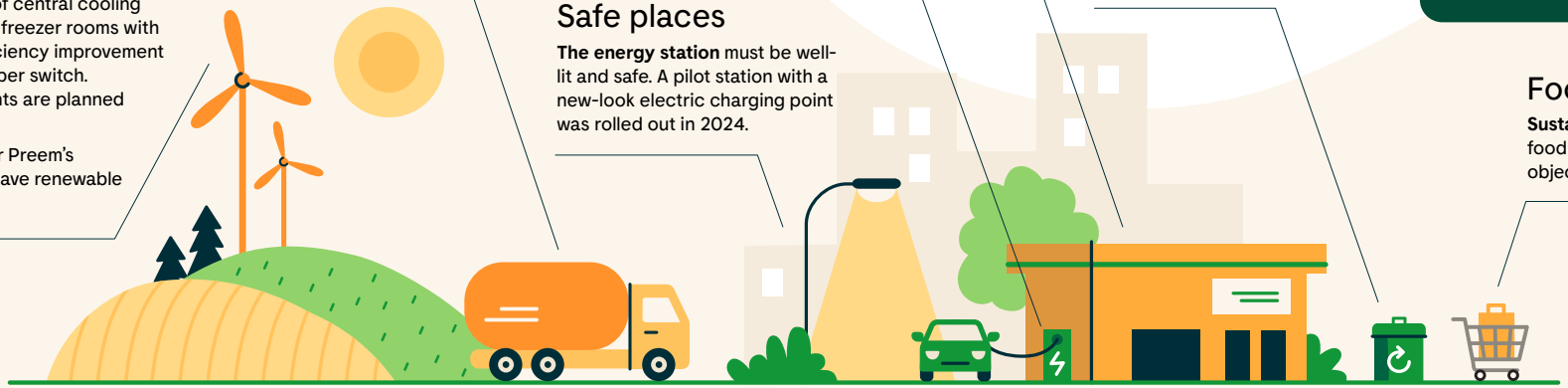
Expansion of electric charging for passenger vehicles with about eight new stations annually, and the establishment of charging points for commercial road transport has begun with a target of 70 by 2030.

Recycling

Preem is installing new recycling units at the stations enabling recycling according to current environmental rules, this work needs to be completed in Q1 2025.

Safe places

The energy station must be well-lit and safe. A pilot station with a new-look electric charging point was rolled out in 2024.



Food

Sustainability mapping of the food assortment with clear objectives and management.

Food

Events in 2024

Preem has chosen to work with the European Chicken Commitment as part of the work for better animal welfare. All criteria will be met by 2026 and as a first step, Preem has chosen to only buy chicken from Bjärefågel.

Preem chooses to work with Swedish suppliers as far as possible and to ensure that food is made in Sweden from Swedish raw materials. One example of this is a deeper collaboration with Siaglass.

Preem initiated national cooperation with Too Good To Go.

Focus area:

People and safety

Material sustainability topics

- Employee well-being and development
- Health and safety
- Chemicals management

Development 2024

- Positive development in personal safety where the target for reducing the lost workday injury frequency was exceeded.
- Preem achieved a record-breaking result on the process safety index, reflecting the company's focus on safety and sustainability.
- Preem extended the certification of ISO 45001, a standard for occupational health and safety management, to cover all of Preem AB.
- Leadership days were organized for all managers with a focus on leadership in a changing world.
- Preem was named one of Sweden's leading career companies and became the main partner of the Female Engineering Network (FEN).
- Implementation of a new training system, Learning Management System, for better control and follow-up of completed training.

Focus area: People and safety

Competent and committed employees are a prerequisite for success

Preem strives to be a safe and inclusive workplace, where employees thrive and are offered good opportunities for individual development. Safety and health have the highest priority, where identifying and eliminating risks together with a strong safety culture is central. Competent and engaged employees are a cornerstone of Preem's strategy and shared values are a central part of the company's culture.

Preem's goal is to be and be perceived as an attractive employer for the more than 1,600 employees, in about 200 different job roles, who work every day to drive and develop the business forward. Safety always comes first and Preem's zero vision emphasizes that no one should be injured or suffer from illness as a result of their work. Minimizing the risks of work-related accidents and injuries is a top priority, together with continuous efforts to strengthen and maintain a safety culture where the safe way forward is always chosen over the unsafe one.

A strong employer brand is central to both retaining existing and attracting future employees. Ensuring access to the right skills is a key success factor, read more on page 22. This is why Preem emphasizes identifying and mapping future competence needs by reaching out to relevant target groups to increase knowledge of and interest in Preem as an employer.

Length of employment 2024
Employees

Age distribution 2024
Employees

Focus area: People and safety

Employee well-being and development

Preem's ambition is to create safe and healthy workplaces characterized by responsibility, inclusion, good development opportunities and good leadership. Preem's management system clarifies the direction of the work, which is continuously measured to ensure that development is moving in the right direction. A number of key indicators measure employee well-being and development, such as the Employee Engagement Index (EI), the Organizational and Social Work Environment Index (OSI), the Net Promoter Score (eNPS), sick leave and staff turnover.

Key success factors

To meet the challenges of competence supply, Preem strives to achieve high employee engagement and build a strong employer brand. Both are key factors in retaining business-critical skills as well as attracting new ones. It is essential for Preem to ensure that employees have a good understanding of the transition journey. Important initiatives to strengthen employee engagement and ambassadorship are the management's quarterly employee meetings and ongoing information in various channels to transparently and clearly communicate Preem's strategy and plans for the transition. Preem regularly measures and monitors employee engagement and the employee experience of Preem as an employer.

The work of strengthening external awareness and knowledge of Preem as an employer is prioritized. As part of this work, Preem continuously carries out a number of activities such as participating in labor market fairs, lecturing at Chalmers and KTH, offering internships and work experience. In 2024, Preem also initiated a collaboration with Teknikspråget and the Female Engineering Network (FEN).

Preem's many initiatives were rewarded during the year as Preem was named one of Sweden's top career companies by Karriärföretagen. The motivation for the award highlighted Preem's work in developing a culture that promotes innovation and inclusion, as well as a focus on competence development and self-leadership.

The important role of safety representatives

Some key components for the continuous health and safety management development are frequent debriefing sessions between managers and employees, compulsory health and safety training for managers, and safety inspections. To highlight the important work of safety representatives, Preem celebrated the annual Safety Representative Day in the fall and also arranged a conference for the company's safety representatives, which was also attended by representatives from management. Another important component of health and safety management is the close cooperation with occupational health services in order to identify and manage signs of ill health at an early stage. Every three years, Preem offers all employees health examinations focusing on work environment and lifestyle-related health problems.

Leadership that supports change

A business in transition requires good and secure leadership with the ability to clarify goals and direction, create commitment and development and bring Preem's values to life. Compliance with Preem's leadership profile is continuously evaluated via the employee survey and presented in a leadership index that is included in Preem's overall scorecard. In 2024, Preem carried out two rounds of the internal leadership development program "Leaders at Preem", aimed at all new managers. For experienced managers, a pilot training course was conducted in the spring, which was very well received. This will be included in the regular management development course in the future. Preem also conducted digital lectures and workshops for managers focusing on different parts of Preem's leadership profile, and gathered all managers for a leadership day on the theme "Leadership in a changing world".

Diversity and inclusion strengthen the power of innovation

Preem believes that increased diversity and inclusion, create better conditions for innovation, performance and profitability. One of Preem's values is inclusiveness, and for a number of years the company has implemented strategic and long-term goals of achieving a more even gender distribution in all parts of the business. Balancing this distribution can mainly be affected in the recruitment stage. Therefore, the strategic objective is broken down into recruitment targets, which are followed up on and reported back after the completion of a recruitment process. In 2024, Preem became the main partner of FEN, a professional network for women in the engineering profession, to increase the target group's interest in Preem as an employer. Together with FEN, Preem organized two inspiring and well-attended breakfast events in Stockholm and Gothenburg. The main purpose was to highlight how Preem, as Sweden's largest fuel producer, is working to transition to large-scale renewable production and a climate-neutral value chain by 2035. Preem also has a framework agreement with recruitment suppliers that are niched towards women and candidates with a foreign background.

Over the course of the year, Preem reviewed its diversity and inclusion strategy, resulting in a number of focus areas that will be further concretized in the form of goals, metrics and action plans.

With the ambition of achieving a more even gender distribution, Preem is actively working to increase the proportion of women among managers, white collar and bluecollar workers.

Competence development and education for the future

Preem's employees have a wide range of skills and experience. Moving forward, the transition will place additional demands on both competence development and competence shift. Through company-wide processes, Preem regularly reviews which strategic competencies and resources will be required to implement the transition, and develops plans to ensure these. The annual goal and development discussion together with ongoing reconciliation discussions between manager and employee aim to identify the need for competence development in both the short and long term, which is compiled in an individual development plan.

Preem offers a number of physical and digital training initiatives related to areas and competencies that are important to develop and maintain, such as work environment, Code of Conduct, leadership, information security and training to meet regulatory requirements. During the year, Preem implemented the Learning Management System, a new training system that provides a clearer overview of the availability of training and improves the possibilities for follow-up of completed initiatives.

Progress 2024

- The target for the Engagement Index (EI) is to be at least 81. This year's development was positive with a continued high value of 83. The eNPS metric, i.e. the proportion of employees who would recommend Preem as an employer, also developed positively with an eNPS of 21, which exceeded the set target of 14.
- An important long-term goal for Preem is that the company's organizational and social work environment value, OSI, should be at least 79. The results of Preem's employee surveys show that the investments over time in a good working environment are having an effect. Preem's OSI strengthened during the year and was 81, which was well above the target and above the external benchmark[1)], which was 76.
- The target for Preem's leadership index is 83 with an outcome of 83 for the year.
- Preem's strategic and long-term goal of achieving a more even gender distribution across the business, with a gender distribution of more than 50 percent women in management positions and white collar staff and more than 30 percent women among blue collar staff was not achieved for 2024.

1) External benchmark refers to Preem's supplier Brilliant Future's global benchmark, which is based on results from approximately 840,000 responses from 359 organizations in various industries. The benchmark for OSI in 2024 was 76, compared to Preem's value of 81.

Employee well-being and development[1)]	2024	2023	2022
Engagement index (EI)[2)]	83	82	81
Organizational and Social Work Environment Index (OSI)[3)]	81	79	78
Sick leave, %	2.9	2.9	3.6
Net Promoter Score (eNPS)	21	6	3
Number of new hires, number	165	175	145
Total staff turnover, %	5	7	10
Gender distribution (male/female), %			
Board	100/0	100/0	100/0
Management team	71/29	71/29	71/29
Management positions (all)	72/28	71/29	73/27
White collar	63/37	64/36	63/37
Blue collar	88/12	88/12	90/10

1) The data only refers to Preem AB. In addition to these employees, Preem has 182 employees in wholly owned subsidiaries (based on the average number of employees during the year).

2) The EI shows the commitment of Preem's employees based on the dimensions of energy and clarity.

3) OSI measures the social and organizational work environment in order to identify signals at an early stage that can lead to ill-health and to follow up the effect of measures taken.

See the sustainability notes on page 83 for more details.

Focus area: People and safety

Health and safety is a top priority

Preem's zero vision forms the foundation of its work with health and safety. The zero vision means that no one should be injured or fall ill as a result of their work, and that no incidents causing harm to people, the environment or property should occur. Preem's zero vision applies to all aspects of its business and includes all individuals present in the workplace, including suppliers and consultants acting under the Preem brand. Putting safety first is a given, considering the often hazardous nature of Preem's operations, which involve handling large quantities of flammable raw materials and products that may be heated and under high pressure. At the refineries, depots and during transportation, there is a risk of explosions, fires and spills. There are also risks for employees and contractors working at heights, with heavy lifting and advanced tools. When working with chemicals, there is a risk that they can cause harm if handled in the wrong way.

Active work to prevent and minimize

To prevent work-related accidents, Preem works systematically to identify safety risks and take measures to minimize the risks. All chemicals used at Preem undergo a review process where the properties of the products are assessed from an environmental and health perspective together with a risk assessment of the handling of the product. Preem's working methods at the refineries are certified according to the ISO 45001 occupational health and safety standard, which is an important part of the work in creating a safe and secure work environment. In 2024, Preem reached an important milestone by extending the certification to cover its entire business and in addition, Preem renewed the certificates for quality and environment, ISO 9001 and ISO 14001.

Preem continuously measures the number of lost-time accidents and process safety deviations with the aim of a gradual reduction and a clear move towards the zero vision.

A well developed safety culture is an important step towards an injury-free work environment

For systematic and responsible safety work, it is of great importance that Preem's employees and contractors have a high risk awareness and always prioritize safety. Preem works continuously to strengthen the safety culture through training, communication and practical support in areas where improvements are needed. To strengthen communication about safety work, Preem launched the Safety Hub on the intranet during the year. The Safety Hub gathers essential safety information and serves as a complement to other procedures and training initiatives. The safety culture is reinforced by visual video material that clearly communicates the main risks during turnarounds and emphasizes the importance of cooperation to avoid accidents.

This year's safety days, involving all staff, were organized in September and October in Gothenburg, Lysekil and Stockholm. The aim was to strengthen the safety culture by increasing knowledge and understanding of Preem's joint safety work. Areas of focus included preparedness, war deployment, clarity of language and feedback with clear communication and constructive dialogue highlighted as key tools for creating a safer and even more safety-conscious work environment.

Strict requirements on suppliers

Preem's partnerships with contractors is an important part of the safety work. Preem has a strict Code of Conduct that covers safety work and working environment that applies to employees and partners, including contractors and suppliers including logistic and transport companies. Compliance with laws and safety requirements applies to everyone. To ensure safe facilities, Preem requires both employees and contractors to undergo documented and customized safety training before they are allowed site access.

During periods of major projects and turnarounds, the collaboration between contractors and Preem's specialists for health, safety and environment is intensified. The reporting of deviations, including incidents that affect people, facilities or the environment, is central to Preem's safety culture.

Outcome 2024

- Preem's zero vision objective for health and safety is challenging. To follow up on injuries, Preem uses key performance indicators, including lost workday injury frequency (LWIF). The target for 2024 was a maximum of 1.0 lost workday injuries per million working hours. The result was 0.7, which was a significant improvement from the previous year. All personal injuries have been investigated and Preem took measures to prevent the recurrence of similar accidents.
- The target for the total number of lost-time accidents, accidents that led to limited work ability and accidents that required medical treatment (All Injury Frequency – AIF), was a maximum of 2.8 per million working hours. The outcome was 2.4 per million working hours.
- To improve plant safety, Preem monitors and measures the frequency of fires, explosions and uncontrolled releases using the Process Safety Event Rate (PSER). The target for 2024 was a maximum of 1.0 event per million working hours, and the outcome was 0.6 for PSER per million working hours.

Health and safety	2024	2023	2022
Lost Workday Injury Frequency (LWIF)[1], per million hours worked	0.7	1.4	1.8
All Injury Frequency (AIF)[2], per million hours worked	2.4	4.4	5.6
Process Safety Event Rate (PSER)[3]			
Tier 1 and 2, per million hours worked	0.6	0.7	1.6

1) LWIF shows the frequency of lost time accidents per million hours worked (LWI = accidents resulting in absence from work for at least one shift).

2) AIF shows the frequency of serious incidents per million hours worked (AI = accidents resulting in absence from work, accidents resulting in reduced working capacity and accidents requiring medical treatment).

3) PSER frequency of process safety events per million hours worked (PSE = events categorized as tier 1 or tier 2 according to API754).

See the sustainability notes on page 83 for more details.

Looking ahead: planned activities 2025

- Continued work on strengthening leadership and self-leadership in the organization.
- Continued focus on maintaining high employee engagement and strengthening Preem's attractiveness as an employer, both internally and externally. This is achieved through leadership and competence development, employer branding initiatives, as well as engagement and knowledge-building communication across different channels.
- A major educational initiative aimed at strengthening all employees' skills in AI and digitization. The training initiative is called "The digital step".
- Implementation of the focus areas identified in the 2024 review of Preem's diversity and inclusion strategy. This will involve setting specific goals, metrics, and action plans to drive progress. Preem will also become a main partner of Wera, Sweden's leading engineering network for women and non-binary individuals.
- Collaboration agreement with Hjärnfonden to support research that strengthens brain health so that more people can make a healthier journey through life.
- Intensive work to strengthen both Preem's own and contractors' safety culture and safety awareness, especially in connection with two planned turnarounds in Gothenburg and Lysekil. In addition, Preem will focus on increasing communication about plant safety from both an internal and external perspective to raise awareness and understanding of safety issues in the organization.

Focus area:

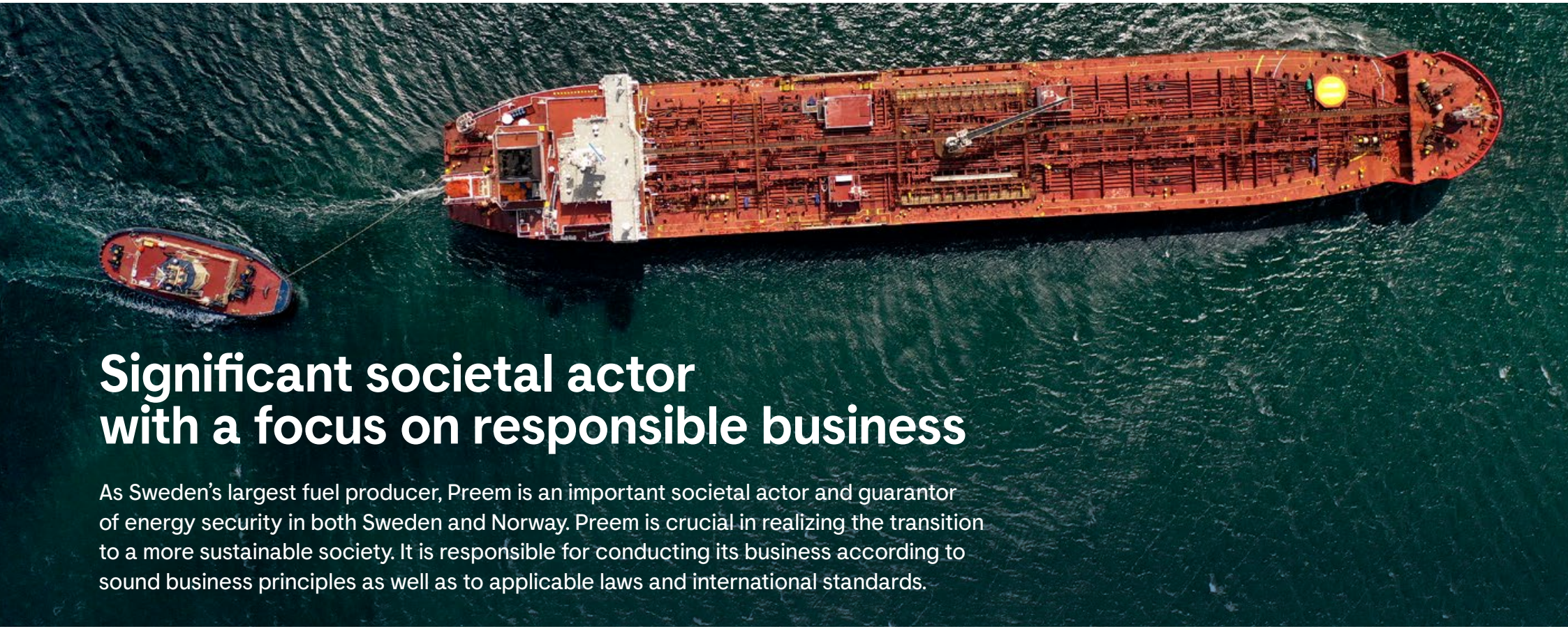
Responsible business

Material sustainability topics

- Energy security in local markets
- Business ethics
- Product responsibility
- Local communities
- Communication and impact on community

Development 2024

- Focus on further developing transparent and accurate sustainability reporting in accordance with new legal requirements within the Corporate Sustainability Reporting Directive (CSRD).
- Invest in preventive training in corporate responsibility with a focus on Code of Conduct, information security and anti-corruption.
- Mapping of current memberships in industry and interest organizations to create a better overview of Preem's participation and of the issues that are mainly driven within each organization.



Significant societal actor with a focus on responsible business

As Sweden's largest fuel producer, Preem is an important societal actor and guarantor of energy security in both Sweden and Norway. Preem is crucial in realizing the transition to a more sustainable society. It is responsible for conducting its business according to sound business principles as well as to applicable laws and international standards.

Many societal functions depend on fuel-efficient production and distribution, from public transport to freight and emergency vehicles. Preem's refineries account for around 80 percent of Sweden's fuel production capacity and thus plays a crucial role in society. The domestic production of fuel, heat and energy helps to ensure energy security in Sweden and Norway. It is a major and responsible social mission that must be sustainable and resilient even in the event of a crisis.

Preem employs over 1,600 people and indirectly many more, and is a significant employer locally in Bohuslän. In Lysekil municipality, the company is the largest private employer. Maintaining a continuous dialogue with local communities is key, and Preem regularly invites stakeholders in the local area to consultations and ensures close collaboration with municipalities, authorities and civil society.

Maintaining the social mission and confidence that the transition will be realized is of the utmost importance to Preem. Weakened trust can hurt necessary relationships with politicians and authorities, which are essential for the ongoing operations and their future development. A lack of trust in Preem also risks making it more difficult to attract new talent or retain existing employees, to attract investments and partnerships, and to secure environmental permits. Financial performance and sales can also be negatively affected.

Preem also builds trust through marketing and communication, which reflects its operations and offerings transparently and accurately, including the various negative impacts and risks that Preem's activities along the value chain give rise to.

Preem will continue to play a significant role in society by investing in the transition to renewable fuel production and ensuring ethical and responsible behavior in all parts of the value chain.

Focus area: Responsible business

Business ethics and responsible behavior

Preem's Business Ethics Policy and Code of Conduct, established by the Board of Directors, form the basis of the proactive work to ensure sustainable and ethical business relationships. The Business Ethics Policy includes business principles compatible with good business ethics such as fair competition, correct marketing and avoidance of conflicts of interest. The Code of Conduct makes it clear that Preem opposes all forms of corruption, bribery, fraud and anti-competitive measures that violate competition legislation. The Code of Conduct has been updated during the year, including increased requirements for suppliers to demonstrate active climate work and how they ensure due diligence in the value chain. All employees must commit to perform work in accordance with the Code of Conduct and other applicable guidelines, upon employment. Preem's Business partners are also expected to comply with Preem's Code of Conduct and more information on follow-up in the supply chain can be found on page 45.

To ensure ethical and responsible behavior along the value chain, Preem continuously implements initiatives focusing on anti-corruption, fair competition and avoidance of conflicts of interest. Where ethical violations still occur, despite the Code of Conduct, policies, guidelines, controls and preventive training, Preem is responsible for ensuring that robust processes are in place to detect and take relevant action quickly. The overall ambition of ethical and sustainable business practices is also reflected in Preem's long-term vision of zero serious incidents in ethics and product responsibility.

In connection with the purchase of raw materials and fuel products, Preem conducts a supplier review with the support of a risk-based process. Preem assesses the inherent risk of corruption in the process of producing the raw material, the level of risk in the country of origin of the raw material, as well as risks and history regarding, for example, ethical guidelines at suppliers, read more on page 44–49.

To prevent non-compliance, employees must have knowledge of applicable legislation and regulations, as well as Preem's policies and business ethics guidelines. In terms of anti-corruption, the personnel categories exposed to corruption risks undergo a mandatory e-training "Bribery or permitted gift" at least every two years.

It is essential that Preem maintains a high level of trust and the company measures this using the Brand Trust Index. This index measures the respondents' perception of Preem relative to others in the industry and the extent to which the company is associated with competence, reputation, trustworthiness, sustainability, quality and success. Preem's goal is that at least 20 percent of respondents should associate Preem with these values.

Preem's membership in stakeholder organizations

With increased transparency as a guiding principle, Preem carried out a review of the company's membership of industry and interest organizations in 2024. The aim was to get an overview of the issues that are driven within each organization. The survey also resulted in improved control over membership costs. In total, Preem allocated SEK 16.3 million in membership fees for the year.

Sweden

- The West Sweden Chamber of Commerce
- Swedish Marine Industries Federation
- Swedish Shipowners' Association
- Swedish Fire Protection Association
- f3 Innovation Cluster
- Sustainable Business Network
- The Swedish Bioenergy Association – Svebio
- Stockholm Chamber of Commerce
- Lysekil Business Center
- Power Circle
- Hydrogen Sweden
- The Haga Initiative
- Organization of Swedish Service Stations (OSS)
- Convenience Stores Sweden (CSS)
- Drivkraft Sweden
- Royal Swedish Academy of Engineering Sciences (IVA)
- Swedish Chamber of Commerce for Eurasia
- Air Pollution Control Association in the Gothenburg Region
- Air Pollution Control Association in Västra Götaland
- IKEM
- Swedish Shippers' Council
- The Association of Swedish Advertisers

Norway

- Drivkraft Norway
- Zero

EU

- Fuels Europe/Concawe

Whistleblower system to draw attention to violations

Through the whistleblower system, Preem's employees can securely and anonymously report suspected violations of laws as well as the company's Code of Conduct and business ethics policy. The whistleblowing function is also available to external stakeholders via Preem's website. The system is administered by an external party and the recipient of cases is the Board's Audit Committee, read more on page 67.

Focus area: Responsible business

Correct, relevant and and transparent communication and marketing

Preem's ambition is that all company information must be correct, relevant and transparent. The company works according to an internal governance and control framework for financial reporting and the protection of assets. Audits are carried out annually to ensure that the framework provides an objective support function and are reported to the Board's Audit Committee. The materiality analysis is fundamental to ensure a relevant and transparent prioritization of the sustainability issues that are most material for Preem to manage and report on, read more on page 25.

To ensure that Preem's communication and marketing is accurate, the company carries out thorough checks and reviews of messaging and concepts before launch.

Information security that protects important assets

Information security is a priority for Preem because information and information systems are important assets for the company. Critical information that has a high impact on decision-making and sensitive information that must not fall into the wrong hands are of particular importance. Examples of sensitive information are health-related information such as medical certificates, risk analyses or trade secrets. Preems' information security is founded on identified risks where the company's security solutions and associated routines and processes are based on how critical and sensitive the information is deemed to be for the business. Preem's information security policy, which is issued by the CEO, covers the entire business and training in information security is carried out continuously for all employees.

Education for good business ethics

Good business ethics are a prerequisite for a sustainable and successful business. To ensure employees' awareness and knowledge of ethics and compliance, Preem conducted a number of internal training courses during the year:

- An interactive mandatory e-learning on the Code of Conduct to build a common understanding of Preem's ethical guidelines.
- The mandatory e-learning "Bribe or permitted gift" was reinforced with physical workshops focusing on the management teams at the Lysekil and Gothenburg refineries.
- Preem developed a new phishing training, which includes micro-training in areas such as physical security, GDPR and safe remote working.
- A role-based training was developed for the management team to introduce the upcoming Cybersecurity Act (NIS2 Directive).
- Preem conducted e-training in competition law, security protection and GDPR, which in many cases are mandatory.
- Employees with responsibility for marketing and communication underwent targeted training in marketing law.

Preparatory work for future sustainability reporting

Preem undertook several activities to ensure compliance with the extended requirements resulting from the implementation of the Corporate Sustainability Reporting Directive (CSRD) and associated reporting standards in the Annual Accounts Act (ÅRL). Preem conducted a double materiality analysis, as well as a current state and gap analysis to identify development needs, and was able to close a number of critical gaps during the year. Preem developed a new framework for internal controls in sustainability reporting, which will be implemented in the coming years.

Important planning action in peacetime

To supply Swedish society with liquid fuels even in times of high alert and war, an organization is needed that can provide this service. To assume this important societal responsibility, Preem applied for wartime placement of employees within Preem's organization, a peace-time planning measure to ensure personnel supply in a situation of heightened preparedness. Through Preem's application, wartime placement was granted for all permanent employees within Preem's organization.

A range of social issues that engage

Preem works actively with local sponsorship and support for events in sports, culture, sustainability and research. Since 2007, Preem has collaborated with Chalmers University of Technology in Gothenburg to strengthen knowledge and research on renewable fuels.

Preem's ambition is to be visible and accessible to the public and media to increase transparency in the business. Throughout the year, Preem was active in the public debate and maintained an ongoing dialogue with politicians, authorities, interest groups and industry organizations, not least in the environmental and climate area. Preem also pursued societal influence together with others and was active in a large number of interest organizations, see further on page 63.

Outcome 2024

- 95 percent of employees with exposure to corruption risks underwent the preventive anti-corruption training "Bribe or permitted gift". This means that the 100 percent target was unfortunately not reached.
- No cases of corruption within Preem's own business came to the company's attention. In Preem's value chain, there were settlements between a few suppliers of crude oil and petroleum products and the US Department of Justice. In accordance with Preem's policies, the suppliers were followed up with demands for explanations and reports on how improvements will be made. The cases are subject to continued follow-up.
- Preem did not receive any whistleblower cases during the year. Read more about goals and outcomes in the supply chain on page 49.
- The Brand Trust Index was 19.4 percent, which means that the target of 20 percent was almost achieved.

Business ethics	2024	2023	2022
Percentage of relevant employees who have completed the training "Bribery or permitted gift?", %	95	100	85
Number of whistleblowing cases received, Preem AB	0	1	0
Brand Trust Index, %	19.4	18.8	19.3
Membership fees, Industry and interest organizations, MSEK	16.3	–	–

See the sustainability notes on page 79 for more details.

Looking ahead: planned activities 2025

- Preem will continue to develop internal procedures and controls for effective management and monitoring of the company's significant sustainability issues. The main focus is to adapt and develop a report that meets the expanded requirements resulting from the implementation of CSRD and the associated reporting standards in the Annual Accounts Act.
- Preem's transition journey means a likelihood of being exposed to new business ethics risks. This requires continued active work to identify and monitor possible sanctions and increased risk exposure to money laundering and corruption, read more on page 71.

Governance and risk management

Corporate governance 67
Board 70
Risk management 71
About the Sustainability Report 74

Preem's corporate governance

The governance within Preem aims to ensure a responsible business that is conducted in accordance with external and internal rules and requirements. Governance secures Preem's commitments to owners and investors while helping the company to meet expectations from other stakeholders and to contribute to value creation in society.

Shareholders and Annual General Meeting

Preem AB is a private company wholly owned by Preem Holding AB (publ), which is fully owned by Corral Petroleum Holdings AB (publ). The ultimate owner of the entire Group is Sheikh Mohammed H Al-Amoudi. An Annual General Meeting (AGM) is held every year.

The Board of Directors

The Board consists of six members and four employee representatives (two regular and two deputies), presented on page 70. The Board has the overall responsibility for the company's organization and administration. That responsibility includes continuously following up the business, ensuring that guidelines and internal controls are appropriate and complied with. The Board establishes goals and strategies and makes decisions on, among other things, major investments.

Audit Committee

The Board has established an Audit Committee consisting of two members from the Board. The primary purpose of the Audit Committee is to establish closer contact between the Board and the company's auditors. The purpose of the Audit Committee is to monitor the financial position of the company and the effectiveness of internal control, internal audit and risk management. The Audit Committee works under the instructions of the Board.

CEO and Group management

Preem's CEO leads and manages the day-to-day management of the company. Together with Group management, the CEO ensures the direction of day-to-day operations. They are supported by a company-wide management system that covers governance at various levels in the company. Based on the monitoring of external trends, follow-up of stakeholder requirements, target management, risk analyses, results from internal and external audits and deviation management, Group management makes decisions on priorities. Group management governance takes place through regular management meetings, where management follows up on safety and environmental work, among other things. Preem's Group management is led by the CEO and includes managers for the Business Segments and Group Functions: Supply & Trading, Marketing & Sales, Refining, Economy & Finance, Sustainable Development and Communications & HR.

Governance is mainly implemented in the line organization, but cross-functional forums and committees for specific issues are set up. For example the climate governance forum with the CEO as chairperson and where Preem's climate work is driven and targets are followed up, read more on page 68.

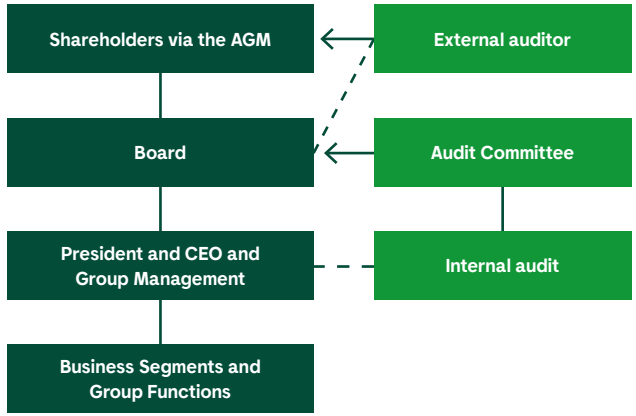
Internal audit for review, quality assurance and consultancy

Internal audit is a function that reviews the company on behalf of the Audit Committee, and is an independent quality assurance and advisory function for the company's operational activities. Internal auditing evaluates and aims to improve the company's governance, risk management and control by working closely with the business as an advisor. The Head of Internal Audit reports to Preem's CEO.

Internal control over financial reporting

Preem's framework for internal control of financial reporting aims to provide reasonable assurance that Preem's objectives are achieved in terms of reliable financial reporting and compliance with applicable laws and regulations. The Board has decided that Preem's framework for internal control of financial reporting shall be based on the COSO Internal Control over Financial Reporting – Integrated framework (2013), issued by the Committee of Sponsoring Organization of the Treadway Commission. Within Preem, internal controls over financial reporting are continuously updated. In 2024, a project was carried out to strengthen and harmonize internal controls over sustainability reporting, which will also be based on the COSO framework and the framework for general IT controls. Development and step-by-step implementation of internal controls in sustainability reporting will remain a focus area in the coming years.

Preem's governance structure



Management system supports the business

The objective of the management system is for Preem to conduct safe, appropriate and efficient operations. The management system covers the entire business: all Business segments and Group Functions, the physical facilities and internal as well as outsourced processes. It supports all business operations and systematic improvement work and learning. Preem uses a Group-wide deviation management system for reporting and follow-up of incidents, improvement work and prevention of unwanted events. The management system has a particular focus on safety, environment, quality and energy. It ranges from the strategic level, based on vision, values, strategy and policies, to an operational level, with instructions showing how to carry out different work steps. The management system includes support to ensure that the company meets external and internal requirements. Compliance is verified through internal and external inspections and audits. Employee awareness of the applicability of the management system, such as knowledge of policies and other important governance documents, is strengthened through various information, training and follow-up initiatives.

Preem has chosen to certify its management system according to external standards in several areas. The entire business is certified according to ISO 9001 (quality), ISO 14001 (environment) and ISO 45001 (work environment). Preem is also certified according to ISCC-EU[1)] and ISCC PLUS[2)] and holds a Swedish Sustainability Decision for the management system regarding the handling of renewable fuels.

1) ISCC stands for International Sustainability and Carbon Certification and is a voluntary certification scheme that demonstrates compliance with the EU Renewable Energy Directive

2) ISCC PLUS is a certification scheme for all markets and sectors not regulated by the EU Renewable Energy Directive such as food, feed or energy markets and for various industrial applications.

Preem's governance model for sustainability

Preem's governance model for sustainability is part of the company's overall management system and follows the same structure. The governance model contributes to more effective sustainability work that reduces risks and ensures governance towards set targets. The governance is adapted to each sustainability topic based on its materiality, i.e. the degree of impact Preem has on its surroundings through this topic, as well as the impact the issue has or may have on Preem's business.

Decision-making bodies, roles and responsibilities

The direction and targets for material sustainability topics are determined by the CEO and Group management during the annual process of developing the strategy and business plan, which is approved by the board.

The CEO has the main responsibility for the sustainability targets, including the climate targets. Group management has the overall responsibility for working with Preem's material sustainability topics and for driving the improvement work towards the targets. It also oversees strategic matters and monitors target follow-up and risk management.

The sustainability work within Preem is partly centrally organized with a competence center via the unit Sustainability Development, and partly distributed in processes and in the line organization for specialist functions in different areas. To secure ownership of sustainability issues, Preem defines roles and responsibilities within the sustainability work. Responsibility clarifies who is the process owner or is responsible for results, targets and follow-up, who convenes meetings and which decision-making mandate comes with each role.

Preem has cross-functional forums at different levels to manage, develop, follow up and decide on sustainability topics. In order to further enhance climate governance, Preem, with the CEO as ultimately responsible, has established a strategic and tactical climate governance forum, which includes, among others, representatives from Group management with a direct impact on Preem's climate targets. In 2024, the forum met on four occasions and the agenda included forecasting, follow-up of the transition plan and scenario planning on the climate targets, as well as identifying the need for additional activites and governance.

In addition to climate, other forums, under the leadership of Preem's Sustainability Management unit, deal with several cross-functional issues regarding sustainability, for example:

- Raw materials and suppliers
- Renewable products and renewable production
- Secure and inclusive workplace
- Environmental risks and development of environmental work
- Business ethics, communication and transparency

Targets, monitoring and reporting

Follow-up and performance reporting are important parts of target management. Preem monitors developments linked to material sustainability issues through performance indicators (KPIs) in the long and short term. Preem's Board regularly monitors the development of overall climate targets, as well as targets related to occupational safety. Group management follows up strategic sustainability topics on a monthly basis, which forms part of the overall follow-up via a balanced scorecard. Other material sustainability topics are followed up by Group management quarterly through a dedicated sustainability scorecard.

Preem also reports sustainability performance externally in various contexts, for example through the annual Sustainability Report and in reporting to authorities.

Investment analysis and financing framework

Large investments can have a significant impact on Preem's sustainability targets. Prior to major investments, a sustainability analysis is carried out to identify potential impacts. The focus of the analysis is currently primarly on climate, where Preem through scenario analyses identifies the impact on the climate targets of various investments and changes within, for example, production, while Preem ensures that this does not occur at the expense of other

Materiality analysis is the starting point for target management

sustainability aspects. The governance model was supplemented during the year by Preem's framework for green finance (for more information visit Preem.com). This framework includes a more systematic integration of sustainability analysis in the decision-making process for larger investments, which are to be financed via the framework. A green finance committee decides which investments, by meeting the criteria of the framework, can be financed through the green funds. The green finance committee met on four occasions during the year.

Policies and Standards

Preem has several policies that form part of the management system and guide the sustainability work. These policies are approved by the CEO or group management and include:

- Preem's Code of Conduct
- Safety, Health and Environmental Policy
- Quality Policy
- Information Security Policy
- Business Ethics Policy
- Alcohol and drug policy
- Group Financial Risk Policy
- Group Tax Policy

Summary of Preem's Code of Conduct

Environmental responsibility	Social responsibility	Responsible business
• Emissions • Resource use • Production responsibility • New technology • Systematic environmental work • Sustainability criteria for renewable fuels • Animal health and welfare	• Human rights • Working environment • Discrimination and diversity • Working conditions • Forced labor • Freedom of association • Child labor	• Corruption • Bribery • Fraud • Anti-competitive measures

Preem's Code of Conduct

Preem's Code of Conduct describes the values and ethical guidelines that Preem stands for and that all employees and business partners must follow. In this way, the Code contributes to ethical business and sustainable development for employees, customers, suppliers and partners – and to a sustainable society.

The Code of Conduct is based on Preem's values (responsibility, innovation and inclusion), internal policies, Global Compact principles, the UN Declaration on Human Rights, the UN Convention on the Rights of the Child, the UN Convention on Indigenous Peoples, the OECD's guidelines for companies and the ILO's eight basic conventions and other conventions on work environment and chemical products.

Board

Jason T. Milazzo
Chairman of the Board

BORN: 1962
NATIONALITY: British
ELECTED: 2009
WORK EXPERIENCE: Senior positions within Morgan Stanley, Investment Banking Division.
CURRENT BOARD ASSIGNMENTS: Chairman of Preem Holding AB.

Magnus Heimburg
Board member

BORN: 1967
NATIONALITY: Swedish
ELECTED: 2020
Group president and CEO of Preem AB.

Petter Holland
Board member

BORN: 1956
NATIONALITY: Norwegian
ELECTED: 2014
PROFESSIONAL EXPERIENCE: President and CEO of Preem between 2012–2020. 27 years in senior positions in trading and refining for ExxonMobil.
CURRENT BOARD POSITIONS: Preem Holding AB and Corral Petroleum Holdings AB.

Lennart Sundén
Board member

BORN: 1952
NATIONALITY: Swedish
ELECTED: 2005
WORK EXPERIENCE: President and CEO Sanitec Corporation, President and CEO Swedish Match AB, various positions at Electrolux.
CURRENT BOARD ASSIGNMENTS: –

Members of the Audit Committee

Michael G:son Löw
Board member, Chairman of Audit Committee

BORN: 1951
NATIONALITY: Swedish
ELECTED: 2003
WORK EXPERIENCE: President and CEO of Preem 2003–2012, 26 years of leading positions with Conoco Inc/Conoco Philips.
CURRENT BOARD ASSIGNMENTS: Board member of Stena Bulk AB, Chairman fightCOtwo AB, Vice Chairman of Swedish Association for Energy Economics, Chairman Echotechai Sweden AB and fellow member of the Royal Swedish Academy of Engineering Sciences.

Richard Öhman
Board member, Member of Audit Committee

BORN: 1951
NATIONALITY: Swedish
ELECTED: 1994
PROFESSIONAL EXPERIENCE: President and CEO of Corral Petroleum Holdings, President and CEO of Midroc Scandinavia, responsible for management and business development at ABV Rock Group KB, based in Riyadh, International project financing at ABV AB/ NCC AB in Stockholm.

Employee representatives

Laura Leinikka
Employee representative

BORN: 1986
NATIONALITY: Swedish
ELECTED: 2021
ROLE WITHIN PREEM: Business Support Analyst in Stockholm.
EMPLOYED SINCE: 2017

Cristian Mattsson
Employee representative

BORN: 1968
NATIONALITY: Swedish
ELECTED: 2003
ROLE WITHIN PREEM: Production technician at Preem Refinery Lysekil.
EMPLOYED SINCE: 1988

Eva Lind Grennfelt
Employee representative and deputy

BORN: 1973
NATIONALITY: Swedish
ELECTED: 2008
ROLE WITHIN PREEM: Development engineer at Preem Refinery Gothenburg.
EMPLOYED SINCE: 2003

Robert Techel
Employee representative and deputy

BORN: 1982
NATIONALITY: Swedish
ELECTED: 2021
ROLE WITHIN PREEM: Production technician at Preem Refinery Gothenburg.
EMPLOYED SINCE: 2014

Preem's risk management

Preem works with a systematic and proactive model for risk management where risks are identified, quantified, managed and followed up according to a common method framework and principles. Risk management takes place on an ongoing basis at all levels of the company and is an important part of Preem's governance.

Successful risk management contributes to competitive advantages, resource optimization, more sustainable operations and new business opportunities. By understanding and managing risks in a structured and proactive way, Preem builds trust with customers, suppliers, employees, owners and in the communities where the company operates. Understanding the significance of risks and whether they can be tolerated or whether they require action is important in the company's decision-making. Risk management is therefore integrated into critical business activities, functions and processes. Risk management is an important, integrated part of Preem's governance and change management at all levels within the company. Risk management in operational activities includes, for example, Preem's continuous improvement work through internal audits and rounds, as well as the investigation and documentation of deviations and improvement proposals. Assessment of risks is also included in Preem's work with health and safety and the environment. Identified risks furthermore form a core part of the analysis of Preem's material sustainability issues.

Preem's model for systematic risk management

Preem is a highly regulated fuel company, which places high demands on how risks are identified and managed in the business in various respects. Systematic and proactive Group-wide risk management supports the company's decision-making based on an appropriate balance between risk and reward, and supports prioritization of resources between different risks. Preem's risk management ensures that Preem:

- can conduct preventive work aimed at avoiding the realization of risks.
- has a plan and preparedness in place to minimize negative consequences in the event that something does occur.
- can make well-founded business decisions.
- can achieve its strategic goals.

Management Team workshops

Preem conducts annual risk workshops with the management teams of all business segments and group functions, as well as with Group management. The purpose is to identify and quantify risks and incidents that potentially threaten the fulfillment of Preem's business objectives and other values, both in the short and long term. Risks and threats are identified, the likelihood of them occurring is assessed and the underlying causes are documented. Preem then quantifies the consequences the risks may have for health and safety, the environment, revenues and costs, and the brand. The risks are analyzed and updated before action is taken in connection with strategic and business planning. Risk management is also a starting point for identifying new business opportunities through integration between the strategy process and the risk management system process (ERM).

Identification of actions

Related to the risk analyses, measures are identified to lower the probability that a risk will materialize and to minimize the negative consequences if it does occur. Preem monitors major risks on two occasions each year and reports the results to the Board via the Audit Committee. To avoid risks being overlooked, each risk has a designated responsible person who is either in the line organization or in Group management, depending on how strategic the risk is. The Management Teams of Preem's Business Segments and Group Functions receive continuous reporting on risk status, incidents, and the effectiveness of existing barriers and controls. Group management decides on risk mitigation activities, responsibilities and timelines. Risk reduction measures, which are of more tactical and operational nature, are managed in the line organization.

For further information on significant risks and opportunities and Preem's management and control of these:

Preem's model for risk management

1. **Identify risks** through risk workshops, internal/external information and audits.
2. **Quantify** likelihood and consequences.
3. **Respond.** Develop damage prevention, mitigation measures.
4. **Follow up and monitor** the effectiveness of risk controls.
5. **Report on** risk status and trends regularly.

- External trends, page 11
- Challenges, page 17
- Governance, page 67
- UN SDG:s page 76
- Within each focus area, pages 24 to 65.

Sustainability risks and the Annual Accounts Act

The Swedish Annual Accounts Act's disclosure requirements regarding sustainability risks and their management are covered in Preem's sustainability framework and Sustainability Report as follows:

- Environment: Climate, page 32 and Environment, page 39.
- People topics and social topics: People and safety, page 55.
- Human rights: Sustainable value chains, page 44 and People and safety, page 55.
- Anti-corruption: Responsible business page 61.

Significant sustainability risks

Examples of identified risks linked to areas in Preem's sustainability framework

Sustainability area	Risk (threat)	Consequence	Management
Sustainable economy	Lack of funding for the green transition.	• The transition will not be completed on time, which could negatively affect both Preem's profitability and brand. • Negatively affects the possibility of achieving Sweden's and the EU's climate goals.	• Ensure internal prioritization of renewable investments. • Identify new sources and structures to access external capital (e.g. green loans and green bonds). • Green Finance Framework and strengthened sustainability reporting. • Work towards good profitability to secure access to capital.
Climate	Political governance and regulations around renewable fuels are eroded and do not provide sufficient support for the transition, for example the change in the Swedish greenhouse gas reduction obligation.	• The profitability of the renewable business is deteriorating. • Reduced opportunities to carry out investments in accordance with Preem's transition plan and uncertainty about legislations. • Reduced opportunities to achieve Preem's climate targets.	• Preem carries out advocacy work to push for regulations and conditions that support a sustainable transition. • Intensive work to enable sales of renewable production in other markets when demand has decreased in Sweden due to the reduced greenhouse gas reduction obligation. • High monitoring and participation linked to new regulations to ensure proactivity.
	Environmental permit processes are lengthy, unpredictable and risk time-limited conditions.	• Conversion and new construction projects risk being delayed, becoming more expensive and more difficult to finance. • Reduced opportunities to implement investments in accordance with Preem's transition plan. • Reduced opportunities to achieve Preem's climate targets.	• Preem responds to the courts' questions in a relevant way and helps to build up competence around refining operations. • Preem ensures high transparency, openness and dialogue with authorities and society. • Preem carries out advocacy work for development towards clearer environmental permit processes.
	Physical risks linked to more frequent extreme weather with disruptions to Preem's operations at refineries, depots or stations as well as in the logistics chain.	• Production disruptions. • Costs associated with production disruptions, cleanup and restoration.	• Preem carries out physical climate risk analyses regarding effects at strategic facilities and strategic resources in the value chain. • Action program to manage significant risks. • Prioritization of the significant physical climate risks identified through scenario analysis in accordance with the TCFD framework.
Environment	Uncontrolled leak of raw material or product into land, air or water, e.g. ship grounding or leakage during loading/unloading.	• Environmental damage. • Cleaning costs. • Production disruption. • Possible investigation into environmental crimes and prosecution. • Negative publicity and brand impact.	• Risk analyses. • Continuity and crisis plans as part of Preem's management system. • High demands on ships. • Setting requirements for suppliers, training and follow-up of requirements.

Risk management

Sustainability area	Risk (threat)	Consequence	Management
Sustainable value chains	Partners and suppliers do not comply with Preem's sustainability requirements.	• Negative impact and possible goal conflicts linked to human rights, global food supply or depletion of natural environments. • Damage to Preem's brand. • Lost deliveries and deteriorated business relationships. • Loss of "sustainability attributes" of renewable raw materials, and thereby lower product revenue.	• Clear criteria for purchases and requirements for suppliers to comply with Preem's Code of Conduct before entering into an agreement. • Assessment, review and follow-up of new and existing suppliers. • Supplier dialogues and selected supplier audits
	Shortage of renewable raw materials for fuel production.	• Possible need to source raw materials with lower sustainability performance. • Difficulties for Preem to meet requirements within, for example, the greenhouse gas reduction obligation. • Increased costs for purchases and to cover possible penalties linked to the greenhouse gas reduction obligation and similar matters. • Difficulties to achieve Preem's climate targets and Sweden's emission commitments to the EU by 2030.	• Systematic work to find and develop new raw materials for renewable production. • Development of refineries for a higher degree of flexibility in raw material supply. • Formation of joint venture companies for the development of renewable raw materials from the forest industry, for example within Swedish companies such as Sunpine and Pyrocell. • Establishing partnerships and long-term contracts, such as with Sino Renewables in China to increase access to used cooking oil and with Scandinavian Enviro Systems and Antin Infrastructure Partners joint venture to secure the supply of tire pyrolysis oil.
Sustainable products	Incorrect administrative handling by Preem or supplier in relation to regulations for renewable fuels.	• Reduced sustainability characteristics for large volumes may mean: – Exclusion from the greenhouse gas reduction obligation or tax break. – Lost financial values. – If discovered afterwards – risk of penalties.	• Preem's processing of renewable fuel is certified in accordance with the Swedish Sustainability Decision and ISCC based on a control system for biofuels. It includes, for example: – Requirements for renewable purchases. – Documented responsibilities and routines. – Internal and external audits.
People and safety	Serious workplace accident or property damage.	• Short- or long-term sick leave, in worst case, death. • Loss of production due to plant damage. • Costs and possible legal consequences. • Negative impact on brand.	• Systematic safety work, such as safety rounds, drills, procedures, protective equipment, training, alcohol and drug testing. • Procedures for risk assessment and management of identified risks precede any planned changes in operations. • Emergency- and Crisis management preparedness.
Responsible business	Fraud or financial crime among employees, partners or customers.	• Costs and possible legal consequences. • Negative impact on brand.	• Governance through Preem's Business Ethics Policy. • Training in, for example, business ethics and competition law. • Anonymous whistleblower system. • Framework for internal control over financial reporting and protection of assets. • Background checks on potential business partners to prevent financing of crime, money laundering and terrorism. • Internal audits.

About the Sustainability Report

Preem's Board of Directors and CEO hereby submit Preem's Sustainability Report for 2024 in accordance with the Annual Accounts Act (ÅRL).

The Sustainability Report covers Preem AB and wholly owned subsidiaries. For some of these subsidiaries, it is not always possible to report sustainability data in all sustainability areas and in the event that a disclosure from a subsidiary is missing, it is clearly stated. Partly owned associated companies and joint ventures are excluded from the Sustainability Report.

The basis for the Report is Preem's sustainability framework, which is based on a materiality analysis where Preem's most material sustainability topics have been identified. Read more about Preem's materiality analysis and sustainability framework on page 24 to 65.

The Report includes the parts of the business that have the greatest impact on each sustainability area. For example, the Environment chapter focuses primarily on the refinery operations and transport, where the impact on emissions and spills is greatest. The chapter dealing with Climate includes the entire value chain, and the same applies to Sustainable offering and Sustainable value chains, as well as People and safety, which all have a major impact outside Preem's legal operations.

Measurement and calculation methods are described where necessary in connection with each key figure. Target figures and comparative figures are reported where applicable. Basic data for Preem's key figures and statistics are mainly obtained from Preem's internal business systems. The data reported refers to the calendar year 2024 unless otherwise stated.

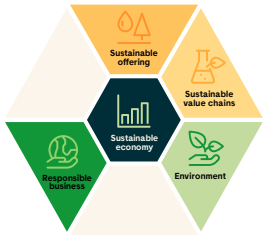
The Sustainability Report has not been subject to review or audit by an external party, in addition to the auditor's statutory review regarding the preparation of a sustainability report. However, Preem's operations are regularly reviewed by internal and external parties based on different perspectives, for example in connection with the company's certifications in the areas of environment, quality and work environment, control systems for renewable fuels and the EU's Emissions Trading System (EU ETS) for carbon dioxide.

Sustainability notes

UN Sustainable Development Goals	76
Targets and outcomes	79
TCFD/TNFD	84
Board signatures	86
The auditor's statement on the statutory Sustainability Report	87
Definitions	88

Contribution and impact on the UN SDGs

The UN has formulated the Sustainable Development Goals (SDGs) as part of its Agenda 2030. Preem's transition towards large-scale renewable production and a climate-neutral value chain by 2035 is well in line with most of these goals. During this journey, Preem aims to maximize the positive contribution of the business while minimizing impacts that risk counteracting goal achievement. The global goals where Preem's contribution and impact are considered most significant are presented below.



SDG 7 Universal access to sustainable energy

Relevant sub-goals:

7.1 Universal access to modern energy.

7.2 Increase the share of renewable energy in the global energy mix.

7.3 Double the increase in energy efficiency.

7.A Make research and technology available and invest in clean energy.

428 thousand m³
Production of renewable fuels – Outcome 2024

5 million m³
Renewable fuels production – Target 2035

Preem's contribution and impact:

+ By investing in renewable fuels and sustainable supply chains on a large scale, Preem contributes to increased production of energy with lower climate impact. This contributes to sub-goals 7.1 and 7.2.
+ Preem has a responsibility for energy security in Sweden and Norway by maintaining obligatory stocks of fuels. This contributes to sub-goal 7.1.
+ To enable the investment in renewable fuels, Preem carries out its own development work and research and development together with partners in academia, institutes and development companies. This contributes to sub-goal 7.A.
– Refining is an energy-intensive activity, which affects sub-goals 7.1 and 7.2. However, energy efficiency initiatives are essential and central, especially at the refineries.

Preem's progress:

+ In 2024, Preem completed the reconstruction of the Synsat facility in Lysekil. The Synsat facility now has a total renewable production capacity of 40 percent, which will help to significantly reduce fossil climate emissions.
+ Preem, in collaboration with Vattenfall, has completed a study on how offshore wind power and fossil-free hydrogen can be connected to the refinery industry on the Swedish west coast. Preem once again initiated the study to clarify the possibilities and alternatives available.
+ Investment decisions have been made for the construction of a new pre-treatment plant for renewable raw materials, the HCU project in Lysekil. During 2024, this project has been separated from the remaining part of the ICR project (rebuilding of the ICR plant), which is subject to a new investment decision In 2025.

SDG 8 Decent work and economic growth

Relevant sub-goals:

8.1 Sustainable economic growth.

8.2 Promote economic productivity through diversification, technological innovation and upgrading.

8.4 Improve resource efficiency in consumption and production.

8.5 Full employment and decent work conditions with equal pay for work of equal value.

8.7 Eradicate forced labor, human trafficking and child labor.

8.8 Protect labour rights and promote safe and secure working environments for all.

0.7 LWIF[1)]
– Outcome 2024

100%
of Preem's raw material suppliers have approved Preem's Code of Conduct or have been able to demonstrate their own equivalent – Outcome 2024

1) LWIF shows the frequency of lost time injuries per million hours worked (LWI = accidents resulting in absence from work for at least one shift).

Preem's contribution and impact:

+ Preem contributes to growth by being one of Sweden's largest export companies but is also of great national importance. The company is one of the country's largest taxpayers and produces 50 percent of the country's fuel used in Sweden. Preem is gradually switching to new innovative production of renewable fuels. This contributes to sub-goals 8.1 and 8.2.
+ Preem has a strong focus on safety in its operations and puts safety first. This contributes to sub-goal 8.8.
+ Preem's Code of Conduct sets requirements for decent working conditions in its own operations and in the supply chain, which reduces the risk of forced labor, human trafficking and child labor and thus promotes sub-goal 8.7.
+ Preem is an important employer, mainly in Lysekil, and thereby contributes to new job opportunities in the value chain, which contributes to sub-goals 8.1 and 8.5.
+ Preem conducts an annual gender pay survey to investigate if there are inequalities that can be counteracted. This contributes to sub-goal 8.5.
– Preem procures raw materials from different parts of the world where there are challenges in terms of working conditions and human rights in the supply chain. This could potentially have a negative impact on sub-goals 8.7 and 8.8.

Preem's progress:

+ Preem's investments in refineries and in new value chains, for example for fuel raw materials based on residual products from the forest industry, create jobs and local economic growth.
+ Preem follows up high-risk raw material suppliers separately and evaluates the suppliers with the highest sustainability risks, including decent working conditions and respect for human rights and the environment. This will be expanded to meet future legislation.
+ Continued implementation and adaptation of the purchasing system, where Preem can now make an in-depth and improved evaluation of suppliers' sustainability work.

UN Sustainable Development Goals

SDG 9 Sustainable industry, innovations and infrastructure

Relevant sub-goals:

9.1 Create sustainable, resilient and inclusive infrastructures.

9.2 Promote inclusive and sustainable industrialization.

9.4 Upgrade all industries and infrastructure for greater sustainability.

9.5 Improve scientific research and technological capacity of industrial sectors.

2,803 MSEK
Investments to reduce climate impact – Outcome 2024

75%
Share of investments to reduce climate impact of total investments – Outcome 2024

Preem's contribution and impact:

+ Preem's investment in renewable fuels contributes to innovative solutions to reduce climate impact. Initiatives such as Carbon Capture and Storage (CCS) can also lead to reduced climate impact from the company's refineries, which contributes to sub-goals 9.1, 9.2, and 9.4.
+ Preem has dedicated resources working with others to make it technically feasible to use renewable feedstocks to produce renewable fuels, contributing to sub-goal 9.5.
+ Preem has a researcher working to develop renewable fuels in collaboration with several prestigious universities. This contributes to sub-goals 9.4 and 9.5.
+ Preem takes responsibility for energy security in Sweden by maintaining a reliable and stable emergency stock of fuel. This can contribute to sub-goal 9.1.

Preem's progress:

+ Preem continuously secures critical societal capabilities and infrastructure through Preem's emergency fuel stocks. The company accounts for 80 percent of Swedish refinery capacity. The refineries are gradually being converted from fossil to renewable production. In 2024, just over SEK 2,803 million was invested to reduce climate impact, mainly through conversions to convert the refineries.
+ Preem drives innovation and development towards more sustainable production of renewable fuels. Together with part-owned SunPine and Pyrocell, Preem continues to produce crude tall oil and pyrolysis oil from sawdust for Preem's refineries in Gothenburg and Lysekil to create renewable fuel. Preem is also working on being able to use parts of end-of-life tires in the production of renewable fuels.
+ Preem is working to create a full-scale solution for carbon capture, transport and storage. In 2024, studies continued on the capture, liquefaction, intermediate storage and offloading parts in order to be able to start the process of applying for an environmental permit for CCS in 2025.

SDG 13 Climate action

Relevant sub-goals:

13.1 Strengthen resilience and adaptive capacity to climate related hazards and natural disasters in all countries.

13.2 Integrate climate change measures in politics and planning.

13.3 Increase knowledge and capacity to manage climate change.

-12,7%[1)]
Reduction of emissions in the entire value chain – Outcome 2024

-90%
Reduction of emissions across the value chain – Target 2035

1) Due to a changed contractual structure regarding depot collaborations between industry actors, a recalculation of emissions both upstream and downstream has become necessary. The revision applies to the years 2022, 2023, and 2024. The new conditions may also potentially affect previous calculations (2018–2021). The goal is to investigate this during 2025. Due to the absence of an update to the base year, the reduction will appear less significant compared to previously reported years.

Preem's contribution and impact:

+ Preem's investments in renewable fuels offer opportunities to improve the transport sector's overall climate impact. This contributes to sub-goals 13.2 and 13.3.
+ Preem's investment in carbon capture and storage is expected to reduce the climate impact of the company's operations. This contributes to indicator 13.2.2, total amount of greenhouse gas emissions per year, within the sub-goal 13.2.
+ Through its environmental impact assessments, Preem has conducted climate risk analyses at its refineries. Preem intends to continue to conduct climate risk assessments on an ongoing basis and thus contribute to sub-goal 13.1.
– Preem's value chain entails large greenhouse gas emissions during raw material extraction, production and especially in the use of fossil fuels.

Preem's progress:

+ Preem's strategy aims to make Preem a climate-neutral fuel company throughout the value chain by 2035. Preem will use the company's competence and technological innovation to be a leader in the shift from fossil fuels to renewables. To guide this work towards the goals, Preem links plans and investments to the impact on carbon dioxide emissions. The main strategic goals to rech climate neutrality include to produce five million cubic meters of renewable fuel and ending fossil fuel production by 2035.
+ In 2024, Preem began to prioritize and compile identified climate risks in order to be able to validate the prioritization and assessment with management and the board.
+ During 2024, Preem completed the reconstructions of the Synsat plant, which means that the plant has a renewable production capacity of 40 percent.

UN Sustainable Development Goals

SDG 14
Oceans and marine resources

Relevant sub-goals:

14.1 Reduce pollution in the oceans.

14.3 Reduce ocean acidification.

1.35 tonnes

Release of hazardous substances to water – Outcome 2024

Preem's contribution and impact:

+ Preem continuously measures and monitors the company's impact on surrounding water and maritime environment through a monitoring program and through set environmental conditions. This reduces the company's negative impact on sub-goal 14.1.
– In maritime transport, there is a risk of chemical contamination. Preem uses vessels that use alternative fuels with lower sulfur emissions. This affects sub-goal 14.3.

SDG 15
Ecosystems and biodiversity

Relevant sub-goals:

15.1 Reserve, restore and ensure sustainable use of ecosystems on land and in fresh water.

15.2 Promote sustainable forestry, stop deforestation and restore depleted forests.

15.8 Prevent invasive alien species in land and water ecosystems.

100%

Proportion of renewable raw materials evaluated for sustainability by Preem – Outcome 2024

Additional targets for biodiversity will be developed

Preem's contribution and impact:

+ A nature inventory is normally carried out at Preem in connection with license applications for projects or other regulatory requirements. The most recent nature inventory was carried out at the refinery in Lysekil in November 2024. This included an in-depth species inventory where threatened animals and species were identified in the area and Preem's operations possible impact on them. This contributes to sub-goal 15.1.
+ Preem evaluates all suppliers of renewable raw materials based on sustainability. The evaluations include ensuring that the production of renewable raw materials for fuel does not deplete water resources or threaten local biodiversity. This work contributes to the fulfillment of sub-goals 15.1 and 15.2.
+ Preem does not procure renewable raw materials for fuels based on palm oil or soybeans due to their associated negative environmental impact. This contributes to sub-goals 15.1 and 15.2.
– Preem's procurement of crude oil and renewable raw materials has a significant impact on the environment. Preem has the opportunity to influence suppliers in their extraction of materials/raw materials. Preem strives for all suppliers to sign its Code of Conduct.
– The vessels that transport crude oil and bio raw materials to Preem's refineries can involuntarily carry alien species on their hulls. Preem is exploring ways to avoid this risk. This contributes negatively to sub-goal 15.8.

Preem's progress:

+ A mapping of Preem's impact on biodiversity across the value chain is underway to evaluate Preem's impacts, dependencies, risks and opportunities in line with the Taskforce on Nature-related Financial Disclosures (TNFD) framework. Preem's intention is to investigate which relevant biodiversity-related indicators and targets provide the greatest benefit to the environment and the business.
+ Preem has started to develop a methodology to assess the impact of its operations and value chain on ecosystems and biodiversity.

Targets and outcomes

Sustainable economy

Sustainable profitability and value creation	Unit	2024	2023	2022	Targets
Key figures for sustainable profitability					
Adjusted EBITDA[1)]	million SEK	4 524	12,454	15,343	Target 2024: >7,942 MSEK
Return on capital employed (ROCE)[2)]	%	7	27	48	Target 2024: >15%
Equity ratio	%	57	58	46	2024 target: >30%
Investments to reduce climate impact (CAPEX)[3)]	million SEK	2,803	3,030	1,333	Target 2024: 2.7 MSEK, 100% of profitability investments
Climate impact mitigation investments (CAPEX)[3)], as a percentage of total CAPEX	%	75	75	72	

1) EBITDA adjusted for gains/losses on inventories, exchange rate translation differences and net income from derivatives measured at fair value.
2) Return on capital employed measures how efficiently a company uses its capital.
3) All investments that create conditions for renewable production and reduced climate impact.

Sustainable value chains

	Unit	2024	2023	2022	Targets
Renewable fuels					
Suppliers who have approved Preem's Code of Conduct[1)]	% volume	100	100	100	Target 2024: 100%
Suppliers evaluated on sustainability[2)]	% volume	100	100	100	Target 2024: 100%
Share of renewable raw materials that Preem has evaluated for sustainability	%	100	100	100	Target 2024: 100%
Fossil fuels					
Suppliers who have approved Preem's Code of Conduct[1)]	% volume	100	99	89	Target 2024: 100%
Suppliers evaluated on sustainability[2)]	% volume	98	96	85	Target 2024: 100%

1) Suppliers who have approved Preem's Code of Conduct, or have submitted their own Code of Conduct approved by Preem.
2) Evaluation based on sustainability covers the areas: human rights, working conditions, corruption and the environment.

Responsible business[1)]

	Unit	2024	2023	2022	Targets
Business ethics					
Percentage who have undergone training "Bribe or permitted gift"	%	95	100	85	Target 2024: 100% of employess to have completed the training every two years
Number of whistleblowing cases received, Preem AB	number	0	1	0	
Brand Trust Index	%	19.4	18.8	19.3	Target 2024: >20%
Membership fees, Industry and interest organizations	million SEK	16.3	–	–	

1) Data refers only to Preem AB.

Targets and outcomes

Climate

	Unit	2024	2023	2022	Base year 2018	Targets
Total (scope 1–3)						
Total CO_2e emissions (scope 1, 2, 3)[1) 12)]	thousand tonnes	52,563	53,249	52,488	60,231	90% reduction by 2035
Total CO_2e reduction (compared to base year 2018) [12)]	%	-12.7	-11.6	-12.9	N/A	30% reduction by 2030
Climate impact in operations (scope 1)						
Direct CO_2 emissions from production[2)]	thousand tonnes	1,942	2,056	1,971	2,305	50% reduction by 2030
Direct CO_2 emissions from production, Lysekil (LYR)	thousand tonnes	1,378	1,568	1,384	1,769	
Direct CO_2 emissions from production, Gothenburg (GOR)	thousand tonnes	565	488	587	536	
Direct emissions from long term chartered vessels[11)]	thousand tonnes	44.5	44.5	44.5		
CO_2e emissions from business travel by car[3)]	thousand tonnes	0.37	0.28	0,14	0.35	
CO_2e emissions from heating of manned stations (scope 1)[4)]	thousand tonnes	0.00	0.00	0,08	0.14	
Indirect CO_2e emissions (scope 2)						
Indirect CO_2e emissions, purchased electricity, heating and cooling[5)14)] (market based)	thousand tonnes	22.6	30.9	25.6	9.4	
Indirect CO_2e emissions, purchased electricity, heating and cooling[6)] (location based)	thousand tonnes	51	51	50	46	
Other indirect CO_2e emissions (scope 3)						
Indirect CO_2e emissions from raw material extraction[7)12)]	thousand tonnes	3,920	2,940	3,195	7,737	
CO_2e emissions from business travel (rail, air and car rental)[13)]	thousand tonnes	1.15	0.34	0.42	1.15	
CO_2e emissions from logistics (land, sea, quayside)[8)]	thousand tonnes	77	83	95	95	
CO_2e emissions from land transport (not reduced)	thousand tonnes	0.4	6.0	7,2	10.8	
CO_2e emissions from land transport (reduced)	thousand tonnes	0.4	4.0	5.0	N/A	
CO_2e emissions from sea transport[9)]	thousands tonnes	76	79	90	84	
CO_2e emissions in the use phase (TTW), total[10)12)]	thousands tonnes	46,556	48,094	47,157	50,083	

1) Preem calculates greenhouse gas emissions in accordance with the GHG Protocol. The GHG Protocol's Corporate Standard classifies companies' greenhouse gas emissions into three different scopes. Scope 1 is direct emissions from owned or controlled emission sources. Scope 2 is indirect emissions from purchased energy. Scope 3 is all indirect emissions (not included in scope 2) that occur in the value chain, both upstream and downstream.
2) The calculations on emissions from production only include carbon dioxide. The outcome of the emission calculations for production will be produced for official reporting after publication of this report, so the data is preliminary and may differ slightly from official reporting.
3) Includes company cars and private cars with mileage.
4) Stations are no longer heated by fuel oil.
5) Includes electricity use at refineries and electricity, district heating and cooling at depots, stations and offices. Calculations are based on supplier-specific and average emission factors. Where data is missing, extrapolation has been done based on consumption statistics. The 2023 emission factors have been used where 2024 emission factors have not been published. Preem has stations where electricity contracts are not centrally procured, which means that these emissions may be calculated on the residual mix, and the residual mix's emission factor increased sharply in 2024 compared to 2023 and 2023 compared to 2022.
6) Includes electricity use at refineries and electricity, district heating and cooling at depots, stations and offices. Calculations are based on average emission factors for Sweden and the Nordic countries.
7) Includes both renewable raw materials and fossil crude oil.
8) Total emissions from transport calculate emissions from land transport (reduced and not reduced) and from sea transport. Reduced emissions with certificates.
9) Applies only from quay to pilot.
10) Included in scope 3 category "Use/incineration of sold product". Included here are different types of sold fuels and components for fuels. Other sold products such as food from the stations are not included.
11) Assumption: previous years have generated the same amount of emissions as this year.
12) Due to a changed contractual structure regarding depot collaborations between industry actors, a recalculation of emissions both upstream and downstream has become necessary. The revision applies to the years 2022, 2023, and 2024. Due to the absence of an update to the base year, the reduction will appear less significant compared to previously reported years.
13) Preem's travel supplier is no longer able to provide the company's full climate emissions data and Preem believes that creating its own data would distort comparability. Therefore, Preem has estimated the emissions to be at the same level as the highest measured year, which is the base year, 2018.
14) 2023 and 2022 values for market-based Scope 2 have been updated based on new emission factors.

Targets and outcomes

Environment

	Unit	2024	2023	2022	Targets
Emissions to air, soil and water					
Emissions of nitrogen oxides (NOx) to air from production	tonnes	764	776	801	Target 2024: <886 tonnes (below environmental permit)
Emissions of sulphur oxides (SOx) to air from production	tonnes	266	217	324	Target 2024: <900 tonnes (below environmental permit)
Emissions of volatile organic compounds (VOC) from production	tonnes	6,997	5,816	5,994[7)]	
Release of hazardous substances to water[1)]	tonnes	1.35	0.92	0.72	
Severe environmental incidents[2)]	number	1[8)]	0	0	
Energy use					
Energy use within Preem[3)]	GWh	9,095	8,966	8,490	
Sold heat Preem refinery	GWh	629	516	654	
Energy use outside Preem	GWh	259	282	262	
Energy use land transport	GWh	21	22	21	
Energy use sea transport	GWh	203	223	210	
Energy use at fuel stations[4)]	GWh	35	37	33[7)]	
Resource use for fuel production					
Raw material use					
Fossil raw materials	thousand tonnes	13,513	13,771	14,233	
Renewable raw materials	thousand tonnes	369	333	310	
Water consumption in refining[5)]	000 m³	3,779	3,629	3,003	
Waste[6)]					
Hazardous	tonnes	3,499	5,516	2,123	
Non-hazardous	tonnes	28,227	7,757	7,423	

1) Although production at the Lysekil refinery decreased, the load on its waste water treatment plant increased, resulting in higher discharges of total extractable substances into the water recipient. An investigation is ongoing to determine the cause of this increase.
2) The measurement of serious environmental incidents includes the measurement of major environmental incidents that during the year led to violations of conditions or laws (where Preem is convicted of crimes) or damage to the brand.
3) Total energy use within Preem includes the refineries in Gothenburg and Lysekil, offices and depots. Deduction for residual heat sold as district heating. The sum is presented as "Sold heat Preem refinery".
4) Energy use for stations includes electricity and heat consumption for Swedish stations. Energy use is based on data from approximately 50 percent of Preem's Swedish stations. Based on this data, a total value has been extrapolated.
5) For the refinery in Lysekil, drinking water consumption and raw water consumption are included. For the Gothenburg refinery, municipal water consumption is included.
6) Waste means any object or substance that the owner wishes to dispose of or is required to dispose of. Hazardous waste contains or consists of substances that have hazardous properties. Waste generated increased in 2024 due to ongoing conversion projects in Lysekil.
7) Historical values have been updated to reflect new information that has become available since the publication of previous reports. However, the basis of calculation has remained unchanged over the years.
8) This incident occurred in 2023 but the assessment as a serious environmental incident could only be made in 2024, see "Outcome 2024" on page 43 for more details.

Targets and outcomes

Sustainable offering

	Unit	2024	2023	2022	Targets
Fossil fuels					
Fossil fuel production[1)]	000 m³	15,920	16,523	16,788[4)]	–
Renewable fuels					
Production of renewable fuels[1)]	000 m³	428	381	341	Target 2030: 2,500,000 m³ renewable production Target 2035: 5,000,000 m³ renewable production
Proportion of renewable fuel production volume[1)]	%	2.62	2.25	1.99	
Proportion of renewable fuels in sales, Sweden	%	6	14	14	
Proportion of renewable fuels in sales, total	%	4	6	7	
Number of stations with new charging point installations	Number of stations	10	9	2	
Number of new charging point installations	Number of charging points	55	52	8	
Climate benefit through the use of renewable fuels sold					
CO_2e savings compared to fossil alternative (WTW)[2)]	thousand tonnes	1,951	2,707	3,116	
CO_2e savings compared to fossil alternative (WTW)[2)]	%	90	89	88	Long-term target: meet EU RED and Swedish greenhouse gas reduction obligation
Sustainable offering					
Proportion of sustainable items sold[3)]	%	5.1	5.1	5.8	Target for 2024: >12%

1) Produced volume differs between the Annual Report and the Sustainability Report, as the Financial Report also includes recycled product, which is excluded here.
2) Well to wheel – includes emissions from raw material extraction, transport, production and use of the products.
3) Reduced number of sustainable items sold corresponds to the switch to a coffee that does not have a sustainability decision.
4) The figures for 2022 have been updated due to a previous calculation error that slightly underestimated total fossil production.

Targets and outcomes

People and safety[1)]

	Unit	2024	2023	2022	Targets
Employee wellbeing and development					
Number of employees[2)]	number	1,627	1,516	1,443	
Engagement Index (EI)[3)]		83	82	81	Target 2024: >81
Organizational and Social Work Environment Index (OSI)[4)]		81	79	78	Target 2024: >79
Sick leave	%	2.9	2.9	3.6	Target 2024: ≤3%
Net Promoter Score (eNPS)		21	6	3	Target 2024: >14
Number of new employess	number	165	175	145	
Employee turnover	%	5	7	10	
Gender distribution (men/women)					
Board	%	100/0	100/0	100/0	
Management team	%	71/29	71/29	71/29	
Managers	%	72/28	71/29	73/27	Target 2024: > 50% women when recruiting Long-term: gender division 50/50
White collar workers	%	63/37	64/36	63/37	Target 2024: > 50% women in recruitment Long-term: gender division 50/50
Blue collar	%	88/12	88/12	90/10	Target 2024: > 30% women in recruitment Long-term: gender division 70/30
Age distribution of employees					
Under 30 years	%	12	11	10	
30–50 years	%	50	49	49	
51–60 years	%	28	29	29	
Over 60 years	%	11	11	11	
Length of employment					
0–5 years	%	39	39	38	
6–10 years	%	23	22	20	
11–15 years	%	8	9	10	
16–20 years	%	11	9	9	
Over 20 years	%	19	21	22	
Health and safety					
Lost Workday Injury Frequency (LWIF)[5)]	per million hours	0.7	1.4	1.8	Target 2024: <1.0
All Injury Frequency (AIF)[6)]	per million hours	2.4	4.4	5.6	Target 2024: <2.8
Process Safety Event Rate (PSER)[7)] 5 Tier 1 and 2	per million hours	0.6	0.7	1.6	Target 2024: <1.0

1) The data only refers to Preem AB. In addition to these employees, Preem has 182 employees in wholly owned subsidiaries (based on the average number of employees during the year).
2) The figure is based on the average number of employees during the year.
3) EI shows the commitment of Preem's employees based on the dimensions of energy and clarity.
4) OSI measures the social and organizational work environment in order to identify signals at an early stage that can lead to ill-health and to follow up the effect of measures taken.
5) LWIF shows the frequency of lost time accidents per million hours worked (LWI = accidents resulting in absence from work for at least one shift).
6) AIF shows the frequency of serious incidents per million hours worked (AI = accidents resulting in absence from work, accidents resulting in reduced working capacity and accidents requiring medical treatment).
7) PSER shows the frequency of plant safety events per million hours worked (PSE = events categorized as tier 1 or tier 2 according to API754).

Index for TCFD/TNFD reporting

In its mapping and assessment of climate-related risks, opportunities and dependencies, Preem has begun the work of applying the Task Force on Climate-related Financial Disclosures (TCFD) framework. Preem's nature-related risks and opportunities are reported with inspiration from the Task Force on Nature-related Financial Disclosures (TNFD) framework. Preem started the work in 2024 to develop relevant indicators and targets related to biodiversity.

TCFD reporting

Index for TCFD reporting		TCFD reporting	Page reference	Chapter
Governance Report on the organization's management of climate-related issues and opportunities.	1	Board review of climate-related risks and opportunities.	32–38	Climate
			68–69	Sustainability governance model
			71–73	Risk management
	2	The CEO's and Group management's role in evaluating and managing climate-related risks and opportunities.	32–38	Climate
			68–69	Sustainability governance model
			71–73	Risk management
Strategy Account for the actual and potential impacts of material climate-related risks and opportunities on the organization's operations, strategy and financial planning.	3	Identified climate-related risks and opportunities in the short, medium and long term.	32–38	Climate
			39–43	Environment
			50–53	Sustainable offering
			68–69	Sustainability governance model
	4	Impact of climate-related risks and opportunities on Preem's business, strategy and financial planning.	28–31	Sustainable economy
			32–38	Climate
			50–53	Sustainable offering
			71–73	Risk management
	5	Describe the resilience of the organization's strategy, with respect to different scenarios.		Preem has conducted a scenario analysis in line with the TCFD recommendations and plans to externally report the outcome.

Index for TCFD reporting		TCFD reporting	Page reference	Chapter
Risk management Describe how the organization identifies, assesses and manages climate-related risks.	6	Describe how the organization's processes to identify and assess climate-related risks and opportunities.	25–26	Materiality analysis
	7	Describe the organization's processes for managing climate-related risks and opportunities.	68–69	Sustainability governance model
			32–38	Climate
			71–73	Risk management
	8	Describe how processes to identify, assess and manage climate-related risks are integrated into the organization's overall risk management.	71–73	Risk management
			25–26	Materiality analysis
			32–38	Climate
Targets and Metrics Describe the metrics and targets used to assess and manage material climate-related risks and opportunities.	9	Report the metrics used by the organization to assess material climate-related risks and opportunities in line with its strategy and risk management process.	44–49	Sustainable value chains
			32–38	Climate
			76–78	UN Sustainable Development Goals
	10	Describe scope 1, scope 2 and scope 3 emissions of greenhouse gases, and related risks.	32–38	Climate
			79–83	Targets and outcomes
	11	Describe the goals the organization uses to manage climate-related risks and opportunities and performance against goals.	28–31	Sustainable economy
			32–38	Climate
			76–78	UN Sustainable Development Goals
			79–83	Targets and outcomes

TNFD Reporting

Index for TNFD Reporting		TNFD Reporting	Page reference	Chapter
Governance Report the organization's management around nature-related dependencies, effects, risks and opportunities.	1	The Board's oversight of nature-related dependencies, impacts, risks and oppurtunities.	39–43 68–69 71–73	Environment Sustainability governance model Risk management
	2	The CEO's and Group's management in evaluating and managing nature-related dependencies, impacts, risks and opportunities.	39–43 68–69	Environment Sustainability governance model
	3	Describe the company's human rights policy and how the board and management monitor and engage with indigenous peoples, local communities and other stakeholders in assessing and responding to nature-related dependencies, impacts, risks and opportunities.	44–49	Sustainable value chains
Strategy Report the effects of nature-related dependencies, impacts, risks and opportunities on the organization's business model, strategy and financial planning where such information is material.	4	Identified nature-related risks and opportunities in the short, medium and long term.	39–43 44–49	Environment Sustainable value chains
	5	The impact of nature-related risks and opportunities on Preem's operations, strategy and financial planning.	39–43 44–49 71–73	Environment Sustainable value chains Risk management
	6	Describe the resilience of the organization's strategy, with respect to different scenarios.		Preem plans to supplement with scenario analysis in line with TNFD recommendations.
	7	Describe the organization's interactions with low integrity ecosystems, high importance ecosystems or water stressed areas.		Preem plans to finalize the mapping of the impact of its operations on ecosystems within the value chain.
Risks management Report how the organization identifies, assesses and manages nature-related dependencies, impacts, risks and opportunities.	8	Describe the organization's processes for identifying and assessing nature-related dependencies, impacts, risks and opportunities.	44–49 71–73 25–26	Sustainable value chains Risk management Materiality analysis
	9	Describe the organization's processes for managing nature-related dependencies, impacts, risks and opportunities.	71–73 25–26	Risk management Materiality analysis
	10	Describe how processes to identify, assess and manage nature-related risks are integrated into the organization's overall risk management.	44–49 71–73 25–26	Sustainable value chains Risk management Materiality analysis
Targets and Metrics Report the measures and objectives used to assess and manage relevant nature-related dependencies, impacts, risks and opportunities where such information is material.	11	Disclose the metrics the organization uses to assess and manage material nature-related risks and opportunities in line with its strategy and risk management process.	39–43 71–73 76–78 79–83	Environment Risk management UN Sustainable Development Goals Targets and outcomes
	12	Disclose the metrics the organization uses to assess and manage direct, upstream and, where appropriate, downstream dependencies and impacts on nature.	39–43 44–49	Environment Sustainable value chains
	13	Describe the targets and metrics the organization uses to manage nature-related dependencies, impacts, risks and opportunities, and performance against them.	39–43 44–49	Environment Sustainable value chains

Board signatures

The Board of Directors and the CEO of Preem AB (publ) hereby submit the Preem Sustainability Report 2024. The Sustainability Report outlines the Group's work in terms of economic, environmental and social aspects. The Report has been prepared in accordance with the requirements of the Swedish Annual Accounts Act.

Stockholm, March 26, 2025

Jason T. Milazzo
Chairman

Magnus Heimburg
CEO

Michael G:son Löw
Board member

Petter Holland
Board member

Lennart Sundén
Board member

Richard Öhman
Board member

Laura Leinikka
Employee representative

Cristian Mattsson
Employee representative

This is a literal translation of the Swedish original report

Auditor's report on the statutory sustainability report

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

Engagement and responsibility

It is the board of directors who is responsible for the statutory sustainability report for the year 2024 on pages 1–86 and that it has been prepared in accordance with the Annual Accounts Act in accordance with the older wording that applied before 1 July 2024.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

Opinion

A statutory sustainability report has been prepared.

Stockholm den 26 March 2025
Öhrlings PricewaterhouseCoopers AB

Martin Johansson
Authorized Public Accountant
Auditor in charge

Anna Rozhdestvenskaya
Authorized Public Accountant

Definitions

The definitions describe how Preem interprets various terms that may not be obvious to all readers or that lack an established definition.

AIF
All Injury Frequency (AIF) measures the frequency of serious incidents per million hours worked (AI = absenteeism accidents, accidents that lead to limited work ability and accidents that require medical treatment).

Bio-CCS
Bio-CCS involves the capture and storage of renewable sources.

Biogenic emissions
Greenhouse gas emissions that occur when biological material is broken down, consumed by animals or plants or alternatively combusted.

Carbon dioxide equivalent (CO_2e)
Carbon dioxide equivalents describe the amount of a certain greenhouse gas, in the quantity of carbon dioxide that has the same greenhouse effect over a certain time.

CCS
Carbon Capture and Storage involves the capture and storage of carbon dioxide. The technology is used as a complement to other emission-reducing measures such as energy efficiency and reduced use of fossil energy.

Charging point
A charge point is the specific plug or connection where an electric vehicle plugs in to charge its battery.

Charging station
Is a facility where electric vehicles and plug-in hybrids electric vehicles, can charge their batteries. A charging station can have several charging points to charge several vehicles at the same time.

Climate neutrality
Relates to a company's net-zero impact on the climate. How climate neutrality is defined depends on which organization uses the term. Preem's definition of climate neutrality is as follows: "Preem's definitions of climate neutrality is based on the Science Based Targets Net-Zero standard and involved a reduction of at least 90 percent of Preem's emissions throughout the value chain from the base year 2018 to the target year 2035. The remaining emissions must be compensated for, through various projects, such as through carbon capture and storage (CCS)."

Co-processing
Fuel produced from a combination of fossil and renewable raw materials.

CSDDD
Corporate Sustainability Due Diligence Directive and is an EU directive that imposes responsibility on companies to identify and manage their environmental and human rights impacts along the value chain.

CSRD
The Corporate Sustainability Reporting Directive is an EU directive on broadened and quality-assured sustainability reporting for companies.

Electrofuels
Fuel produced synthetically by reacting captured carbon dioxide (or nitrogen gas) and hydrogen from the electrolysis of water. In order to ensure the durability of electrofuels, demands are placed on the electricity used in electrolysis and that the greenhouse gas savings for the finished fuel must be at least 70 percent.

Fossil gas
Also called natural gas, is a gas consisting mostly of methane. Fossil gas can be formed in two ways: either when organic matter decomposes in an oxygen-free environment, or deep in the earth's crust where high temperatures and pressures convert decayed organic matter into fossil gas.

GRI
The Global Reporting Initiative (GRI) is an independent organization that has compiled the GRI Standards. The GRI Standards are the most widely used standard for sustainability reporting and are based on how organizations impact the economy, people and the environment.

HCU
A pre-treatment plant for renewable materials in Lysekil.

HVO
is a renewable diesel produced from renewable raw materials such as vegetable and animal fats, including waste and residues.

HVO100
is a form of HVO that meets the requirements of 98 percent biomass and can be sold with a tax reduction under Swedish legislation.

ICR facility & ICR project
The IsoCracker facility (ICR) at the Lysekil refinery is currently used for the production of diesel. After a conversion, the facility will produce renewable aviation fuel (biojet/SAF) and renewable diesel (HVO). The "ICR project" refers to the project linked to the conversion of the ICR facility. The HCU-project has been separated from the remaining part of the ICR-project.

ISCC
or International Sustainability and Carbon Certification, is a global sustainability certification system that covers all sustainable raw materials, including agricultural and forest biomass, bio-based and circular materials, and renewables. Certification to the ISCC standard ensures a fully transparent and deforestation-free supply chain and the protection of high biodiversity and high carbon lands.

ISCC EU
Is a certification scheme to demonstrate compliance with the legal sustainability requirements set out in the Renewable Energy Directive (RED) II.

ISCC PLUS
is a certification system for all markets and sectors not regulated by RED II, such as food, feed or energy markets and for various industrial applications.

LNG
stands for Liquefied Natural Gas, or liquefied fossil gas (usually methane with a small amount of ethane) that has been cooled to liquid form for easier handling, safety, storage and transportation.

LWIF
Lost Workday Injury Frequency (LWIF) measures the rate of absenteeism accidents per million hours worked (LWIF = accidents resulting in absence from work for at least one shift).

PSER
Process Safety Event Rate (PSER) measures the frequency of plant safety events per million hours worked (PSE = events categorized as tier 1 or tier 2 according to API754).

Renewable Energy Directive (RED)
An EU directive on the promotion of the use of energy from renewable sources, which aims to increase the share of renewable energy in the overall energy mix and reduce dependence on fossil fuels. The latest update of the directive (RED III) was adopted in 2023 as part of the EU's Fit for 55 package.

SAF
Sustainable Aviation Fuel (SAF) is a renewable aviation fuel produced from renewable raw materials.

Scope 1
Direct emissions generated from owned or controlled sources.

Scope 2
Indirect greenhouse gas emissions resulting from energy purchased and used, but not generated by the reporting organization. Most often, these emissions are related to purchased electricity, heating and cooling.

Scope 3
Scope 3 emissions refer to all indirect emissions that occur in a company's value chain, both upstream and downstream, excluding scope 2 emissions. This includes emissions from activities such as raw material extraction, transport and the use of sold products.

SDGs
The Sustainable Development Goals (SDGs) were adopted by the United Nations in 2015 as a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity by 2030.

Super fast charger
A charger for electric vehicles with the possibility to charge the vehicle for over 150 kW per hour.

Synsat facility
Preem is converting the Synsat facility in Lysekil to produce diesel from renewable raw materials. In the converted facility, 40 percent of the raw material will be able to be renewable instead of fossil.

TCFD
The Task Force on Climate-related Financial Disclosures is a framework that organizations can use to publicly report the climate-related risks and opportunities for their operations. TCFD guidelines are based on governance, strategy, risk management, metrics and target images.

TNFD
The Taskforce on Nature-related Financial Disclosures has developed a set of recommendations and guidance for organizations to report and act on evolving nature-related dependencies, impacts, risks and opportunities on biodiversity and ecosystem services.

The GHG Protocol
The Greenhouse Gas (GHG) Protocol is a global standardized framework for measuring and tracking greenhouse gases from public and private sectors and value chains.

Directors' Report

Directors' Report Preem AB

Facts
Preem AB (publ)
Corporate ID number 556072-6977

Business: Preem AB (publ) and its subsidiaries together form Sweden's largest fuel group. Preem AB is based in Stockholm, Sweden.

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

Figures in parentheses refer to the previous year.

General information about the business

Preem is Sweden's largest fuel company. It refines and sells fossil and renewable fuels, heating 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. Together, they account for about 80 percent of the Swedish refinery capacity and around a third of the Nordic capacity. The refineries have an annual refining capacity of over 18 million cubic meters of crude oil and renewable raw materials. Preem has produced renewable fuels since 2010 and has begun a large-scale transition from fossil fuels to renewables.

Much of the production is exported to the international market, mainly to northwestern Europe, making Preem one of Sweden's largest export companies. Preem sells fuel, heating and lubricating oil, and other products to companies and private individuals in Sweden and Norway. The sale of the company's products in the Swedish market takes place through Preem's nationwide station network, which has over 500 fuel stations for consumer and commercial traffic and is done via certified dealers. Preem's products in Norway are mainly sold through retailers and direct sales. Preem's operations are conducted through two business areas: Supply & Refining and Marketing & Sales.

The Group's results

International production margins for diesel and gasoline decreased significantly in 2024 compared to 2023, while the profitability of renewable production in the Swedish market decreased due to the sharply reduced greenhouse gas reduction obligation level. The crude oil market remained volatile, partly driven by uncertainty related to conflicts in Ukraine and Israel and uncertainty about demand, particularly from China and the US. During 2024, the price of crude oil moved between about USD 71/bbl to USD 93/bbl, with an average of just under USD 81/bbl for the full year. The year closed at about USD 75/bbl, which was no more than USD 1/bbl lower than what 2024 started. Preem continued to report very strong results in this turbulent market situation.

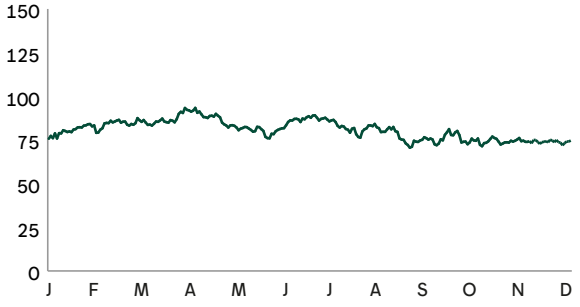
Sales revenue decreased in 2024 to SEK 130,765 million from SEK 137,711 million the previous year, a decrease of five percent. The proportion of products sold outside of Sweden amounted to 58 (65) percent, with a value of SEK 75,407 (89,608) million.

The gross profit for the business decreased by SEK 6,841 million to SEK 3,383 (10,225) million. Refining margins remained strong during the year, peaking in the third quarter. The average refining margin for the year decreased to USD 6.08/bbl from USD 11.52/bbl.

The operating profit decreased to SEK 2,151 (7,908) million. Net financial items amounted to SEK -212 (-377) million. The change in net financial items compared to the previous year is mainly due to increased interest income of SEK 228 (140) million and lower interest expenses of SEK -250 (-322) million.

The profit before tax amounted to SEK 1,939 (7,532) million. Profit after tax amounted to SEK 1,523 (7,175) million.
A key figures table, including definitions, is presented on page 139 of this report.

Oil price trend 2024
USD/bbl North Sea oil



Business Segment Supply & Refining

Supply & Refining's operations consist mainly of purchasing and processing crude oil in the refineries in Lysekil and Gothenburg. Most of the crude oil that Preem buys comes from the North Sea. Other crude oil comes mainly from South America, West Africa and the US. In contrast to 2023, Preem saw an increase in crude oil from South America. Since February 2022, no crude oil has been purchased from Russia. In 2024, total production amounted to 18.4 (18.6) million cubic meters[1)].

In 2024, 420,000 cubic meters of renewable products were produced, of which 290,000 cubic meters were HV0100. The raw materials used for production of HVO are mainly tall oil and animal fats. The increased production and sales of HV100 make Preem one of the largest players in renewable products based on so-called "advanced" raw materials (as defined in the Renewable Energy Directive).

This year, contracts were secured for time charter vessels Caroline Essberger and Thun Reliance, further strengthening Preem's focus on efficient logistics and more sustainable transport.

Supply & Refining reported an operating profit for 2024 of SEK 2,528 million, compared with SEK 8,700 million the previous year. The lower result in 2024 is explained by lower refining

1) Preem's definition of production includes products produced at its refineries, where some volumes may be produced first as a component and later as a refined product.

margins for mainly renewable products due to the reduced Swedish greenhouse gas reduction obligation level in Sweden. However, the fossil segment has also been weaker than last year. Operating profit has also been negatively affected by price effects of approximately SEK 1.6 billion due to the difference in price between the purchase of raw materials and the cost of products at the time of sale.

Business Segment Marketing & Sales

In 2024, the Swedish market stabilized with declining inflation, and household consumption showed signs of a gradual recovery compared to 2023. The total fuel market in Sweden shows an increase of two percent, according to preliminary figures from Statistics Sweden. The revised greenhouse gas reduction obligation level that entered into force at the beginning of the year has contributed to lower market prices. This, and a weakening of the Swedish krona, also resulted in increased demand from international customers in 2024.

With continued stable bulk sales and increased demand from international customers, which contributed to increased sales volume within Preem's station network, Marketing & Sales reports strong results with continued solid market share. This is the result of successful marketing strategies and strengthened customer relationships. During the year, Preem entered into a five-year agreement with The Swedish Association of Road Transport Companies, with Preem becoming the exclusive fuel partner of the Swedish haulage industry's largest trade organization. The agreement, which will come into force in 2025, is an important part of Preem's strategy to increase use of renewable fuels and support energy transition in commercial transport.

Marketing & Sales in e-mobility continued to focus on developing customer offers and meeting customers' growing need for accessible charging structures. Through the Preem app or Preem's company card, electric vehicle charging is now available at over 1,000 external charging points throughout the country.

Marketing & Sales, in collaboration with an external partner, has continued to develop an electricity offer at Preem's facilities. By the end of December 2024, Preem had installed chargers at a total of 27 of its stations, with a total of 136 charging points. In addition, a dedicated e-mobility team was established, primarily focusing on preparing the establishment of Preem's facilities, mainly for commercial road traffic. Preem was also granted funding support from Klimatklivet to establish charging points until 2027. This support is crucial for continued investment and development of future energy stations for commercial road traffic. The first charging points adapted for commercial road traffic are expected to be operational in 2025. This marks a major step forward for Preem's long-term strategy and ambition to implement a large-scale expansion of charging stations for both commercial road transport and light traffic by 2030.

The revised greenhouse gas reduction obligation level has led to lower and stable consumer prices in 2024. The year began with prices for gasoline at SEK 17.29/liter and diesel at SEK 17.89/liter. In December, prices were SEK 17.49/liter for gasoline and SEK 17.89/liter for diesel.

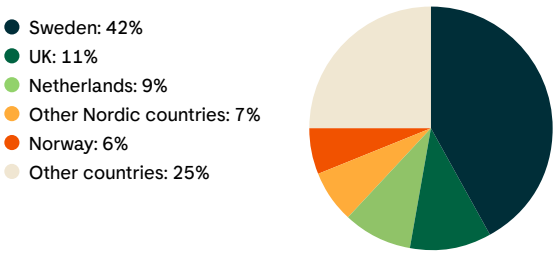
In 2024, the operating margin normalized compared to the previous year's price development, which had positive effects on the operating margin.

During the financial year 2024, the Marketing & Sales business segment continued to deliver stable profitability and maintained its market position. Operating profit amounted to SEK 778 million, representing a decrease compared to the previous year's profit of SEK 924 million. This decrease reflects the expected development and prevailing market conditions during the year.

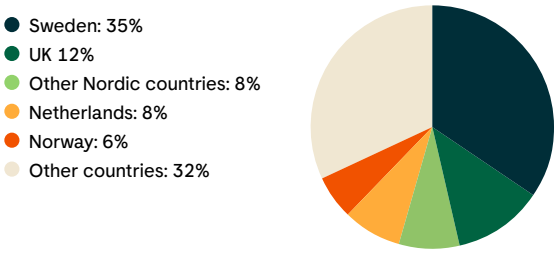
Cash flow and financing

Cash flow from operating activities amounted to SEK 3,041 (8,821) million. The decrease was due to lower refining margins. Changes in inventories positively impacted the cash flow of SEK 973 (-1,159) million, driven by lower crude oil purchase prices. Changes in operating receivables affected the cash flow positively by SEK 383 (1,960) million, driven by lower market prices for outstanding trade receivables. The operating payables generated positive cash flow of SEK 219 (-3,097) million, driven by higher dollar exchange rates.

Sales by country 2024



Sales by country 2023



Cash flow used in investing activities decreased to SEK -3,677 (-3,998) million. Cash flow from financing activities amounted to SEK -2,149 (-2,889) million.

At the end of the period, the Group had a Net debt amounting to SEK 1,480 million, compared to a net cash position of SEK -1,353 million as of December 31, 2023. The Net debt ratio includes lease liabilities. Liabilities to credit institutions amounted to SEK 114 (123) million. Loans from the Swedish Export Credit Cooperation, which finances the rebuilding of the SynSat facility, amounted to SEK 2,889 (3,000) million. For further information on loans, see Note 26. Lease liabilities amounted to SEK 845 (651) million, see Note 34.

Liquidity

Cash and cash equivalents at the end of the year amounted to SEK 2,424 (5,184) million. As of the end of December 2024, Preem had SEK 13,506 (13,842) million in unused credit lines.

Investments

Investments in tangible fixed assets during the year amounted to SEK 3,755 (4,084) million. It was divided into investments of SEK 741 million in turnaround and shutdowns, SEK 2,857 million in profitability-improving measures and SEK 157 million in environmental and safety-improving measures. Investments in financial assets amounted to SEK 14 (16) million and consisted mainly of purchases of emission rights.

Employees

The average number of employees in the Group amounted to 1,823 (1,641), of which 1,627 (1,516) were employed by the Parent Company. Of these, roughly 1,100 people work at the refineries. Everything Preem does is based on its values: responsibility, innovation and inclusion.

The market

Market development — crude oil and products

In 2024, the price of crude oil traded around USD 80 per barrel, with an average price of USD 80.76 per barrel (Dated Brent). The year began and ended with a price close to USD 75, but there were a lot of macroeconomic and geopolitical forces at play. The highest price, just above USD 93, was reached in April, while the lowest price, close to USD 71, was recorded in September. This is a relatively normal price variation for crude oil.

Oil prices were affected by many factors during the year. The strong first quarter was marked by geopolitical turmoil and the escalation of conflicts in the Middle East, which effectively closed the Suez route due to rebel attacks on civilian vessels off the coast of Yemen. As new logistics stabilized, the surplus of crude oil took over the narrative. OPEC+ planned to increase production but was forced to withdraw its plans. Other oil producers seized the opportunity, increasing production. 2024 became the year when Guyanese oil established itself on the European market as a popular substitute for WAF and Johan Sverdrup oil. Financial players started to go short to a greater extent in the second and third quarter of the year, which is unusual and reflects the weak economic backdrop. Volatility decreased at the end of the year as focus was on the US election and the market adopted a wait-and-see approach. At the end of the year, the correlation between long-term interest rates and oil prices was strong. Inflation concerns pushed up interest rates and oil prices followed in the aftermath of the presidential election.

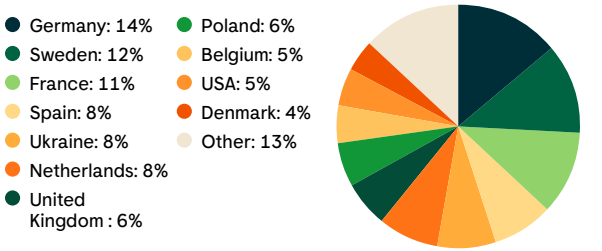
The product market initially followed crude oil price movements; strong crack spreads and margins were recorded in the first quarter, driven by geopolitics, while fundamentals increasingly took over. However, the US driving season was not as strong as expected and the gasoline crack never took off. Instead, US refineries invested in aviation fuel, which negatively affected the European diesel market and led to diesel trading in contango in August. Gasoline premiums out of Europe deteriorated as the new Nigerian refinery Dangote's production gradually increased and margins reached rock bottom. In the fourth quarter, the situation improved somewhat with reduced product volumes from China due to changes in VAT rules. Poor margins and various logistical constraints supported the heavy oil market, and high-sulphur heavy oil had a positive crack for a short period.

Market development
— renewable raw material and products

The market for renewable materials is much more volatile than its fossil counterpart. We have to live with this phenomenon, and in the first half of 2024, renewable margins were under severe pressure as the price of diesel fell. El Niño strongly impacted harvests in 2023/24, including rapeseed, thus contributing to stable feedstock prices. At the end of the year, prices started to rise on news of upcoming tariffs and the removal of VAT rebates for UCO exports from China.

The HVO market started the year on a low note with a sharply reduced greenhouse gas reduction obligation level in Sweden. The market for HVO100 lived its own life, expanding strongly in the wake of the reduced Swedish greenhouse gas reduction obligation level. In the year's second half, the market turned upwards, exploding in the last quarter. The market is highly dependent on political decisions and disruptions. Anti-dumping duties against Chinese UCOME and the Swedish decision to increase greenhouse gas reduction obligation level boosted the market. The rally was further boosted by BP's and Shell's decision to reduce investments in renewables. When Germany decided on a two-year moratorium on saved tickets in combination with production disruptions at major producers, renewable margins strengthened further before normalizing at the end of the year but now at a higher level.

Purchase of renewable products 2024
By geographic origin in %



Environment

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

Preem's Safety, Health and Environment Policy describes the overall direction of Preem's work in terms of safety, health, and environment. Compliance with the policy is achieved through the application of routines and instructions in the company's management system. Control and compliance with the management system take place through internal and external audits, safety rounds and reporting and handling of deviations.

The refineries in Lysekil and Gothenburg have licenses for so-called A operations. The permits are subject to conditions and control programs. In 2024, Preem passed all conditions with the exception of a benchmark, whereby measures were taken. The licensing authority was notified of this exceedance.

An application to change environmental licensing for the refinery in Lysekil was submitted to the Land and Environment Court in 2023. The amendment involves adapting the ICR plant to process renewable raw materials, replacing parts of the fossil production. The change also includes a facility for the pre-treatment of renewable raw materials. A hearing in the Land and Environment Court was held in February 2024, and licensing was granted in March 2024.

For the refinery in Gothenburg, an application was submitted to change the permit that Preem received in June 2022, but has not yet been used. The change means that a different pre-treatment technology than the licensed one, with a lower environmental impact, is planned, as well as the installation of carbon dioxide capture (CCS). Permission was granted in November 2023, but Preem appealed one condition of the ruling concerning the formulation of permit requirements for downstream handling of captured carbon dioxide. The Land and Environment Court decided in October that the conditions should be changed according to Preem's appeal. On July 1, 2024, Preem submitted an application to the Land and Environment Court for an extension of the start-up times for the environmentally hazardous activities at the HVO and CCS/HCU plants by five years, i.e. until November 16, 2034

Carbon dioxide emissions from Preem's refineries are included in the EU's Emission Trading System for carbon dioxide. For the current trading period 2021-2025, the number of the allowances for free emission rights is decided based on the respective refinery's level of activity/production during the previous two years. Allocation decisions are made annually by the Swedish Environmental Protection Agency. During the year, the allocation to Preem's two refineries has been adjusted, which means a reduced allocation compared to before. 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. Any deficit is covered by the purchase of emission rights on the market.

Preem's depots, with the exception of the Halmstad depot, have licenses for so-called B operations with associated conditions and control programs. The depot in Halmstad is not subject to a license. Conditions for releasing hydrocarbons into water were exceeded on a few occasions in 2024 at the depot in Norrköping. The regulatory authorities were notified of these exceedances and actions were taken. During the year, the depots in Helsingborg and Norrköping received change permits from the Environmental Assessment Delegation at the County Administrative Boards in Skåne and Östergötland, respectively, and an application for a new environmental permit for the depot in Gävle was submitted to the Environmental Assessment Delegation at the County Administrative Board in Dalarna.

Sustainability report

Preem has prepared a Sustainability Report in line with the requirements of the Annual Accounts Act chapter 6. The Sustainability Report can be found on pages 1–86 of this report.

Product development

For many years, Preem has envisioned leading the transformation towards a sustainable society. The company has been producing renewable diesel at the refinery in Gothenburg for over ten years. Preem's vision is manifested through the company's strategies and the target of becoming climate-neutral throughout the value chain by 2035.

Preem is gradually increasing its renewable production capacity. In addition to production in Gothenburg, which has quadrupled, Preem now has renewable production at the refinery in Lysekil. During 2023, two more facilities in Lysekil and one in Gothenburg were adapted to low-blend renewables. After a few years of operation with low interference to SynSat in Lysekil, a major reconstruction of the facility has been completed, with the aim of increasing the renewable production capacity to almost 1 million cubic meters per year. However, technical challenges in the launch of the facility delayed its start-up. The aim is for the facility to be fully operational in the first half of 2025, bringing Preem's total renewable capacity to just over 1.4 million cubic meters per year.

In 2024, the next major reconstruction project commenced. Within this project, a renewable raw material pre-treatment facility will be built, broadening the raw material base. The intention is for the facility to be put into operation at the beginning of 2027. In addition, the ICR facility in Lysekil will be adapted to large-scale renewable production, up to 1.2 million cubic meters per year. This facility will also be adapted to produce a high proportion of renewable aviation fuel, known as SAF. A feasibility study has also been carried out to install carbon capture (CCS) in Lysekil, which will be included in the upcoming environmental application for the refinery in Lysekil.

Outlook

The geopolitical turbulence continues in 2025. The new administration in USA has high ambitions. This is expected to lead to volatility, especially in interest and currency markets. However, the baseline scenario is a soft landing for the US economy, with policy rates expected to be between 2.75 percent and 3.50 percent. Nevertheless, there is an upside risk if tariffs cause inflation to accelerate. Beyond 2025, the US economy is expected to remain robust after a period of high investment.

Preem predicts slightly subdued global growth in 2025. China struggles to increase domestic consumption, while Europe has structural problems and political divisions. This results in modest growth in oil demand. Crude oil prices are expected to be between USD 75 and 80 per barrel, slightly lower than in 2024. There is ample spare capacity within OPEC+, but the potential for geopolitically motivated price increases above USD 80 also exists.

A peace process should also be taken into account. A détente between Russia and Ukraine could lead to sanctions relief and new product flows. In the Middle East, we could see a reopening of the Suez Canal and new arbitrage opportunities. The general trend towards onshoring, reduced globalization and increased national security is expected to strengthen as new alliances are formed.

OPEC+ remains a significant factor, with large production cuts and reserves affecting the market. Weak oil demand growth is expected to keep Saudi Arabia and Russia's production at a maximum of 9.5 million barrels daily. However, Saudi Arabia's growing budget deficit may necessitate changes in OPEC strategy in 2025, as non-OPEC countries such as Guyana, Brazil, and Canada grow at OPEC's expense.

New refineries will have a significant impact on the market in 2025. Gasoline-heavy additions in Nigeria and Mexico, with a combined capacity of just below 1 Mbd, will accelerate the need for consolidation in Europe, where gasoline-heavy refineries are at risk. However, lower production or potential closures in the UK and Germany are expected to support the diesel market locally.

Renewable materials are more sensitive to tariffs. Preem is already seeing disruption as the US restricts the intake of Chinese UCO, drawing animal fats from the EU to the US. Meanwhile, tariffs against Canada could create a surplus in the rapeseed market. Higher renewables volatility is expected in 2025. However, the fundamentals for biofuels remain strong, with the RED III energy directive replacing RED II. Tariffs on UCOME from China, reduced surplus of German tickets and increased Swedish greenhouse gas reduction obligation level are positive factors for 2025, while HVO capacity looks limited as Chevron, Shell and BP postpone projects.

Parent Company result

Sales revenue for Preem AB (publ) decreased slightly from SEK 136,697 million to SEK 129,166 million, a decrease of 6 percent. The gross profit for the business decreased by SEK 6,839 million to SEK 2,865 (9,704) million. Profit after tax amounted to SEK 5,124 (2,903) million.

In 2024, a strategic review of Preem was underway, the purpose of which is to investigate a potential sale of the company. The process is ongoing at the time of writing, and no new owner has yet been announced.

Proposed allocation of profit

Unrestricted equity in the Parent Company amounts to (SEK):

Unrestricted equity	17,934,176,139
Result for the year	5,124,044,695
Total	**23,058,220,834**

The Board proposes that it be allocated as follows (SEK):

Carried forward	23,058,220,834
Total	**23,058,220,834**

Consolidated Financial Statements

Report notes	96
Consolidated financial statements	97
Notes to the consolidated financial statements	101
Parent Company financial statements	122
Parents Company notes	127
Board signatures	136
Auditor's Report	137

Notes to the Consolidated Financial Statements

Note 1. Significant accounting policies ... 101
Note 2. Financial risk management ... 105
Note 3. Critical accounting estimates and judgments ... 108
Note 4. Segment reporting ... 108
Note 5. Gross profit ... 109
Note 6. Auditors' fee ... 109
Note 7. Employees, employee benefit expenses and remuneration of senior executives ... 109
Note 8. Depreciation ... 111
Note 9. Expenses by type of expense ... 111
Note 10. Other operating income ... 111
Note 11. Other operating expenses ... 111
Note 12. Financial items, net ... 111
Note 13. Income tax ... 111
Note 14. Exchange differences in profit/loss for the year ... 112
Note 15. Intangible assets ... 112
Note 16. Property, plant and equipment ... 113
Note 17. Participation in associated companies ... 114
Note 18. Other long-term receivables ... 114
Note 19. Inventories ... 115
Note 20. Trade receivables ... 115
Note 21. Prepayments and accrued income ... 115
Note 22. Liquid assets ... 115
Note 23. Equity ... 115
Note 24. Pension commitments ... 116
Note 25. Other provisions ... 117
Note 26. Borrowings ... 117
Note 27. Derivatives ... 117
Note 28. Other liabilities ... 118
Note 29. Accrued expenses and deferred income ... 118
Note 30. Pledged assets and contingent liabilities ... 118
Note 31. Supplementary disclosures to the cash flow statement ... 118
Note 32. Financial instruments ... 119
Note 33. Transactions with related parties ... 120
Note 34. Leasing agreement ... 121
Note 35. Subsequent events ... 121

Parent Company notes

Note 101. Significant accounting policies for the Parent Company ... 127
Note 102. Segment reporting ... 127
Note 103. Auditors' fee ... 127
Note 104. Depreciation ... 128
Note 105. Leases ... 128
Note 106. Expenses by type of expense ... 128
Note 107. Other operating income ... 128
Note 108. Other operating expenses ... 128
Note 109. Financial items, net ... 128
Note 110. Tax ... 128
Note 111. Intangible assets ... 129
Note 112. Property, plant and equipment ... 129
Note 113. Participation in Group companies ... 130
Note 114. Participation in associated companies ... 131
Note 115. Other long-term receivables ... 131
Note 116. Inventories ... 131
Note 117. Trade receivables ... 131
Note 118. Prepaid expenses and accrued income ... 131
Note 119. Cash and bank balances ... 132
Note 120. Equity ... 132
Note 121. Untaxed reserves ... 132
Note 122. Provisions for pensions ... 132
Note 123. Borrowing ... 132
Note 124. Other liabilities ... 133
Note 125. Accrued expenses and deferred income ... 133
Note 126. Supplementary disclosures to the cash flow statement ... 133
Note 127. Financial instruments ... 134
Note 128. Proposal for allocations of profit ... 135

Consolidated Income Statement and Consolidated Statement of Comprehensive Income

Consolidated Income Statement	Note	2024	2023
Sales including excise duties		142,073	149,125
Excise duties[1)]		-11,309	-11,415
Net sales	4,14	**130,765**	**137,711**
Cost of goods sold	8, 9, 14	-127,381	-127,486
Gross profit	5	**3,383**	**10,225**
Selling expenses		-989	-981
Administrative expenses		-1,161	-1,227
Shares in associated company's profit after tax	17	-5	36
Other operating income	10	967	768
Other operating expenses	11	-45	-913
Operating profit	4, 6–9, 33, 34	**2,151**	**7,908**
Financial income		233	145
Financial expenses		-445	-522
Financial items, net	4, 12, 14	**-212**	**-377**
Profit before tax	4	**1,939**	**7,532**
Income tax	13	-416	-357
Profit for the year		**1,523**	**7,175**

Consolidated Statement of Comprehensive Income	Note	2024	2023
Profit for the year		**1,523**	**7,175**
Other comprehensive income			
Items that may be reclassified to the income statement:			
Translation difference	23	-11	-33
Fair value changes on cash flow hedges	23	-154	-478
Hedging result reclassified to profit for the year	23	-79	-93
Tax attributable to items that may be reclassified	13, 23	48	118
Items that will not be reclassified to the income statement:			
Actuarial gains/losses on defined benefit pension plans	24	66	-93
Tax attributable to the item that will not be reclassified	13, 24	-13	19
Total other comprehensive income for the year, net of tax		**-144**	**-561**
Total comprehensive income for the year		**1,379**	**6,614**

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

Consolidated Statement of Financial Position

Assets	Note	2024-12-31	2023-12-31
Non-current assets			
Intangible assets	15	322	373
Property, plant and equipment	16, 30, 34	17,227	14,537
Shares in associated companies	17	374	391
Deferred tax assets	13	56	–
Long-term receivables from related companies	32	265	181
Long-term derivatives	27, 32	2	19
Other long-term receivables	18, 32, 33	446	345
Total non-current assets		**18,692**	**15,847**
Current assets			
Inventory	19	19,433	18,876
Trade receivables	20, 30, 32	4,415	3,927
Derivatives	27, 32	147	209
Receivables from related parties	32, 33	76	58
Other receivables	32	844	1,005
Prepaid expenses and accrued income	21	2,200	3,069
		27,114	**27,144**
Cash and cash equivalents	22, 32	2,424	5,184
Total current assets		**29,537**	**32,327**
Total assets		**48,229**	**48,174**

Equity and liabilities	Note	2024-12-31	2023-12-31
Equity			
Equity attributable to Parent Company shareholders			
Share capital		610	610
Other paid-in capital		3,344	3,344
Reserves		-41	155
Profit brought forward including profit for the year		23,761	23,845
Total equity	23	**27,674**	**27,954**
Liabilities			
Non-current liabilities			
Pension obligations	24	199	180
Deferred tax liabilities	13	1,758	1,474
Other provisions	25	175	154
Borrowings	26, 32	2,332	2,844
Long-term lease liabilities	32, 34	449	445
Other interest-bearing liabilities	26, 32	56	57
		4,969	**5,153**
Current liabilities			
Provisions	25	559	147
Borrowings	26, 32	444	111
Short-term lease liabilities	32, 34	396	206
Advance payments from customers		9	317
Account payables	32, 33	5,649	5,119
Liabilities to Parent Company	32, 33	243	–
Liabilities to associates	32, 33	3	269
Current tax liabilities	13	501	1,599
Derivatives	27, 32	13	3
Other liabilities	28, 32	1,524	1,586
Accrued expenses and deferred income	29	6,245	5,708
		15,586	**15,067**
Total liabilities		**20,555**	**20,220**
Total equity and liabilities		**48,229**	**48,174**
Pledged assets and contingent liabilities	30		

Consolidated Statement of Changes in Equity

	Attributable to Parent Company shareholders						
Note 23	Share capital	Other paid-in capital	Reserves	Retained earnings incl. profit for the year	Total equity	Non-controlling interests	Equity
Opening equity 2023-01-01	**610**	**3,344**	**642**	**17,510**	**22,106**	**0**	**22,106**
Profit for the year	–	–	–	7,175	7,175	–	7,175
Other comprehensive income	–	–	-487	-74	-561	–	-561
Total comprehensive income for the year	**–**	**–**	**-487**	**7,101**	**6,614**	**–**	**6,614**
Submitted Group contributions 2022, tax [1)]	–	–	–	226	226	–	226
Submitted Group contributions 2023, tax [2)]	–	–	–	332	332	–	332
Divestiture of subsidiary with minority	–	–	–	–	–	-0	0
Dividend	–	–	–	-1,324	-1,324	–	-1,324
Closing equity 2023-12-31	**610**	**3,344**	**155**	**23,845**	**27,954**	**–**	**27,954**
Opening equity 2024-01-01	**610**	**3,344**	**155**	**23,845**	**27,954**	**–**	**27,954**
Profit for the year	–	–	–	1,523	1,523	–	1,523
Other comprehensive income	–	–	-196	52	-144	–	-144
Total comprehensive income for the year	**–**	**–**	**-196**	**1,575**	**1,379**	**–**	**1,379**
Group contributions 2024, tax [3)]	–	–	–	130	130	–	130
Dividend	–	–	–	-1,790	-1 790	–	-1,790
Closing equity 2024-12-31	**610**	**3,344**	**-41**	**23,761**	**27,674**	**–**	**26,764**

1) During 2023, a Group contribution was submitted to the Parent Company Preem Holding AB (publ) for a total of SEK -1,099 million for the income tax year 2022. This includes tax of SEK 226 million. The Parent Company has made a shareholder contribution of SEK 1,099 million.

2) During 2023, a Group contribution of a total of SEK -1,611 million was submitted to the Parent Company Preem Holding AB (publ). Tax amounted to SEK 332 million. The Parent Company submitted a shareholder contribution of SEK 1,611 million.

3) During 2024, a Group contribution of a total of SEK -633 million was submitted to the Parent Company Preem Holding AB (publ) for the income tax year 2024. Tax amounted to SEK 130 million. The Parent Company submitted a shareholder contribution of SEK 633 million.

Consolidated Cash Flow Statement

	Note	2024	2023
Operating activities			
Profit before tax		1,939	7,532
Adjustments for non-cash items	31	645	4,130
		2,584	**11,662**
Tax paid		-1,119	-545
Cash flow from operating activities before changes in working capital		**1,465**	**11,117**
Cash flow from changes in operating activities			
Increase (-)/Decrease (+) in inventories		973	-1,159
Increase (-)/Decrease (+) in operating receivables		383	1,960
Increase (+)/Decrease (-) in operating liabilities		219	-3,097
Cash flow from operating activities		**3,041**	**8,821**
Investing activities			
Acquisitions of intangible assets	15	-14	-16
Acquisitions of property, plant and equipment	16	-3,659	-3,983
Sales of property, plant and equipment		3	0
Investment in financial assets	18	-7	0
Cash flow from investing activities		**-3,677**	**-3,998**
Financing activities			
Borrowings	31	1,410	5,407
Transaction costs		-184	–
Amortization of loans	31	-1,531	-6,848
Amortization of lease liabilities	31	-299	-300
Dividends paid		-1,547	-1,148
Cash flow from financing activities		**-2,149**	**-2,889**
Cash flow for the year		**-2,786**	**1,934**
Opening cash and cash equivalents		5,184	3,241
Exchange rate difference in cash and cash equivalents		26	9
Closing cash and cash equivalents	22	**2,424**	**5,184**

Notes to the Consolidated Financial Statements

Note 1. Significant accounting policies

On March 26, 2025, the Board and the CEO approved these annual and consolidated accounts for publication and to be submitted to the annual general meeting for approval on March 26, 2025.

The most important accounting principles applied when these consolidated accounts were prepared are stated below. These principles are applied consistently unless otherwise stated.

Basis on which the financial statements have been prepared

The consolidated accounts for the Preem AB Group have been prepared by 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 costs, except for certain financial assets and liabilities and other shares and participations that are reported at fair value.

The financial statements are presented in Swedish kronor (SEK), which is also the functional currency of the Parent Company. Unless otherwise stated, all amounts are rounded to the nearest million. Due to the rounding of amounts in tables to the nearest million kronor, the sum of the total amount may, in some cases, not be exactly equal to the sum of all subamounts.

Preparing reports by IFRS requires the use of some important estimates for accounting purposes. Furthermore, management must make certain judgments when applying the Group's accounting principles. The areas involving a higher degree of assessment, which are complex or such areas where assumptions and estimates are of significant importance to the consolidated accounts, are disclosed in Note 3.

The accounting principles stated below have been applied consistently to all periods presented in the Group's financial reports.

Standards, amendments and interpretations effective from 2024

None of the changes in IFRS that the IASB has published, and the EU has approved (IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current, IAS 7 Statement of Cash Flows, IFRS 7 Financial Instruments: Disclosure of Trade Payables, IFRS 16 Leases: Lease Liability in a Sale and Leaseback Transaction) have had any significant effect on the Group's financial reports.

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

Several new or amended IFRS will only come into force in the coming financial year and have not been applied in preparing these financial statements. These new or amended IFRS will not have any material effect on the Group's financial statements.

Classification in the statement of financial position

Fixed assets consist essentially of amounts expected to be recovered or paid after more than 12 months from the balance sheet date. Non-current liabilities consist essentially of amounts that Preem, at the end of the reporting period, has an unconditional right to choose to pay more than 12 months after the balance sheet date. If Preem does not have such a right at the end of the balance sheet date, the liability is recognized as a current liability.

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

Consolidation principles and business combinations

Business combinations

The Group assesses for each transaction whether a business combination or an asset acquisition exists when the company obtains controlling influence over a business. Transactions where, the fair value of the acquired assets consists of an asset or a group of similar assets, are accounted for using a simplified assessment as an asset acquisition.

Subsidiaries

Subsidiaries are companies that are under a controlling influence of Preem AB (publ). Control means, directly or indirectly, a right to shape a company's financial and operational strategies to obtain financial benefits. When assessing whether a controlling influence exists, potential voting shares that can be exercised or converted without delays 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 and including the day when the controlling influence ceases.

The acquisition method is used to account for the Group's acquisitions 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 and contingent liabilities in a business combination are initially valued at fair value on the acquisition date, irrespective of the extent of any non-controlling interest. The surplus, which consists of the difference between the acquisition value and the fair value of the Group's share of identifiable assets, liabilities, and contingent liabilities acquired, is reported as goodwill. When the difference is negative, it is reported directly in the year's result.

Intra-group transactions, balance sheets, and unrealized profits on transactions between group companies are eliminated. Unrealized losses are also eliminated, but any losses are considered an indication of impairment of the ceded asset. Where applicable, the accounting principles for subsidiaries have been changed to guarantee consistent application of the Group's principles.

Associated companies

Associated companies are all companies in which the Group has significant but not controlling influence, mainly to shareholdings comprising between 20 percent and 50 percent of the votes. At the time when the significant influence is obtained, shares in associate companies are reported according to the equity method in the consolidated accounts and are initially measured at cost. The Group's recorded 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 year's profit. 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 to the extent of the Group's interest in the associate. Unrealized losses are also eliminated, unless the transaction constitues evidence that an impairment requirement exists for the transferred asset.

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

Notes to the Consolidated Financial Statements

Note 1. cont.

Joint ventures
Joint ventures, usually conducted in company form, are cooperative arrangements where the Group and one or more cooperation partners are entitled to all financial benefits related to the operation's assets. Furthermore, the settlement of the business's debts depends on the parties' purchase of output from the business or capital contributions to it. Joint ventures are recognized according to the "proportionate consolidation principle," which means that each party to a joint operation recognizes its share of assets, liabilities, income and expenses. The Group reports one of its holdings in associated companies in this way.

Segment reporting
An operating segment is a part of the Group that engages in activities from which it can generate income and incur costs and for which independent financial information is available. An operating segment's results are further followed up by the company's top executive decision-maker to evaluate the results and allocate resources to the operating segment. See note 4 for further description of division and presentation of the segments.

Foreign currency
Transactions and balance items in foreign currency
Transactions in foreign currency are converted to functional currency at the exchange rate prevailing on the day of the transaction. Monetary assets and liabilities in foreign currency are converted to functional currency at the exchange rate prevailing on the balance sheet date. Exchange rate gains/losses arising from the payment of such transactions and the translation of monetary assets and liabilities in foreign currency at the exchange rate on the balance sheet date are reported in the year's profit. Exchange rate differences on operating receivables and operating liabilities are included in operating profit. Other exchange rate changes affect the Group's financial net. The Group does not hedge transactions or investments in foreign currency to any great extent. Non-monetary assets and liabilities are recorded at the exchange rates that are valid on the transaction date.

Foreign operations' financial reports
Assets and liabilities in foreign operations, including group-related undervalues and surpluses, are converted from the foreign operations' functional currency to the Group's reporting currency, Swedish kronor, at the exchange rate prevailing on the balance sheet date. Income and expenses are translated at average exchange rates. Translation differences arising from 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 a foreign operation, 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 after eliminating 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 fossil and renewable fuels. The products are sold to companies operating in Sweden and on the international market, mainly in northwestern Europe. The sale of gasoline, diesel, heating, and lubricating oils on the Swedish market takes place through Preem's nationwide station network, certified dealers, and, in bulk, through its direct sales. Preem's products in Norway are mainly sold via retailers and in bulk via its 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 the 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 grants
For 2024, Preem has been granted SEK 173 million in support from Klimatklivet (local climate investments) for charging infrastructure for commercial road transport. Of this, SEK 108 million has been disbursed. For 2023, government grants have been received for electricity and electric vehicle charging infrastructure. A total of SEK 84 million, of which SEK 59 million has been paid out. The government grants for both 2024 and 2023 are recorded as deferred income, see Note 29. When the facilities are completed, the government grants will reduce the cost of the assets.

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

Interest income on financial instruments is reported using the effective interest method. Dividend income is reported when the right to receive dividends has been established. 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 portion of transaction expenses in connection with taking out loans, the effect of dissolution of present value calculations of provisions, loss in the event of a change in the value of financial assets valued at fair value through profit and loss.

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

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

Goodwill is allocated to cash-generating units in connection with impairment testing. This allocation is applied to cash-generating units or groups of cash-generating units 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 to the business segment Supply & Refining. See Note 15.

Internally developed computer software
The assets are valued at acquisition value less depreciation and write-downs. Borrowing costs are included in internally generated IT systems in the same way as for property, plant and equipment. 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, and 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.

The Group has no other capitalizable intangible assets. For example, expenditures on internally generated goodwill and trademarks are expensed when they arise.

Notes to the Consolidated Financial Statements

Note 1. cont.

Property, plant and equipment

Owned assets

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

The acquisition value includes expenses that can be directly attributed to asset acquisition. Additional expenses are added to the asset's carrying amount or accounted for as a separate asset, as applicable. The expenses are added to the asset's reported value only when it is likely that the future financial benefits associated with the asset will benefit the Group, and the acquisition value of the asset can be reliably measured. The book value for the replaced part has been removed from the balance sheet.

All other forms of repairs and maintenance are reported as costs in the period they arise. The acquisition value includes estimated expenses for dismantling and restoration of land or area in cases where provisions for such expenses have been made. Depreciation is charged as and when restoration takes place.

Depreciation of other assets, to distribute their acquisition value down to the estimated residual value over the estimated useful life, takes place on a straight-line basis as follows:

Buildings and storage chambers	10–50 years
Land improvements	10 or 20 years
Plant and machinery	5–30 years
Refinery turn around and shutdowns	4–6 years
Equipment, tools, fixtures and fittings	3–20 years

The refinery facilities consist of several components with different useful lives. The main classification is machinery and other facilities. There are, however, several components with 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	5–25 years
Heat exchangers	15 years
Steam boilers	20 years
Steel structures	30 years
Pressure vessels	6 or 30 years
Rotating equipment	15 years
Tanks and vessels	30 years

No depreciation is applied to land and precious metals (which are included in Plant and machinery), as their useful life is indefinite.

The residual values and useful lives of assets are reviewed at each balance sheet date and adjusted if necessary. An asset's reported value is immediately written down to its recovery value if the asset's reported value exceeds its assessed recovery value. This is tested when indicated.

The reported value for property, plant and equipment is removed from the balance sheet upon retirement or disposal or when no future financial benefits are expected from the use or retirement/disposal of the asset. Gains and losses on disposal are determined through a comparison between the sales revenue and the reported value. They are reported net in the statement of comprehensive income as other operating income/expenses.

Borrowing costs attributable to the construction of so-called qualifying assets are capitalized as part of the acquisition value of the qualifying asset. A qualifying asset is an asset that necessarily takes a significant amount of time to complete. In the first instance, the borrowing costs incurred on loans specific to the qualified asset are capitalized. Alternatively, borrowing costs incurred on general loans, which are not specific to any other qualified asset, are capitalized.

Impairment

Property, plant and equipment that are depreciated are assessed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment is recorded with the amount by which the asset's reported value exceeds its recoverable value. Impairment is recorded in profit and loss. The recoverable amount 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 property, plant and equipment that have previously been impaired, an assessment is made on each balance sheet day as to whether a reversal should be made. The reported value after the reversal of impairment losses may not exceed the reported value that would have been reported if no impairment had been recorded.

Leases

When an agreement is entered into, the Group assesses whether the agreement is or contains a lease agreement. An agreement is a lease 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 lease or non-lease components, the Group distributes the remuneration according to the agreement to each component based on the stand-alone price.

Lease agreements where the Group is the lessee

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

The lease liability is initially valued at the present value of remaining lease payments during the assessed lease period. There are no variable lease fees linked to an index or price. The lease 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 lease fees are discounted with the agreements' implicit interest rate. In the absence of such an interest rate, the lease fees are discounted at 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 lease agreements contain extension and termination options, respectively, which the Group can exercise or not exercise, 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 lease inception date. The Group reassesses whether it is reasonably certain that an extension option will be exercised if an important event or significant changes in circumstances within the Group's control occur.

For lease agreements that have a lease 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 lease liabilities are reported. Lease fees for these lease agreements are reported as an expense linearly over the lease period.

Lease agreements where the Group is the lessor

A lease agreement is an agreement under which a lessor, under agreed terms, grants a lessee the right to use an asset in exchange for payments. Assets leased out, according to an operational leasing agreement, are reported in the balance sheet as an asset. The leasing fee is recognized as revenue 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 sublease 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 cost and net realizable value. The acquisition value is determined using the first in, first out method (FIFU). The cost of raw materials consists of the purchase price.

The cost of finished goods 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 production and disposal costs.

For crude oil, the recoverable amount is used as the best available measure of net realizable value. Where the net realizable value is less than the cost of crude oil, no impairment loss is recognized if the end product into which it is to be incorporated is expected to be sold at a price equal to or above its cost.

Notes to the Consolidated Financial Statements

Note 1. cont.

Income taxes

Income taxes consist of current and deferred tax. Current tax is tax payable or receivable in respect of 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 based on 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 income tax returns 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 calculated using the balance sheet method, based on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. However, the deferred tax is not recognized if it arises as a result of a transaction constituting the first recognition of an asset or liability that is not a business combination and that, at the time of the transaction, affects neither reported nor tax profit. Deferred income tax is calculated using tax rates (and laws) decided on or announced as of the balance sheet date and that are expected to apply when the relevant deferred tax asset is realized, or the deferred tax liability is settled. Deferred tax assets are recognized to the extent that it is likely that future tax surpluses will be available, against which the temporary differences can be utilized. The value of deferred tax assets is reduced when it is no longer considered probable that they can be utilized.

Provisions

Provisions for environmental restoration measures and legal requirements are accounted for when the Group has a legal or informal obligation due to past events; it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

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

Emission rights

Preem participates in the EU Emissions Trading Scheme. The allocation of emission rights within the period is at no cost to the company; no cost will arise if emissions do not exceed the allocation of free emission rights. A provision is made if a deficit is identified between allocated/acquired rights and the rights that must be delivered due to emissions made. Preem does not make provisions for any projected deficits in future periods. Instead, a provision is made when a deficit is confirmed and needs to be settled. As allowances are allocated in June and surrendered in September, the allocation/annulling of allowances overlaps and the newly allocated allowances can help cover any shortfalls from the previous year.
See Note 15 for current holdings and Note 25 for provisions.

Contingent liabilities

Information on contingent liability is provided when a possible obligation arises 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 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 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 capital employed. 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 a define contribution. A characteristic of defined benefit plans is that they state an amount for an employee's pension benefit 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 (pension foundation) in accordance with the provisions in the Pension Obligations Vesting Act. The defined benefit pension plans are both funded and unfunded. In cases where the plans are funded, assets have been separated in KP-stiftelsen (pension foundation). These plan assets can only be used to pay benefits under the pension agreements. Fixed assets are measured at fair value as of the reporting date.

The liability 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 interest rates for first-class mortgage bonds issued in the same currency as the payments made in and with maturities comparable to the relevant pension liability.

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 to 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.

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 further payment obligations once the contributions are paid. The cost is recognized in the Consolidated income statement 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 the Group serves notice 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 is obliged to terminate employees per 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 liabilities are recognized when the Group becomes a party to the financial instrument's contractual terms.

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

Notes to the Consolidated Financial Statements

Note 1. cont.

Classification and subsequent measurement
At the first reporting date, a financial asset is classified as valued at amortized cost or fair value through profit and loss.

Financial liabilities are classified in the following categories: financial liabilities valued at fair value through profit and loss, or other financial liabilities valued 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 through profit or loss for the year:

- it is held within a business model whose objective is to hold financial assets in order to receive contractual cash flows, and
- the contractual terms of the financial asset give rise to cash flows at set times that are solely payments of principal amounts and interest on the principal amount outstanding.

The Group has classified trade receivables, other receivables and cash and cash equivalents as financial assets valued at amortized cost. They are valued at the first reporting date at accrued acquisition value. Any impairment needs are estimated at subsequent valuations.

Financial assets are removed from the balance sheet when the right to receive cash flows from the instrument has expired or been transferred, and the Group has transferred substantially all the risks and rewards associated with ownership.

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

The Group uses financial derivatives. The contracts are short-term and classified in the company's Statement of Financial Position as either current assets or short-term liabilities under the heading Derivative instruments and in the Consolidated Income Statement and Other Comprehensive Income under the heading Cost of goods sold, unlike the result of other financial instruments which are reported within the financial net. Derivative contracts with contractual terms for physical delivery have not been deemed to meet the conditions for own use and are therefore reported at fair value. The Group has classified other shares and equites valued at fair value through profit and loss.

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 designated these derivatives as cash flow hedges.

When the Group initially identifies hedging conditions, the risk management objectives 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 the 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 the fair value of derivatives reported in other comprehensive income is limited to the cumulative change in the hedged item's fair value. Ineffective parts of changes in the fair value of the derivative are reported immediately in the profit and loss.

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 short and long-term and classified in the Statement of Financial Position as financial fixed assets, current assets or short-term liabilities under the heading Derivative instruments.

Other financial liabilities
The Other financial liabilities category includes borrowings, account 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 loan term.

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 trade receivables. Provisions for trade receivables are described in Note 20.

Note 2. Financial risk management

The Group is exposed to several different financial risks during its operations: credit, liquidity, and market risks (including currency, price, and interest rate risks in fair value and cash flow). The Group's Board annually sets policies for risk management focusing on the unpredictability of the financial markets and strives 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 financial derivatives, which are handled by the Supply & Refining segment. Management of financial risks is governed by Group-wide policies established by the Board 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.

Credit risk
Credit risks arise through investments in cash and cash equivalents, derivative instruments, and credit exposures to many customers to whom sales are made on credit. Group-wide credit policies are in place to limit these exposures, which include only accepting banks and financial institutions with a minimum credit rating of "BBB+" (long-term) by Standard and Poor's or equivalent independent appraisers. Individual risk limits are established based on internal or external credit assessments. The Group also works with collateral, e.g., Letter of Credit, bank guarantees, deposits, and Parent Company guarantees. The use of credit limits is regularly monitored. The credit risk is monitored at the group level by a credit committee.

Most of the credit exposure in terms of amount is toward financially strong counterparties. 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 10 (14) million, compared with sales revenue of SEK 130,765 (137,711) million. For further information, see also Note 20.

Regarding trading in financial derivatives, other players, such as banks and trading companies, act as counterparties. To limit counterparty risks in derivatives trading, the company enters into so-called ISDA agreements. When signing agreements for electricity derivatives and emission rights, OTC contracts are used with counterparties with high credit ratings and 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 business due to a lack of liquidity. The Group manages liquidity risk by holding sufficient cash and short-term investments in a liquid market and offering financing through agreed credit facilities. In 2024, the Group paid approximately SEK 1,700 million in excise taxes and VAT on a

Notes to the Consolidated Financial Statements

Note 2. cont.

monthly basis, which, combined with fluctuations in purchasing and sales patterns, can place demands on the availability of short-term credit loans.

The Group's policy is that loan renegotiation must occur no later than 12 months before maturity. The Group has syndicated loans subject to a clause requiring the fulfilment of a number of key figures (so-called covenants). See note 26 Financial liabilities, fulfillment of specific conditions. As of 31/12, 2024, the Group has SEK 13,506 (13,842) million in undrawn committed facilities. Available cash and cash equivalents amounted to SEK 2,424 (5,184) million.

The table below analyzes the Group's financial liabilities and derivative instruments that constitute financial liabilities, broken down by the time remaining on the balance sheet date until the contractual maturity date. The amounts shown in the table are the contractual, undiscounted cash flows. Interest is also included for financial liabilities; therefore, these amounts do not correspond to the balances shown in the balance sheet. The amounts due within 12 months are consistent with book amounts, as the discounting effect is immaterial. Derivatives are reported at fair value.

As of December 31, 2024	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Liabilities to credit institutions	18	18	56	–
Liability to Swedish Export Credit Corporation	571	550	2,147	–
Lease liability	396	240	212	101
Other interest-bearing liabilities	–	–	–	56
Derivatives	13	–	–	–
Accounts payable	5,649	–	–	–
Other liabilities	1,524	–	–	–
Total	**8,170**	**808**	**2,415**	**157**

At December 31, 2023	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Liabilities to credit institutions	21	20	56	67
Liability to Swedish Export Credit Corporation	294	610	1,668	1,143
Lease liability	206	174	252	19
Other interest-bearing liabilities	–	–	–	57
Derivatives	3	–	–	–
Accounts payable	5,119	–	–	–
Other liabilities	1,586	–	–	–
Total	**7,229**	**804**	**1,976**	**1,285**

Capital risk management

The Group's capital structure goal is to secure the Group's access to capital markets and to maintain an optimal capital structure to keep the cost of capital low and to balance the company's business risk with the cost of capital.

The Board continuously monitors the Group's financial position and the 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 net debt/net cash is shown in the table below:

	2024	2023
Total borrowings	3,903	3,830
Less cash and cash equivalents	-2,424	-5,184
Net cash/net debt	**1,480**	**-1,353**
Total equity	**27,674**	**27,954**
Net debt/cash	**0.05**	**-0.05**

Total borrowing includes liabilities to credit institutions, leasing liabilities, and other interest-bearing liabilities. Total borrowing excludes capitalized transaction costs of SEK 226 (167) 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, mainly 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 means a risk of negatively affecting profitability by changing exchange rates, mainly in USD, without the possibility of obtaining comparable compensation through commercial activities. Preem's transaction exposure arises when a sale or purchase of raw materials and refined products takes place in foreign currency and when it affects the income statement.

Translation risk

Translation risk is the risk that the value of the Group's recognized monetary assets and liabilities in foreign currency is negatively impacted by changes in exchange rates. The Group aims to reduce the translation risk 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, where possible, from a business perspective.

The Group has a currency hedging policy that permits currency risk hedging, which is only permitted to protect currency flows from significant currency risks.

The table below shows the Group's net exposure at the balance sheet date by currency translated into SEK regarding monetary assets and liabilities in trade receivables, cash and cash equivalents, accounts payables and other loans raised in foreign currency. In addition to trade receivables and accounts payable, working capital also includes the Group's inventory value. The size of the net exposure to the monetary items must, therefore, be put in relation to the stock's value in USD as of the balance sheet date. As the inventory is a non-monetary asset, it is not translated to the exchange rate on the balance sheet date but is recorded at the exchange rate at the time of purchase. A change in the exchange rate does not normally affect the inventory value; thus, this affects the year's profit only when the item is sold. If a change in the exchange rate would lead to the inventory's net sales in SEK being lower than the acquisition value due to a fall in the exchange rate, a write-down of the inventory will take place and directly affect profit and loss.

All amounts in SEK million

Net exposure at balance sheet date	2024	2023
EUR	-14	-246
USD	-1,839	-2,518
NOK	423	697
Other	0	88
Total	**-1,430**	**-1,978**

If the Swedish krona had been stronger/weaker by 10 percent in relation to the US dollar at the balance sheet date with all other variables remained constant, profit/loss for the year after tax as of December 31 would have been SEK 1,397 (1,299) million higher/lower as a result of gains/losses on translation of monetary assets and liabilities shown in the table above, taking into account the indirect currency effect on the Group's 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 fair value interest rate risk. As of December 31, 2024, the remaining fixed interest period was approximately three months. During 2024, the Group's borrowing mainly consisted of variable interest of 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 cash and cash equivalents.

Notes to the Consolidated Financial Statements

Note 2. cont.

The Group's outstanding borrowing as of the balance sheet date for loans taken out from credit institutions amounts to SEK 3,003 (3,123) 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 borrowings of 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 24 million (16) lower/ higher.

Price risk of raw materials and refined products

The Group is exposed to price risk on its inventories of raw materials and refined products. Price changes in crude oil and refined oil products 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 inventory[1)] that the Board has accepted is exposed to price risk. The risk position is defined as 1,840,000 m³ for fossil products and 240,000 m³ for renewable goods. The price risk on this volume is the company's business risk accepted by the Board. The Group trades financial derivatives to counteract the price risk arising when a priced stock deviates from the risk position.

Sensitivity analysis price risk raw materials and refined products

The Board has established risk limits defining the extent to which volume exposure may deviate from the risk position and the maximum risk expressed in USD that the Group is prepared to accept in volume deviations from the risk position. The deviation in volume may amount to +240,000 m³ or -190,000 m³. 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.

The table below shows how the position would change in SEK million if the price increases or decreases by 10 percent on the balance sheet date. The impact of such a change on the company's profit or loss depends on whether the profit or loss effect arises on the physical or derivative position. This is because inventories and derivatives are valued using different accounting policies. However, over time, the change in the price of the total position will affect the company's profit or loss. Thus, the total position represents the company's price risk, but, in the meantime, accrual effects arise in the profit for the year due to different valuation principles for inventories and derivatives.

1) Only the priced inventory is exposed to a price risk. Purchases of raw materials and products are included in the position only when the purchased goods are priced. The products are removed from the position when priced in conjunction with sales. If an item is priced for several days, a percentage of the load will be included in or removed from the position in relation to the number of days the load is priced. This means that the Group's physical inventory may differ to some extent from the company's physical location.

Year	Change in price	Physical position	Derivative position	Total position	Of which risk position
2024	+10%	1,760	-215	1,545	1,329
2024	-10%	-1,760	215	-1,545	-1,329
2023	+10%	1,616	-184	1,432	-1,244
2023	-10%	-1,616	184	-1,432	1,244

Changes in the value of the derivative position will always have a direct effect on profit and loss for the year, as the derivatives are valued at market value as of the balance sheet date and the gain/loss is reported through profit and loss.

Change in the value of the physical position in some cases directly impacts the result; in other cases, the result is affected only in subsequent periods. This is because inventories are valued at a lower cost or net realizable value.

In the event of a price increase, the impact on profit or loss is normally only felt at the time of sale; the price gains are only reported in the year's profit when they are realized. If the original net sales value is less than the acquisition value, a price increase can directly affect the year's results. However, this effect can amount to a maximum of the previously written-down value of the stock.

In the event of a price drop, the result is normally directly affected, meaning an inventory write-down is made, and a cost of goods is reported in the report on the comprehensive income. However, the write-down will only take place to the amount that the changed net sales value will fall below the inventory's previously reported value as of the balance sheet date.

In addition to price risk management of the stock position, there is room for speculative trading with derivative instruments determined by the Board. These transactions are limited by maximum loss limits for such trades.

Emission rights price risk

As the free allocation of emission rights decreases, Preem's costs for rights will increase. The price risk linked to future deficits is managed with derivatives.

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. Prices will 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 refineries and depots, 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 0–95 percent compared to forecasted actual consumption.

The Group's purchases of electricity at refineries and depots amounted to 665,831 MwH in 2024. Volume levels secured per year amounted to:

	2025	2026	2027
Hedged proportion %	36	25	5

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's financial statements and profit/loss is shown below.

Electricity derivatives	2024	2023
Reported amount in the balance sheet	-7	226
Volume MwH	464,980	392,878
Hedge ratio	1:1	1:1
Change in outstanding hedge instruments carrying value since inception of the hedge	-7	226
Change in value to determine inefficiency	7	-226

No inefficiency existed at the time of closing the accounts. The electricity derivatives are reported in the Statement of Financial Position as a long-term receivable of SEK 2 (19) million, a short-term receivable of SEK – (207) million and a current liability of SEK -9 (–) million. For information on 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 derivatives is determined using the 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 a cost where fair value cannot be measured reliably.

For disclosure purposes, the fair value of borrowings is calculated 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 account payables, is considered to correspond to their fair values, as these items are current by nature. For disclosure purposes, the fair value of financial liabilities is calculated 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 judgements

Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events 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, rarely correspond to actual outcomes.

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 below.

Goodwill

The Group's assets include an item of goodwill that is not amortized on an ongoing basis but is tested at least annually with regard to any need for impairment. Impairment tests include important assumptions and estimates. In 2024, no write-down was made. Even if the assumptions are changed as follows: Refining margin 20 percent lower, growth rate of -1 percentage and a discount rate before tax 2 percent higher than management's assessment, the Group would not have recognized impairment in 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 based on assumptions about the discount rate, inflation and life expectancy.

The expected return on investment assets is determined at the same percentage as the discount rate, in accordance with IAS19 regulations. Actual outcome may differ from the estimated values and result in an adjustment of 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 works. Book value is based on estimates of the cost. Management's estimate is based on the opinion of external experts or, if this is not possible, the outcome of previous similar remediation work. See Note 25 for current provisions.

A possible future closure of operations within the Group may require remediation and restoration work. However, this is considered far in the future, and the likely future expenses for this are deemed not to be able to be calculated reliably. Such potential environmental obligations are not included in the Group's balance sheet provisions nor contingent liabilities.

Significant judgments on application of the company's accounting policies

Functional currency

Preem has significant cash flows in USD. In determining the Group's functional currency, management has evaluated the criteria in IAS 21 for determining the functional currency. After carefully considering all indicators, management has judged that Preem's functional currency is SEK.

Note 4. Segment reporting

Operating segments

The Group consists of two operating segments:

Supply & Refining

The two refineries, Preemraff Lysekil and Preemraff Gothenburg, buy crude oil and renewable raw materials that are refined into finished products. Approximately 58 (65) percent of production is sold abroad, mainly to the northern European market. The part of the production sold in Sweden is sold partly through its market channels and partly through other oil companies.

Marketing & Sales

This segment sells refined products purchased from the Supply & Refining segment. Sales take place to consumers through the company's station network and to commercial customers and consumers via direct sales.

Internal pricing

Prices are set on commercial terms and at prices based on official listings in the oil market.

Profit/loss per segment

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

2024 Net sales by operating segment	Supply & Refining	Marketing & Sales	Total by segment
Net sales	125,451	26,105	**151,555**
Sales between segments	-20,791	–	**-20,791**
Net external sales	**104,660**	**26,105**	**130,765**

Operating profit by operating segment	Supply & Refining	Marketing & Sales	Total by segment
Operating profit	2,528	778	**3,305**
of which depreciation	-1,337	-193	**-1,530**

2023 Net sales by operating segment	Supply & Refining	Marketing & Sales	Total by segment
Net sales	132,241	35,291	**167,532**
Sales between segments	-29,822	–	**-29,822**
Net external sales	**102,420**	**35,291**	**137,711**

Operating profit by operating segment	Supply & Refining	Marketing & Sales	Total by segment
Operating profit of which	8,700	924	**9,624**
of which depreciation	-1,310	-235	**-1,545**

Reconciliation against the Group's profit before tax	2024	2023
Operating profit for reported segments	3,305	9,624
Exchange rate differences when buying and selling raw materials and products	-374	188
Depreciation Corporate Center	-37	-110
Other[1)]	-743	-1,794
Total operating profit	**2,151**	**7,908**
Interest income	233	145
Interest expense	-250	-322
Exchange rate gains/losses	-5	-30
Other net financial items	-190	-170
Profit before tax	**1,939**	**7,532**

1) Mainly refers to Corporate Center.

Notes to the Consolidated Financial Statements

Note 4. cont.

Other sales information

Revenue from sales comes largely from sales of fuel products.

	2024	2023
Sales of fuel products	130,737	137,563
Other	28	148
Total external sales	**130,765**	**137,711**

During 2024, no sales to an individual customer generated revenue exceeding 10 percent of total Group revenue. In 2023, revenue from a single customer amounted to a total of SEK 14,039 million. The revenue was reported in the Supply & Refining segment.

2024 Investments	Supply & Refining	Marketing & Sales	Other[1)]	Group
Investments in property, plant and equipment	3,537	218	–	**3,755**
Investments in intangible fixed assets	14	–	–	**14**

2023 Investments	Supply & Refining	Marketing & Sales	Other[1)]	Group
Investments in property, plant and equipment	3,900	184	–	**4,084**
Investments in intangible fixed assets	16	–	–	**16**

1) Mainly refers to Corporate Center.

Distribution by geographic area

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, other Nordic countries refer mainly to Denmark and Other countries refers mainly to Poland, Belgium and North America.

	External sales			
2024	Supply & Refining	Marketing & Sales	Total	Intangible and tangible fixed assets
Sweden	31,368	23,989	**55,357**	17,514
Norway	5,230	2,116	**7,346**	36
Other Nordic countries	8,535	–	**8,535**	–
Netherlands	12,122	–	**12,122**	–
UK	14,197	–	**14,197**	–
Other countries	33 208	–	**33,208**	–
Group	**104,660**	**26,105**	**130,765**	**17,550**

	External sales			
2023	Supply & Refining	Marketing & Sales	Total	Intangible and tangible fixed assets
Sweden	15,310	32,793	**48,103**	14,864
Norway	5,656	2,498	**8,154**	47
Other Nordic countries	11,394	–	**11,394**	–
Netherlands	10,598	–	**10,598**	–
UK	15,970	–	**15,970**	–
Other countries	43,492	–	**43,492**	–
Group	**102,420**	**35,291**	**137,711**	**14,911**

Note 5. Gross profit

Purchases and sales of oil products on the market are essentially dollar-based. Exchange 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 at a net amount of SEK -374 (188) million.

Net loss on derivatives valued at fair value, reported as an expense for goods sold in profit for the year, amounts to SEK -324 million compared to the previous year's loss of SEK -145 million.

Note 6. Auditors' fee

	2024	2023
PwC		
Audit fees	5	5
Other fees	1	1
	6	**6**

1) Audit fees consist of fees for the annual audit engagement and other audit services that can only be performed by the external auditor, including review of the consolidated financial statements and statutory audit.

2) "Other fees" include fees for other services.

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

	2024		2023	
	Salaries and other benefits	Social security expenses (of which pension costs)	Salaries and other benefits	Social security expenses (of which pension costs)
Parent Company	1,120	614	1,104	571
		(202)		(162)
Subsidiaries	103	34	87	28
		(4)		(3)
Group total	**1,223**	**649**	**1,190**	**599**
		(206)		**(165)**

	2024		2023	
Average number of employees	Number of employees	Of which percentage men	Number of employees	Of which percentage men
Parent Company				
Sweden	1,627	72%	1,516	73%
Subsidiaries				
Sweden	174	33%	105	46%
Norway	22	73%	20	70%
Group total	**1,823**	**68%**	**1,641**	**71%**

Salaries and other remuneration split by senior executives and other employees

	2024		2023	
	Board, CEO and other senior executives	Other employees	Board, CEO and other senior executives	Other employees
Parent Company	63	1,057	47	1,056
Subsidiaries in Sweden	–	86	–	68
Subsidiaries abroad	–	17	2	17
Group total	**63**	**1,160**	**49**	**1,141**

Notes to the Consolidated Financial Statements

Note 7. cont.

Senior executives

Senior management refers to partly top management and other senior management.

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 employed by the company, as well as the CEO. Total 6 people.

The group of other senior executives includes 6 (6) executives. They are part of Preem's management team together with the CEO, all of whom are employed by Preem AB (publ).

Remuneration for senior executives

Remuneration is paid to the Chairman and members of the Board by the decision of the Annual General Meeting. Extra fees are paid to members of the Audit Committee. Remuneration to the CEO and senior executives consists of basic salary, variable remuneration, other benefits and pension. The distribution between basic salary and variable remuneration shall be proportional to the executive's responsibility and authority. Variable remuneration for the CEO is determined on a discretionary basis based on the achievement of objectives. For other senior executives, the variable remuneration amounts to a fixed maximum percentage of the base salary. Pension and other benefits for the CEO and senior executives are paid as part of the total remuneration. Other benefits mainly consist of a company vehicle.

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 Pension obligations.

Severance pay

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

There is a mutual notice period between the company and other senior executives, which is a maximum of 12 months and six 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 payable.

Gender distribution in company management	2024 Percentage of women	2023 Percentage of women
The Board	0%	0%
Other senior executives	29%	29%

This table also refers to the Parent Company.

2024 Remuneration and benefits	Base pay/ Board fee	Variable remuneration	Other remuneration	Other benefits	Pension cost	Total
Chairman of the Board Jason T. Milazzo	0.9	–	–	–	–	0.9
Board member Richard Öhman[1)]	0.7	–	–	–	–	0.7
Board member Michael G G:son Löw[1)]	0.7	–	–	–	–	0.7
Board member Lennart Sundén	0.5	–	–	–	–	0.5
Board member Petter Holland	0.5	–	–	–	–	0.5
President and CEO	8.3	15.4	–	0	6.9	30.8
Other senior executives (6 executives)	19.6	14.7	0	1	9.5	44.8
	31.2	**30.1**	**0**	**1**	**16.4**	**78.9**

1) Apart from ordinary board fees, fees for work in the Audit Committee are included (SEK 0.2 million).

2023 Remuneration and benefits	Base pay/ Board fee	Variable remuneration	Other remuneration	Other benefits	Pension cost	Total
Chairman of the Board Jason T. Milazzo	0.8	–	–	–	–	0.8
Board member Richard Öhman[1)]	0.6	–	–	–	–	0.6
Board member Michael G G:son Löw[1)]	0.6	–	–	–	–	0.6
Board member Lennart Sundén	0.5	–	–	–	–	0.5
Board member Petter Holland	0.5	–	–	–	–	0.5
President and CEO	7.7	8.2	–	0.2	4.7	20.8
Other senior executives (6 executives)	16.3	11.3	0	0.9	6.8	35.2
	26.9	**19.5**	**0**	**1.0**	**11.5**	**58.9**

1) Apart from ordinary board fees, fees for work in the Audit Committee are included (SEK 0.2 million).

The tables above refer are for the Parent Company.

Notes to the Consolidated Financial Statements

Note 8. Depreciation

Breakdown of depreciation	2024	2023
Intangible assets	50	189
Buildings and land improvements	260	274
Plant and machinery	700	658
Turnaround costs	345	321
Equipment, tools, fixtures and fittings	213	185
	1,567	**1,627**
Breakdown by function		
Cost of goods sold	1,336	1,310
Selling expenses	193	234
Administrative expenses	37	83
	1,567	**1,627**

Note 9. Expenses by type of expense

	2024	2023
Cost of goods	122,122	122,600
Freight costs	1,575	1,397
Costs of employee benefits	1,872	1,789
Impairment of financial fixed assets	–	28
Depreciation	1,567	1,627
Disposal of tangible assets	16	873
Other expenses	2,424	2,293
	129,576	**130,606**
Reconciliation against Consolidated Income Statement		
Cost of goods sold	127,381	127,486
Selling expenses	989	981
Administrative expenses	1,161	1,227
Other operating expenses	45	913
	129,576	**130,606**

Note 10. Other operating income

	2024	2023
Heat deliveries	92	90
Rental income	91	96
Port income	70	76
Storage certificates	475	434
Insurance compensation	131	–
Other	108	72
	967	**768**

Note 11. Other operating expenses

	2024	2023
Disposal of tangible assets	16	873
Market remuneration	19	–
Other	10	40
	45	**913**

Note 12. Financial items, net

	2024	2023
Interest income from instruments measured at amortized cost	233	145
Financial income	**233**	**145**
Interest expenses from defined benefit unfunded pension obligation	-2	-3
Interest expenses from instruments measured at amortized cost[1)]	-201	-278
Interest expense from lease liabilities	-47	-41
Net exchange rate differences	-5	-30
Other	-190	-170
Financial expenses	**-445**	**-522**
Financial items, net	**-212**	**-377**

1) Of which interest costs from accrued transaction costs related to new loan agreements, reported according to the effective interest method SEK -125 (-125) million.

Note 13. Income tax

	2024	2023
Current tax expenses (-)/tax revenue (+)		
Tax expense for the period	-154	-1,645
Tax attributable to previous years[1)]	1	1,182
	-153	**-462**
Deferred tax expenses (-)/ tax income (+)		
Deferred tax on temporary differences	-263	107
Deferred tax on tax loss carryforwards	–	-1
	-263	**105**
Total reported tax expense	**-416**	**-357**
Reconciliation of effective tax		
Profit before tax	1,939	7,532
Tax calculated at national tax rates applicable for profits in the respective countries	-401	-1,553
Other non-deductible expenses	-15	-43
Non-taxable income	26	29
Standard Income on tax allocation reserve	-17	–
Tax attributable to previous years[1)]	1	1,182
Activation of previously unactivated tax carry loss forwards	–	-1
Other tax adjustments	-10	28
Reported effective tax amounts to	**-416**	**-357**
Tax attributable to other comprehensive income		
Tax on changes in value of hedging instruments	48	118
Revaluation of defined benefit pension plans	-13	19
Tax items recognized directly in equity		
Current tax in submitted Group contributions[2)]	-130	-558

1) For the financial year 2023, a tax appeal decision in Preem AB for income tax year 2021 has resulted in tax revenue of SEK 410 million. For the income tax year 2022, additional group contributions were submitted to the Parent Company Preem Holding AB before the income tax return was submitted. This resulted in an amended tax liability for income tax year 2022 of SEK 758 million. Other amounts to SEK 14 million.

2) Further information on group contributions and taxes reported directly against equity can be found in the Consolidated Statement of Changes in Equity.

Reported effective tax rate amounts to -21.5 (-4.7) percent. The low tax rate in 2023 is due to tax attributable to previous years which reduced the tax expense by -15.7 percent. Reported tax for the financial year 2023 amounted to 20.4 percent.

Notes to the Consolidated Financial Statements

Note 13. cont.

Global minimum tax

The Group operates in Sweden, which has adopted a global minimum Top-Up Tax Act based on the OECD Pillar 2 model rules. The new law came into force on January 1, 2024. According to the regulation, groups with consolidated revenues exceeding EUR 750 million will be liable to pay a top-up tax on the difference between the effective tax rate calculated according to the rules in each jurisdiction and the minimum tax rate of 15 percent.

The Group is a sub-group to the Moroncha Group, with Moroncha Holdings Co. Limited, Cyprus, as the ultimate Parent Company. The Moroncha Group is subject to OECD's Pillar 2 model rules and is currently analyzing its exposure to the new regulation in relation to all jurisdictions where it is established. This means the additional tax that could potentially apply to Preem's ultimate parent entity in Cyprus is automatically considered zero during the first five financial years.

Concerning the Swedish sub-group, the Group considers that it is covered by the temporary simplification rules introduced (safe-harbor rules), which state that full calculations under regulations do not need to be made during a transitional period. Under these simplification rules, the Group's effective tax rate is estimated to be at least 15 percent for the financial year 2024, according to the so-called ETR test. In light of this, the Group has not made any further calculations for 2024 regarding Pillar 2. The Group continuously evaluates the effects of the applicable regulations.

Deferred tax

2024 Deferred tax assets and tax liabilities	Deferred tax assets	Deferred tax liabilities
Land and buildings	–	-20
Machinery and equipment	–	-1,043
Derivative instruments subject to hedge accounting	2	–
Other derivative instruments	–	-16
Pension provisions	31	-15
Tax allocation reserve	–	-664
Other	23	–
Tax loss carry-forward	1	–
Total asset/liability	**56**	**-1,758**
Net liability		**-1,702**

2023 Deferred tax assets and tax liabilities	Deferred tax assets	Deferred tax liabilities
Intangible assets	–	0
Land and buildings	1	-18
Machinery and equipment	–	-770
Derivatives	–	-46
Tax loss carry-forward	1	–
Tax allocation reserve	–	-664
Other	23	-1
Total asset/liability	**25**	**-1,499**
Net liability		**-1,474**

Change in deferred tax in temporary differences and tax loss carry-forwards in 2024	Opening amount	Reported profit for the year	Reported in other total profit	Other changes	Closing amount
Intangible assets	0	-0	–	–	–
Land and buildings	-18	-1	–	–	-20
Machinery and equipment	-770	-273	–	–	-1,043
Derivatives	-46	–	48	–	2
Other derivative instruments	–	-16	–	–	-16
Pension provision	0	28	-13	–	15
Tax allocation reserve	-664	–	–	–	-664
Other	23	-1	–	–	23
Total temporary differences	**-1,475**	**-263**	**35**	**–**	**-1,703**
Tax loss carry-forward	1	–	–	–	1
Total	**-1,474**	**-263**	**35**	**–**	**-1,702**

There are no unactivated tax loss carry-forward in the Group.

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

Net exchange differences have been reported in profit/loss as follows:

	2024	2023
Net sales	280	-153
Cost of goods sold	-654	342
Financial items, net	-5	-30
	-379	**158**

Note 15. Intangible assets

Goodwill	2024	2023
Opening cost	308	308
Closing accumulated cost	**308**	**308**

Goodwill impairment testing

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 based on calculations of value in use. These calculations are based on estimated future pre-tax cash flows based on financial budgets approved by Group management covering a five-year period. Cash flows beyond the five-year period are extrapolated using estimated growth rates as explained below. The growth rate does not exceed the long-term growth rate of the Supply & Refining segment's market.

Significant assumptions used to calculated value in use	2024	2023
Average refining margin in USD per barrel for the period	7.56–14.22	7.86–12.37
Average rate of growth for extrapolation beyond the budget period	1%	1%
Discount rate before tax	11.9%	12.1%

Management has determined the budgeted refining margin based on previous profit/loss figures and its expectations of market performance. The weighted average growth rate used does not exceed the forecasts contained in industry reports. The discount rates 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 -1 percentage point and a discount rate of 2 percentage points higher for each segment.

Notes to the Consolidated Financial Statements

Note 15. cont.

Internally developed computer software	2024	2023
Opening cost	957	958
Investments for the year	2	0
Exchange rate differences for the year	0	-2
Closing accumulated cost	**958**	**957**
Opening depreciation	907	719
Depreciation for the year	50	189
Exchange rate differences for the year	0	-1
Closing accumulated depreciation	**956**	**907**
Carrying amount	**2**	**51**

Emission rights	2024	2023
Opening cost	15	123
Disposal	-15	-123
Investment during the year	12	15
Carrying amount	**12**	**15**
Total reported intangible assets	**322**	**373**

Emission rights	2024	2023
Opening balance	424,115	581,199
Number of allocated rights for current year	1,798,898	1,448,230
Number of used rights for previous year which are cancelled in current year	-2,047,406	-1,970,982
Number of allocated rights (adjustment activity)	–	350,668
Purchase of emission rights	16,000	15,000
Closing balance[1)]	**191,607**	424,115

[1)] Closing balance includes both purchased emission rights and emission rights received for free.

Note 16. Property, plant and equipment

Land and buildings	2024	2023
Opening cost	4,560	4,395
Increase in right-of-use-asset	195	140
Disposals/retirements	-82	-135
Completion of construction in progress	142	167
Other changes	25	–
Exchange rate differences for the year	-2	-6
Closing accumulated cost	**4,839**	**4,560**
Opening depreciation	2,530	2,384
Disposals/retirements	-74	-125
Depreciation for the year	260	274
Exchange rate differences for the year	-1	-3
Closing accumulated depreciation	**2,715**	**2,530**
Carrying amount	**2,124**	**2,030**

Plant and machinery[1)]	2024	2023
Opening cost	19,658	20,194
Disposals/retirements	-50	-1,355
Completion of construction in progress	5,668	820
Closing accumulated cost	**25,277**	**19,658**
Opening depreciation	13,490	13,330
Disposals/retirements	-39	-498
Depreciation for the year	700	658
Closing accumulated depreciation	**14,151**	**13,490**
Carrying amount	**11,126**	**6,168**

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

Capatlized turnaround costs	2024	2023
Opening cost	2,971	2,405
Investment during the year	19	–
Completion of construction in progress	–	566
Closing accumulated cost	**2,990**	**2,971**
Opening depreciation	1,997	1,676
Depreciation for the year	345	321
Closing accumulated depreciation	**2,342**	**1,997**
Carrying amount	**648**	**974**

Equipment, tools, fixtures and fittings	2024	2023
Opening cost	2,094	1,959
Increase in right-of-use-asset	254	107
Investments during the year	4	8
Disposals/retirements	-179	-68
Completion of construction in progress	82	89
Exchange rate differences for the year	0	-1
Closing accumulated cost	**2,255**	**2,094**
Opening depreciation	1,542	1,418
Disposals/retirements	-177	-62
Depreciation for the year	213	185
Exchange rate differences for the year	0	0
Closing accumulated depreciation	**1,576**	**1,542**
Carrying amount	**679**	**552**

Construction in progress	2024	2023
Opening cost	4,813	2,394
Disposals/retirements	-1	-16
Investments during the year	3,636	3,975
Capitalized borrowing costs	96	101
Completion of construction in progress	-5,892	-1,642
Carrying amount	**2,652**	**4,813**
Total reported property, plant and equipment	**17,227**	**14,537**

Capitalized interest costs for the year amount to SEK 96 (101) million and relate mainly to the balance sheet item "Construction in progress." The average interest rate is 3.4 (3.7) percent.

Impairment testing of Property, plant and equipment is included in the testing performed 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	Ownership share, %	Carrying amount
AB Djurgårdsberg	556077-3714	Stockholm	366	37	0
Göteborgs Smörjmedelsfabrik, Scanlube AB	556287-6481	Gothenburg	50,000	50	40
SunPine AB	556682-9122	Piteå	16,685	25	334[1)]
					374[2)]

1) Goodwill totalling SEK 54 million is included in the acquisition value for Sunpine.

2) Pyrocell AB is classified as an associated company in the Parent Company but is reported according to the proportional consolidation method in the Group. Therefore not included here. For more information, see Note 114.

2024	Assets	Liabilities	Equity	Sales	Net profit/loss
AB Djurgårdsberg	2	2	0	4	0
Göteborgs Smörjmedelsfabrik, Scanlube AB	293	208	84	751	-1
SunPine AB	1,560	449	1,111	2,693	-6

2023	Assets	Liabilities	Equity	Sales	Net profit/loss
AB Djurgårdsberg	3	2	1	4	1
Göteborgs Smörjmedelsfabrik, Scanlube AB	284	194	91	799	2
SunPine AB	1,831	651	1,180	3,958	154

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

	2024	2023
Opening cost	391	394
Dividends	-13	-25
Shareholder contribution	–	15
Impairment	–	-28
Profit share	-5	36
Carrying value	**374**	**391**

Note 18. Other long-term receivables

	2024	2023
Long-term receivables from the Parent Company Preem Holding AB (publ)	251	251
Other shares and participations	0	0
Endowment insurance	113	90
Net assets in defined benefit pension plans	69	–
Other long-term receivables	12	5
	446	**345**

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

Company	Corp. ID no.	Reg. office	Number of shares	Owner-ship %	Carrying amount
Släckmedelscentralen – SMC AB	556488-8583	Stockholm	117	1	0
SPIMFAB – SPI Miljösaneringsfond AB	556539-4888	Stockholm	1	1	0
Götene E.D.F. Elföreningen, ek förening	769000-0612	Götene	100	–	0
					0

Note 19. Inventories

	2024	2023
Raw materials	12,045	9,992
Finished products	7,388	8,884
	19,433	**18,876**

Cost of goods sold for the Group in 2023 includes a write-down of inventory of SEK -1,515 million. This impairment was reversed in 2024. There was no need for a write-down as of December 31, 2024.

From January 1, 2024, there are no longer any inventory loans. The information below applies to 2023.

The acquisition value of the inventory in the Group includes the equivalent of SEK 197 million relating to loaned inventory volumes. The value is net per counterparty.

Note 20. Trade receivables

	2024	2023
Trade receivables	4,426	3,941
Provision for expected credit losses	-11	-14
Fair value of trade receivables	**4,415**	**3,927**

A provision is made for expected credit losses. A claim overdue by more than 90 days is reserved in its entirety. As of the end of December 2023, a receivable in the Parent Company of SEK 96 million was overdue by more than 90 days. On the balance sheet date, there was a payment agreement, and the claim was paid at the beginning of 2024. No reservation was made for this. The age analysis of trade receivables is shown below:

	2024	2023
Not due	3,639	3,712
Less than 5 days	779	87
Between 6 and 30 days	12	37
Between 31 and 60 days	1	4
Between 61 and 90 days	2	2
More than 90 days	-7	98
	4,426	**3,941**

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

	2024	2023
At the beginning of the period	-14	-22
Provision for expected credit losses/reversed unused amounts	-1	-8
Confirmed losses for the year	4	15
Exchange rate differences for the year	0	1
At the end of the period	**-11**	**-14**

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 impairment is needed. 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

	2024	2023
Accrued income	1,494	2,223
Prepaid catalyst	496	557
Prepaid expenses	92	49
Accrued interest income Parent Company	63	51
Other	55	189
	2,200	**3,069**

Note 22. Cash and cash equivalents

Cash and cash equivalents in the balance sheet and cash flow analysis include the following with a maturity date of less than three months after acquisition.

	2024	2023
Short-term investments	–	251
Cash and cash equivalents[1)]	2,424	4,933
	2,424	**5,184**

1) Of which SEK 66 (61) million is client funds and belongs to the deposits reported as long-term debt, see Note 26.

Note 23. Equity

Share capital

The Group's share capital amounts to SEK 610,258,000. The number of shares amounts to 610,258 and refers entirely to class A shares. The shares are fully paid and the number of shares is the same at both the beginning and end of the year. The 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 hedging 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 identified and qualified as a cash flow hedge; 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.

	2024		2023	
	Hedge reserve	Translation reserve	Hedge reserve	Translation reserve
Opening balance	179	-25	633	9
Translation differences during the period	–	-11	–	-33
Fair value changes on hedging instruments reported in other comprehensive income	-154	–	-478	–
Tax attributable to fair value changes on hedging instruments reported in other comprehensive income	32	–	99	–
Reclassified to the income statement	-79	–	-93	–
Tax attributable to items reclassified to the income statement	16	–	19	–
Closing balance	**-6**	**-35**	**179**	**-25**

Retained earnings

Retained earnings includes profit and loss for the year 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.

Note 24. Post employment benefits

Defined benefit pension plans

The Group and the Parent Company have defined benefit plans that are no longer active. They are both funded and unfunded.

Wholly or partly funded obligations	2024	2023
Present value of defined benefit obligations	533	569
Fair value of plan assets	-603	-566
Endowment insurance	149	122
Net wholly or partially funded obligations and fair value of plan assets	**79**	**125**
Unfunded obligations:		
Present value of unfunded defined benefit obligations	50	55
Net amount recognized in the balance sheet (obligation +, asset -)	**129**	**180**
The net amount is recognized in the following balance sheet items:		
Pension obligations	199	180
Other long-term receivables	-69	–
Net amount in the statement of financial position	**129**	**180**
The net amount is divided among the following countries:		
Sweden	129	180
Cost reported in profit for the year		
Defined benefit plans		
Interest expense	19	22
Interest income on plan assets	-17	-21
Total cost of defined benefit plans	**2**	**1**
The amount recognized in other comprehensive income is as follows:		
Actuarial gains (-)/losses (+) on defined benefit pension plans	-66	93
Tax attributable to items in other comprehensive income	13	-19
Total other comprehensive income for the year, net of tax	**-52**	**74**

The change in the defined benefit obligation during the year is as follows:	2024	2023
Opening value of defined benefit obligation	624	548
Payment of benefits	-36	-33
Interest expense	19	22
Actuarial gain (-) or loss (+) on the obligation for the year:		
Changed demographic assumptions	–	7
Actuarial gains and losses on changed financial assumptions	-13	48
Experience-based adjustments	4	26
Special payroll tax	-15	7
Closing balance for defined benefit obligation	**583**	**624**

The present value of the obligation is divided by plan members as follows:

Active members: 0% (0%)
Vested beneficiaries: 45% (47%)
Old-age pensioners: 55% (53%)

Change in the fair value of plan assets during the year is as follows:	2024	2023
Opening balance plan assets	-566	-527
Payment of benefits	30	27
Fees from the employer	-5	-39
Interest income	-17	-21
Return on plan assets excluding interest income	-44	-7
Closing fair value of plan assets	**-603**	**-566**

Actuarial assumptions	2024	2023
Discount rate	3.45%	3.15%
Future wage increases	Not applicable	Not applicable
Staff turnover	Not applicable	Not applicable
Inflation	1.75%	1.65%
Expected average remaining period of service of employees	Not applicable	Not applicable
Life expectancy assumption	DUS 23 tjm	DUS 23 tjm
Duration of obligation	12	12
Plan assets consist of the following:		
Interest-bearing securities	49%	51%
Shares	37%	35%
Real estate	12%	12%
Other	3%	2%
	100%	**100%**

Sensitivity analysis	Present value of the obligation	Percentage change
Discount rate +1.0%	507	-13%
Discount rate -1.0%	676	16%
Inflation/Pension indexing +0.5%	632	8%
Inflation/Pension indexing -0.5%	539	-8%
Life expectancy + 1 year	623	7%

Defined contribution plans

Since 2008, there has been no new accrual of pension debt for employees at Preem, and the defined benefit pension plans reported in the balance sheet have been added to Fribrev (paid up pension policy). For white-collar workers in Sweden, the ITP-2 plan's defined benefit pension commitments for old-age pensions are secured through insurance in Alecta. According to a statement from The Swedish Corporate Reporting Board, UFR10 Accounting for ITP-2, financed through the purchase of insurance in Alecta, is a defined benefit plan that covers several employers. For the financial year 2024, the company did not have access to information to report its proportional share of the plan's obligations, management assets and costs, meaning that the plan was not possible to report as a defined benefit plan. The pension plan is reported as a defined contribution plan. The premium for defined-benefit old-age and family pension is calculated individually and depends 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 to SEK 26 (25) 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

Notes to the Consolidated Financial Statements

Note 24. cont.

actuarial methods and assumptions, which do not comply with IAS19. The collective consolidation level may 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, the agreed price for new insurance and expansion of existing benefits must be raised. In the event of high consolidation, premium reductions or refunds may be introduced, where premium reductions may occur if consolidation exceeds 150 percent. Alecta estimates that as of December 31, 2024, the collective consolidation level provisionally amounts to 162 percent.

	Group		Parent Company	
Million SEK	2024	2023	2024	2023
Costs for defined contribution plans[1)]	194	156	189	154

1) This includes SEK 25 (18) million for ITP plans financed in Alecta, see above.

Note 25. Other provisions

	Environmental restoration[1)]	Other[2)]	Total
Opening balance 2024	195	106	301
Provisions for the year	25	487	512
Amounts utilized	-5	-71	-75
Unused amounts reversed	–	-4	-4
Closing balance 2024	**215**	**519**	**734**
Of which:			
Long-term provision	175	–	175
Short-term provision	40	519	559

	Environmental restoration[1)]	Other[2)]	Total
Opening balance 2023	174	123	298
Provisions for the year	25	106	132
Amounts utilized	-5	-123	-128
Closing balance 2023	**195**	**106**	**301**
Of which:			
Long-term provision	154	–	154
Short-term provision	41	106	147

1) Closing balance for environment restoration includes provisions for decontamination of closed depots of SEK 139 (142) million and SEK 76 (53) million for contamination at refineries.

2) Closing balance for the item Other in 2024 consists of provision for disputes SEK 41 million and a provision for emission rights of SEK 478 million.

Note 26. Liabilities to credit institutions

Long-term borrowings	2024	2023
Syndicated bank loan in USD	–	–
Loans in SEK	2,558	3,011
Total long-term loans	**2,558**	**3,011**
Capitalized transaction costs	-226	-167
Total long-term borrowing, net	**2,332**	**2,844**
Deposits	56	57
Total long-term borrowings	**2,389**	**2,901**
Short-term borrowings		
Loans in SEK	444	111
Total short-term borrowings	**444**	**111**
Total Group borrowings, net	**2,833**	**3,012**
Total borrowings excl. transaction costs	**3,059**	**3,179**

For lease liabilities, see note 34.

Loan terms and conditions, effective interest rate and maturity structure

			Maturity structure (in million SEK)		
Long-term liabilities to credit institutions	Nominal value, local currency	Effective interest, %	Less than 1 year	1–5 years	>5 years
USD, variable interest[1)]	–	–	–	0	–
SEK, variable interest[2)]	–	3.80%	15	69	29
SEK, variable interest[3)]	–	4.59%	444	2,444	–
Total borrowings			**460**	**2,514**	**29**
Capitalized transaction costs			–	-226	–
Deposits			–	–	56
			460	**2,288**	**85**
Total Group borrowings, net					**2,833**

The remaining average fixed interest period as of December 31, 2024 was approximately 3 months.

Fulfillment of special loan conditions

1) The Parent Company Preem AB has a revolving, syndicated loan facility amounting to USD 1,500 million. As of December 31, 2024, this facility was only utilized for Letters of credit of USD 99 million. The loan is subject to a leverage ratio covenant and minimum equity requirements. Both conditions are met as of December 31, 2024.
2) The associated company Pyrocell has a debt to credit institutions of SEK 169 (200) million and a utilized overdraft facility of SEK 58 (45) million. Since the company is accounted for using the proportional method, 50 percent of the borrowings are included in the Group's total liabilities.
3) Loans of SEK 3,000 million from the Swedish Export Credit Corporation are earmarked for investment at the refinery in Lysekil. The loan is covered by Riksgälden Swedish National Debt Office's program for green credit guarantees.
4) Preem has a loan facility amounting to EUR 241 million, which is shared between Crédit Agricole Corporate & Investment Bank and the Swedish Export Credit Corporation. The facility is earmarked for investment at the Lysekil refinery. The loan is covered by Riksgälden Swedish National Debt Office's program for green credit guarantees. As of last December, the facility was unutilized.

For information on Liquidity risk, interest rate risk and payment plans, see Note 2.

For information on Pledged collateral, see Note 30.

Note 27. Derivatives

	2024		2023	
	Assets	Liabilities	Assets	Liabilities
Electricity derivatives /hedge accounting	2	9	226	–
Currency derivatives no hedge accounting	0	0	2	–
Emission rights no hedge accounting	146	–	–	3
Other derivatives no hedge accounting	–	3	–	–
Closing balance	**149**	**13**	**227**	**3**

Derivative instruments held for trading are classified as financial assets or financial liabilities. The entire fair value of a derivative instrument is classified as a non-current asset or non-current liability if the remaining maturity of the item is greater than 12 months and as a current asset or current liability if the remaining maturity of the item is less than 12 months.

The maximum exposure to credit risk per balance sheet date is the fair value of the derivative instruments reported as assets in the balance sheet.

See Note 2 for further information on derivative instruments.

Note 28. Other liabilities

	2024	2023
VAT	637	739
Excise duties[1)]	801	753
Other liabilities	86	94
	1,524	**1,586**

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

Note 29. Accrued expenses and deferred income

	2024	2023
Purchases of crude oil and products	5,063	4,507
Prepaid government grants	147	38
Employee expenses	397	472
Interest rates	1	1
Other	637	690
	6,245	**5,708**

Note 30. Pledged assets and contingent liabilities

Pledged assets	2024	2023
Property mortgages	4,000	4,000
Floating charges	10,000	10,000
Deposits	165	168
Trade receivables	5,151	5,330
	19,317	**19,498**
Contingent liabilities		
Sureties for associated companies	94	70
Guarantee commitments to the Swedish Customs Service	71	41
Parent Company guarantee to Preem AS	167[1)]	22
Guarantee commitments for Pyrocell AB	160	160
Guarantee commitments FPG/PRI	1	1
	492	**294**

[1)] Effective January 1, 2025

The deposits refer to primary collateral issued in connection with trading 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. These also include, in addition, the Parent Company's inventory and receivables: Norwegian surety for receivables, and inventory and insurance in Norway. Swedish surety for insurance in Sweden. Dutch surety for inventory in the Netherlands. Spanish surety for inventory in Spain. English surety for certain bank accounts.

Other contingent liabilities

A future closure of operations within the Group may require clean-up and restoration work. However, this is considered far in the future, and future expenditures cannot be reliably calculated.

This note also refers to the Parent Company.

Note 31. Supplementary disclosures to the cash flow statement

Interest paid/received	2024	2023
Interest received	165	88
Interest paid	-224	-291
Adjustment for non-cash items		
Depreciation of property, plant and machinery	1,567	1,627
Impairment of financial fixed assets	–	28
Write-down of inventory (+)/reversal of previous write-down of inventory (-)	-1,533	1,515
Unrealized exchange losses (+) / gains (-)	191	-169
Unrealized exchange losses (+) / gains (-), financial items, net	6	-6
Unrealized gains (+) / losses (-) on derivatives	-80	27
Expensed portion of capitalized transaction costs	125	125
Provisions	398	172
Gains/loss on sale/disposal, property, plant, equipment	33	889
Shares in associated company's profit	17	-11
Other	-79	-68
	645	**4,130**
Transactions not involving payments		
Acquisition of assets via financial leases	449	248

Notes to the Consolidated Financial Statements

Note 31. cont.

Reconciliation of liabilities arising from financing activities

	Opening balance 2024	Cash flows	Non-cash changes: Exchange rate, unrealized	Non-cash changes: Other	Closing balance 2024
Liabilities to credit institutions [1]	123	-9	–	–	114
Liabilities to Swedish Export Credit Corporation	3,000	-111	–	–	2,889
Other interest-bearing liabilities	57	0	–	–	56
Lease liability	651	-299	6	486	845
Total liabilities arising from financing activities	**3,830**	**-419**	**6**	**486**	**3,903**

1) Excluding capitalized transaction costs.

	Opening balance 2023	Cash flows	Non-cash changes: Exchange rate unrealized	Non-cash changes: Other	Closing balance 2023
Liabilities to credit institutions [1]	3,264	-3,145	4	–	123
Liabilities to Swedish Export Credit Corporation	1,300	1,700	–	–	3,000
Other interest-bearing liabilities	52	5	–	–	57
Lease liability	680	-300	-10	281	651
Total liabilities arising from financing activities	**5,296**	**-1,741**	**-6**	**281**	**3,830**

1) Excluding capitalized transaction costs.

Other unused lines	2024	2023
Approved credit lines	13,506	13,842
Total unused lines	**13,506**	**13,842**

Note 32. Financial instruments

Financial instruments by category

2024 Assets in the balance sheet	Assets measured at fair value through profit for the year	Derivatives in a hedged relationship	Financial assets measured at amortized cost	Carrying amount	Fair value
Other shares and participations	0	–	–	0	0
Long-term receivables from related companies	–	–	265	265	265
Receivables from Parent Company	–	–	251	251	251
Other long-term receivables	–	–	126	126	157
Derivatives	147	2	–	149	149
Receivables from related parties	–	–	55	55	55
Trade receivables and other receivables	–	–	5,259	5,259	5,259
Cash and cash equivalents	–	–	2,424	2,424	2,424
	147	**2**	**8,379**	**8,528**	**8,559**

Liabilities in the balance sheet	Liabilities valued at fair value through profit for the year	Derivatives in a hedged relationship	Liabilities measured at amortized cost	Carrying amount	Fair value
Borrowings	–	–	3,003	3,003	3,003
Lease liabilities	–	–	845	845	845
Other interest-bearing liabilities	–	–	56	56	56
Liabilities to Parent Company	–	–	243	243	243
Liabilities to associated companies	–	–	3	3	3
Derivatives	4	9	–	13	13
Other liabilities	–	–	7,173	7,173	7,173
	4	9	**11,322**	**11,335**	**11,335**

2023 Assets in the balance sheet	Assets measured at fair value through profit for the year	Derivatives in a hedged relationship	Financial assets measured at amortized cost	Carrying amount	Fair value
Other shares and participations	0	–	–	0	0
Long-term receivables from related parties	–	–	181	181	181
Other long-term receivables	–	–	345	345	391
Derivatives	2	226	–	227	227
Receivables from related parties	–	–	57	57	57
Trade receivables and other receivables	–	–	4,931	4,931	4,931
Cash and cash equivalents	–	–	5,184	5,184	5,184
	2	**226**	**10,698**	**10,925**	**10,971**

Notes to the Consolidated Financial Statements

Note 32. cont.

Liabilities in the balance sheet	Liabilities valued at fair value through profit for the year	Derivatives in a hedged relation	Liabilities measured at amortized cost	Carrying amount	Fair value
Borrowings	–	–	3,123	3,123	3,123
Lease liabilities	–	–	651	651	651
Other interest-bearing liabilities	–	–	57	57	57
Derivatives	3	–	–	3	3
Other liabilities	–	–	6,706	6,706	6,706
	3	–	**10,536**	**10,539**	**10,539**

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 instrument.

Level 2: Fair value is based on quoted market prices in active markets 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.

2024	Level 1	Level 2	Level 3
Assets in the balance sheet			
Currency derivatives	0	–	–
Electricity derivatives	–	2	–
Emission rights	146	–	–
	147	**2**	**–**
Liabilities in the balance sheet			
Currency derivatives	0	–	–
Electricity derivatives	–	9	–
HVO, RME derivatives	3	–	–
	4	**9**	**–**

2023	Level 1	Level 2	Level 3
Assets in the balance sheet			
Electricity derivatives	–	226	–
Emission rights	2	–	–
	2	**226**	–
Liabilities in the balance sheet			
Emission rights	3	–	–
	3	**–**	**–**

Note 33. Transactions with related parties

Relationships with related parties involving control

The Group is under the controlling influence of Preem Holding AB (publ). In addition to the related party transactions listed for the Group below, the Parent Company has related party relationships that include a controlling influence with its subsidiaries, see Note 113.

2024 Relationship with related parties	Sales/ interest	Purchases	Receivables 31 Dec	Liabilities 31 Dec	Other (accrued)
Parent Company	13	–	251	243	63
Associated companies	4	1,765	–	3	–
Other affiliated companies	36	53	320	–	20

2023 Relationship with related parties	Sales/ interest	Purchases	Receivables 31 Dec	Liabilities 31 Dec	Other (accrued)
Parent Company	6	–	251	–	51
Associated companies	7	2,680	–	274	–
Other affiliated companies	2	286	238	31	2

The cost to other related companies includes a compensation of SEK 53.2 (53.9) million to Sparrow Winds Ltd. The company is related to the Chairman of the Board of Preem AB, Jason T. Milazzo.

Another claim exists on the related company Corral Marocco Gas & Oil (CMGO). The claim 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. No interest is payable from 2019. There is no security for the claim. CMGO's ability to repay Preem funds on this claim depends on the success of a legal process regarding the ownership of the Moroccan company SAMIR. This process was initiated by CMGO's wholly owned subsidiary, Corral Morocco Holdings AB (CMH), against Morocco at the International Center for Settlement of Investment Disputes (ICSID) in Washington in 2018. In mid-2024, ICSID issued its judgment, awarding CMH damages of approximately USD 154 million plus interest and certain costs.

The parties appealed the judgment under the ICSID special appeal process, which is expected to last at least until 2026.

In the event that CMH is also successful in this appeal process, and the original judgment thus stands, it remains for CMH to seek enforcement of the judgement against Morocco in order to make Morocco pay the damages. It is estimated that the enforcement process may also take considerable time.

Note 34. Lease agreements

Leaseholder

The Group's property, plant, and equipment comprise of owned and leased assets. The Group leases several types of assets, such as buildings, land, vehicles, time-share vessels and machinery. No leasing agreements contain covenants or other restrictions besides the security of the leased asset.

	2024	2023
Property, plant and equipment owned	16,399	13,885
Right-of-use assets	829	652
	17,227	**14,537**

Right-of-use asset	Buildings and land	Equipment and tools	Total
Opening balance January 1, 2024	360	292	652
Additional right-of-use assets added during the year	195	254	449
Depreciation	-121	-150	-271
Disposal/retirements	-2	0	-2
Exchange rate differences	0	–	0
Closing balance December 31, 2024	**432**	**396**	**829**

Right-of-use asset	Buildings and land	Equipment and tools	Total
Opening balance January 1, 2023	364	309	673
Additional right-of-use assets added during the year	141	107	248
Depreciation	-141	-124	-265
Disposal/retirements	0	0	0
Exchange rate differences	-3	–	-3
Closing balance December 31, 2023	**360**	**292**	**652**

Lease liabilities	2024	2023
Long-term	449	445
Short-term	396	206
Lease liabilities included in the report over financial position	**845**	**651**

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

Amounts recognized in profit or loss	2024	2023
Depreciation of right-of-use assets	-271	-265
Interest on lease liabilities	-47	-41
Exchange rate differences	-6	10
Variable leasing fees not included in lease liability	-64	-80

Amounts reported in the cash flow report	2024	2023
Total cash outflows attributable to lease agreements	299	300

The above cash outflow includes both amounts for leasing contracts reported as lease liabilities, and 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, offices and fuel stations. Leasing agreements for properties normally last two to three 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. These options are included in the calculation of the value of the lease if it is probable that they will be used from the start. Some lease agreements contain leasing fees based on changes in local price indices or the Group's sales in the leased fuel stations during the year. Certain lease agreements also require the Group to pay fees for property taxes imposed on the lessor. These amounts are determined annually. The Group rents out some of these properties under operating leases.

Leasing of time-share vessels

The Group leases vessels to ship crude oil and finished products. The leasing agreements 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. An extension period is often considered reasonably certain and results in a lease period of three to five years.

Other leasing agreements

The Group leases vehicles and a few machines with lease periods of three to five years. In some cases, the Group has an option to purchase the asset at the end of the lease period, which is rarely exercised. 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. Expected payments for residual values are considered intangible for the Group.

Lessors

Operating 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 fees to be received after the balance sheet date.

IFRS 16	2024	2023
Within a year	115	155
Between one year and five years	405	379
More than five years	–	–
Total undiscounted leasing fees	**520**	**534**

Note 35. Subsequent events

No significant events have taken place.

This note also applies to the Parent Company.

Parent Company Financial Statements AMOUNTS IN MILLION SEK

Income Statement for the Parent Company

	Note	2024	2023
Sales including excise duties		139,597	147,453
Excise duties[1)]		-10,431	-10,756
Net sales	102	**129,166**	**136,697**
Cost of goods sold	106	-126,300	-126,993
Gross profit	5	**2,865**	**9,704**
Selling expenses		-844	-859
Administrative expenses		-1,154	-1,266
Other operating income	107	994	892
Other operating costs	108	-44	-913
Operating profit	7, 103–106	**1,817**	**7,558**
Profits from participations in Group companies		3,854	-6,256
Financial income		281	149
Financial expenses		-439	-525
Financial items, net	109	**3,697**	**-6,632**
Profit before tax		**5,513**	**926**
Appropriations	121	–	1,227
Profit before tax		**5,513**	**2,153**
Tax expenses for the year	110	-389	750
Profit for the year		**5 ,124**	**2,903**

The Parents' Company Report on Results and Other Comprehensive Income

	Note	2024	2023
Profit for the year		**5,124**	**2,903**
Other comprehensive income			
Items that may be reclassified to the income statement:			
Fair value changes on hedging instruments	120	-154	-478
Hedging result reclassified to profit for the year	120	-79	-93
Tax attributable to the above items	110, 120	48	118
Total other comprehensive income for the year, net after tax		**-185**	**-454**
Total comprehensive income for the year		**4,939**	**2,449**

1) The excise taxes relate to energy tax, carbon dioxide tax, sulphur tax and alcohol tax.

Balance Sheet for the Parent Company

Assets	Note	2024-12-31	2023-12-31
Non-current assets			
Intangible fixed assets	111	12	63
Property, plant and equipment	30, 112	16,227	13,700
Shares in Group companies	113	233	232
Shares in associated companies	114	189	189
Deferred tax assets	110	33	1
Long-term derivatives	27, 127	2	19
Long-term receivables from related companies	33, 127	265	181
Other long-term receivables	115, 127	379	348
Total non-current assets		**17,341**	**14,732**
Current assets			
Inventory	116	19,278	18,551
Receivables			
Tax receivables		484	–
Trade receivables	30, 117, 127	4,022	3,471
Receivables from related parties	33, 127	76	58
Receivables from Group companies	127	901	940
Receivables from associated companies	33, 127	1	0
Derivatives	27, 127	147	209
Other receivables	127	828	996
Prepaid expenses and accrued income	118	2,121	3,019
		8,578	**8,693**
Cash and bank balances	119, 127	2,422	5,182
Total current assets		**30,278**	**32,427**
Total assets		**47,618**	**47,159**

Balance Sheet for the Parent Company

Equity, provisions and liabilities	Note	2024-12-31	2023-12-31
Equity			
Restricted equity			
Share capital (610, 258 shares)		610	610
Statutory reserve		266	266
		877	**877**
Non-restricted equity			
Reserve for fair value		-6	179
Retained earnings		17,940	16,695
Profit for the year		5,124	2,903
		23,058	**19,778**
Total equity	120	**23,935**	**20,654**
Untaxed reserves	121	**1,621**	**1,621**
Provisions			
Provisions for pensions	122	203	178
Provisions for deferred tax	110	1,079	834
Other provisions	25	175	154
Total provisions		**1,457**	**1,166**

Equity, provisions and liabilities	Note	2024-12-31	2023-12-31
Liabilities			
Non-current liabilities			
Liabilities to credit institutions	123, 127	2,219	2,722
Liabilities to Group companies	127	1	1
Other non-current liabilities	123, 127	56	57
		2,276	**2,779**
Current liabilities			
Provisions	25	559	147
Liabilities to credit institutions	123, 127	444	111
Advance payments from customers		9	317
Accounts payable	127	5,583	5,030
Liabilities to Group companies	127	4,272	7,537
Liabilities to associated companies	33, 127	3	274
Derivatives	27, 127	13	3
Current tax liabilities		–	595
Other liabilities	124, 127	1,251	1,248
Accrued expenses and deferred income	125	6,196	5,677
		18,331	**20,939**
Total liabilities		**20,606**	**23,718**
Total equity, provisions and liabilities		**47,618**	**47,159**
Pledged assets and contingent liabilities	30		

Parent Company Financial Statements AMOUNTS IN MILLION SEK

Statement of Changes in Equity for the Parent Company

	Restricted equity			Non-restricted equity			
Note 120	Share capital	Statutory reserve	Other restricted equity	Reserve for fair value	Retained earnings	Profit for the year	Total equity
Opening equity 2023-01-01	**610**	**266**	**127**	**633**	**9,391**	**7,954**	**18,981**
Profit for the year	–	–	–	–	–	2,903	2,903
Other comprehensive income for the year, net after tax	–	–	–	-454	–	–	-454
Total profit for the year	**–**	**–**	**–**	**-454**	**–**	**2,903**	**2,449**
Allocation of profits	–	–	–	–	7,954	-7,954	–
Submitted Group contribution for 2022, net after tax and shareholder contributions[1)]	–	–	–	–	226	–	226
Submitted Group contribution for 2023, net after tax and shareholder contributions [2)]	–	–	–	–	332	–	332
Dividend	–	–	–	–	-1,324	–	-1,324
Merger of subsidiaries	–	–	–	–	-10	–	-10
Fund for internally generated development expenditure	–	–	-127	–	127	–	–
Closing equity 2023-12-31	**610**	**266**	**–**	**179**	**16,695**	**2,903**	**20,654**
Opening equity 2024-01-01	**610**	**266**	**–**	**179**	**16,695**	**2,903**	**20,654**
Profit for the year	–	–	–	–	–	5,124	5,124
Other comprehensive income for the year, net after tax	–	–	–	-185	–	–	-185
Total profit for the year	**–**	**–**	**–**	**-185**	**–**	**5,124**	**4,939**
Allocation of profits	–	–	–	–	2,903	-2,903	–
Submitted Group contribution for 2024, net after tax and shareholder contribution[3)]	–	–	–	–	130	–	130
Dividend	–	–	–	–	-1,790	–	-1,790
Closing equity 2024-12-31	**610**	**266**	**–**	**-6**	**17,940**	**5,124**	**23,935**

1) For the 2022 income tax year, Group contributions totaling SEK -1,099 million have been submitted to the Parent Company Preem Holding AB (publ). Tax on this amounts to SEK 226 million. Shareholders' contributions have since been received from the Parent Company with the corresponding amount.

2) For income tax year 2023, Group contributions have been submitted to the Parent Company Preem Holding AB (publ) totaling SEK -1,611 million. Tax on this amounts to SEK 332 million. Shareholder contributions have since been received from the Parent Company with the corresponding amount.

3) For income tax year, Group contributions have been submitted to the Parent Company Preem Holding AB (publ) totaling SEK -633 million. Tax on this amounts to SEK 130 million. Shareholder contributions have since been received from the Parent Company with the corresponding amount.

Cash Flow Statement for the Parent Company

	Note	2024	2023
Operating activities			
Profit before tax		5,513	926
Adjustments for non-cash items[1)]	126	-3,334	3,834
		2,180	**4,760**
Tax paid		-1,076	-490
Cash flow from operating activities before changes in working capital		**1,103**	**4,270**
Cash flow from changes in working capital			
Increase (-)/Decrease (+) in inventories		783	-1,614
Increase (-)/Decrease (+) in operating receivables		409	3,332
Increase (+)/Decrease (-) in operating liabilities		414	2,522
Cash flow from operating activities		**2,710**	**8,510**
Investing activities			
Acquisitions of intangible assets	111	-12	-15
Acquisitions of property, plant and equipment	112	-3,655	-3,975
Sales of property, plant and equipment		3	0
Investment in financial assets	115	-7	–
Cash flow from investing activities		**-3,671**	**-3,990**
Financing activities			
Borrowings	126	1,410	5,402
Repayment of loans	126	-1,522	-6,833
Dividend paid		-1,547	-1,148
Transaction costs		-184	–
Cash flow from financing activities		**-1,842**	**-2,579**
Cash flow for the year		-2,804	1,941
Opening cash and bank balances		5,182	3,240
Exchange gains/losses on cash and bank balances		44	2
Closing cash and bank balances	119	**2,422**	**5,182**

1) In 2023, impairment of shares in subsidiaries SEK 6,282 million was netted against the additions of SEK 6,282 that were made to the subsidiaries. See Note 113. Nothing had an impact on cash flow.

Notes to the Parent Company's Financial Statements

Note 101. Significant accounting policies for the Parent Company

Preem AB (publ) org. ID no. 556072-6977, is the Parent Company of the Preem AB Group (Preem). Its headquarters are in Stockholm. The Group's operations involve extensive refining of crude oil and renewable raw materials into fuels. Around two-thirds of fuel production is sold to international customers, mostly in northern Europe. The rest of the sales are made to the Swedish market, where about half of all liquid fuel comes from Preem.

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 are applied, which apply to listed companies. 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 and interpretations are in accordance with the Swedish Annual Accounts Act, the Pension Obligation Vesting Act (Tryggandelagen) 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 Group's and the Parent Company's accounting policies are described below. The accounting policies of the Parent Company have been applied consistently to all periods presented in the Parent Company's Financial Statements.
A more detailed description of the Group's accounting policies and significant estimates and judgments can be found in Note 1. to the Consolidated Financial Statements.

Classification and presentation methods
The Parent Company's profit and loss account and balance sheet are drawn up according to the Annual Accounts Act's schedules. The difference to IAS 1 "Preparation of financial reports" which is applied in the preparation of the Group's financial reports is primarily reporting of financial fixed assets, current assets, equity, the presence of provisions as a separate heading in the Parent Company's balance sheet.

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 term. The expenses related to the leasing income are recognized as they arise.

Employee benefits
The Parent Company applies different bases for calculating defined benefit plans than those specified in IAS 19. The Parent Company complies with the provisions of the Swedish Pension Obligations Vesting Act and the Swedish Financial Supervisory Authority's regulations, as this is a prerequisite for tax deduction rights. The most significant differences compared to the rules in IAS 19 primarily concern how discount rate is determined and that calculation of the defined benefit obligation be based on the current salary level without assumptions about future salary increases, and that all actuarial gains and losses are recognized in the income statement when they arise.

Income taxes
In the Parent Company, untaxed reserves including deferred tax liabilities are reported in the balance sheet. In the consolidated accounts, however, untaxed reserves are divided into deferred tax liability and equity. In the Parent Company's income statement, no allocation is made of the end-of-years appropriations to deferred tax expense.

Group contributions and shareholders contributions for legal entities
The company reports group and shareholder contributions in accordance with RFR 2. Shareholder contributions are entered directly against the equity of the recipient and are capitalized in shares and shares of the donor, to the extent that impairment is not required. For group contributions, the main rule is used. Group contributions that the Parent Company receives from subsidiaries are reported as income in the Parent Company's income statement, and group contributions that the Parent Company makes to a subsidiary are reported against shares in subsidiaries in the same way as shareholder contributions. Group contributions that Preem makes to/receives from its Parent Company are reported as dividends/contributions at Preem, i.e. directly against 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 is reduced as the intangible assets are amortized or impaired.

Branch in Norway
When recalculating the Norwegian branch's profit and loss account and balance sheet, the exchange rate on the reporting day is used, which means the balance sheet is translated to the closing exchange rate and the profit and loss account is translated to an average exchange rate.

Note 102. Segment reporting

Sales by segment	Supply & Refining	Marketing & Sales	Sales between segments	Total
2024	126,278	23,662	-20,774	129,166
2023	133,731	32,753	-29,787	136,697

Sales by geographical area	2024	2023
Sweden	55,908	47,881
Norway	5,197	7,362
Other Nordic countries	8,535	11,394
Netherlands	12,122	10,598
UK	14,197	15,970
Other countries	33,208	43,492
Parent Company	**129,166**	**136,697**

Note 103. Auditors' fees

	2024	2023
PwC		
Audit fees	4	4
Other fees	1	1
	5	**5**

1. Audit fees consist of fees for the annual audit engagement and other audit services of a nature that can only be performed by the external auditor, and include review of the consolidated financial statements and statutory audit.
2. Other fees include fees for other services.

Parent Company notes

Note 104. Depreciation

Breakdown of depreciation	2024	2023
Intangible assets	48	186
Buildings and land improvements	134	128
Plant and machinery	693	651
Turnaround and shutdowns	345	321
Equipment, tools, fixtures and fittings	59	58
	1,278	**1,343**

Breakdown by function	2024	2023
Cost of goods sold	1,131	1,109
Selling expenses	132	174
Administrative expenses	15	60
	1,278	**1,343**

Note 105. Leases

Lease payments for operating leases	2024	2023
Minimum lease payments	132	195
Variable payments	64	80
Total lease expenses	**196**	**275**
Contracted future minimal lease payments		
Within a year	186	95
Between one and five years	269	267
Later than five years	87	85

Lease revenue from operating leases	2024	2023
Minimum lease payments	70	106
Variable payments	51	57
Total lease revenue	**121**	**163**
Contracted future minimal lease payments		
Within a year	115	155
Between one and five years	405	379

Note 106. Expenses by type of Expense

	2024	2023
Cost of goods	121,265	122,296
Freight costs	1,541	1,378
Costs of employee benefits	1,744	1,731
Depreciation	1,278	1,343
Disposal of plant, equipment and tools	16	873
Impairment of financial fixed assets	–	28
Other expenses	2,500	2,382
	128,343	**130,031**
Reconciliation with income statement		
Cost of goods sold	126,300	126,993
Selling expenses	844	859
Administrative expenses	1,154	1,266
Other operating costs	44	913
	128,343	**130,031**

Note 107. Other operating income

	2024	2023
Heating deliveries	92	90
Rental income	120	116
Charter hire	–	95
Port income	70	76
Storage certificates	475	434
Insurance compensation	131	–
Other	106	82
	994	**892**

Note 108. Other operating expenses

	2024	2023
Disposal of plant, equipment and tools	16	873
Market compensation	19	–
Other	9	40
	44	**913**

Note 109. Financial items, net

	2024	2023
Dividends from subsidiaries	3,638	–
Impairment of shares in subsidiaries	–	-6,282
Group contributions to/from subsidiaries	203	–
Dividend from associated companies	13	25
Profit from divestment of shares in subsidiaries	–	0
	3,854	**-6,256**
Interest income from instruments measured at amortized cost	254	149
Net exchange differences	27	–
Financial income	**281**	**149**
Interest expense from defined benefit unfunded pension obligation	-2	-2
Interest expenses from defined instruments measured at amortized cost[1)]	-248	-305
Net exchange differences	–	-49
Other	-189	-169
Financial expenses	**-439**	**-525**
Financial items, net	**3,697**	**-6,632**

1) Of which accrued transaction costs in connection with refinancing of loans according to the effective interest method SEK 125 (125) million.

Note 110. Income tax

Current tax expense(-)/income(+)	2024	2023
Tax expense for the period	-130	-628
Tax attributable to previous years[1)]	2	1,182
	-129	**555**
Deferred tax expenses (-)/income(+)		
Deferred tax on temporary differences	-260	195
	-260	**195**
Total reported tax expense	**-389**	**750**

Parent Company notes

Note 110. cont.

Reconciliation of effective tax	2024	2023
Profit before tax	5,513	2,153
Income tax calculated according to the prevailing tax rate for the Parent Company	-1,136	-444
Other non-deductible expenses	-11	-44
Non-taxable income	775	27
Tax attributable to previous years[1)]	2	1,182
Standard income on tax allocation reserve	-9	-6
Other tax adjustments	-10	34
Reported tax expenses	**-389**	**750**
Tax attributable to other comprehensive income		
Tax on changes in value of hedging instruments	48	118
Tax items recognized directly in equity		
Current tax in Group contributions paid[2)]	-130	-558

1) For the financial year 2023, an appeal decision for the tax year 2021 resulted in a tax revenue of SEK 410 million. For income tax year 2022, additional Group contributions were made to the Parent Company before the income tax return was submitted. This resulted in a revised tax liability for income tax year 2022 of SEK 758 million. Other amounts to SEK 14 million.

2) Further information on Group contributions and taxes reported directly against equity can be found in the Report on changes in equity for the Parent Company.

Reported effective tax rate amounts to 7 (-35) percent. The low percentage in 2024 is essentially due to a non-taxable dividend from subsidiaries of SEK 3,638 million.

The tax rate in 2023 is affected by tax attributable to previous years, +55 percent. Adjusted for that effect, the Parent Company reports a tax of 23 percent for the financial year 2023.

2024 Deferred tax assets and tax liabilities	Deferred tax assets	Deferred tax liabilities
Derivative instruments subject to hedge accounting	2	–
Derivatives	–	-16
Land and buildings	–	-20
Machinery and equipment	–	-1,043
Pension provision	31	–
Other	1	–
Total asset/liability	**33**	**-1,079**
Net liability		**-1 046**

2023 Deferred tax assets and tax liabilities	Deferred tax assets	Deferred tax liabilities
Derivatives	–	-46
Land and buildings	–	-18
Machinery and equipment	–	-770
Other	1	–
Total asset/liability	**1**	**-834**
Net liability		**-834**

Change in deferred tax in temporary differences in 2024	Amount at beginning of year	Recognized in profit/ loss for the year	Recog-nized in OCI	Amount at end of the year
Derivative instruments subject to hedge accounting	-46	–	48	2
Other derivative instruments	–	-16	–	-16
Land and buildings	-18	-1	–	-20
Machinery and equipment	-770	-273	–	-1,043
Pension provision	–	31	–	31
Other	1	0	–	1
Total temporary differences	**-834**	**-260**	**48**	**-1,046**

The Company has no tax loss carryforward.

Note 111. Intangible assets

Internally developed computer software	2024	2023
Opening cost	935	935
Closing accumulated costs	**935**	**935**
Opening depreciations	887	702
Depreciation for the year	48	186
Closing accumulated depreciation	**935**	**887**
Carrying amount	**–**	**48**

Emission rights[1)]	2024	2023
Opening cost	15	123
Investments for the year	12	15
Depreciation for the year	–	-123
Disposals/retirements	-15	–
Carrying amount	**12**	**15**
Total reported value intangible assets	**12**	**63**

1) For further information see note Note 15.

Note 112. Property, plant and equipment

Land and buildings	2024	2023
Opening cost	3,791	3,630
Disposals/retirements	-28	-37
Merger/Acquisitions from subsidiaries	–	32
Completion of construction in progress	142	167
Other changes	25	–
Closing accumulated cost	**3,930**	**3,791**
Opening depreciation	2,196	2,080
Disposals/retirements	-22	-27
Merger/Acquisitions from subsidiaries	–	15
Depreciation for the year	134	128
Closing accumulated depreciation	**2,308**	**2,196**
Carrying amount	**1,622**	**1,595**

Machinery and other technical facilities[1)]	2024	2023
Opening costs	19,552	20,088
Disposals/retirements	-50	-1,355
Completion of construction in progress	5,668	820
Closing accumulated cost	**25,171**	**19,552**
Opening depreciation	13,480	13,327
Disposals/retirements	-39	-498
Depreciation for the year	693	651
Closing accumulated depreciation	**14,134**	**13,480**
Carrying amount	**11,037**	**6,072**

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

Capitalized turnaround costs	2024	2023
Opening cost	2,971	2,405
Completion of construction in progress	–	566
Investments	19	–
Closing accumulated cost	**2,990**	**2,971**
Opening depreciation	1,997	1,677
Depreciation for the year	345	321
Closing accumulated depreciation	**2,342**	**1,997**
Carrying amount	**648**	**974**

Parent Company notes

Note 112. cont.

Equipment, tools, fixtures and fittings	2024	2023
Opening costs	1,506	1,477
Disposals/retirements	-35	-60
Completion of construction in progress	82	89
Closing accumulated cost	**1,554**	**1,506**
Opening depreciation	1,260	1,256
Disposals/retirements	-33	-54
Depreciation for the year	59	58
Closing accumulated depreciation	**1,285**	**1,260**
Carrying amount	**268**	**246**

Construction in progress	2024	2023
Opening cost	4,812	2,394
Disposals/retirements	-1	-16
The year's investments	3,636	3,975
Capitalized borrowing costs	96	101
Completion of construction in progress	-5,892	-1,642
Carrying amount	**2,651**	**4,812**
Total reported value property, plant and equipment	**16,227**	**13,700**

Note 113. Participations in Group companies

	Corp. ID no.	Reg. Office	Number of shares	Ownership share %	Carrying amount
Swedish companies					
Operating					
Bensinstation Preem AB	556909-4633	Malmö, Sweden	1,000	100	1
Preem Shipping AB	559110-9052	Stockholm	50,000	100	0
Preem Technology AB	556117-6610	Lysekil	4,000	100	1
Drivmedelstation Preem AB	556955-3117	Stockholm	1,000	100	0
Tibblemarken 3 AB	556915-2571	Stockholm	500	100	0
Dormant					
Svenska Petroleum AB	556046-4819	Stockholm	1,000	100	0
Såifa Drivmedel AB	556039-7001	Stockholm	5,000	100	1
					2
Foreign companies					
Operating					
Preem Norge AS	919 502 193	Bærum	75,048	100	230
Preem Germany GmbH	190 118	Hamburg	25,000	100	0
Preem Netherlands B.V.	95 722 769	Rotterdam	25,000	100	0
					231

Accumulated cost	2024	2023
At start of the year	6,543	288
Newly started	1	–
Divestment	–	-0
Mergers	–	-27
Group contribution	29	6,282
	6,573	**6,543**
Accumulated impairment losses		
At start of the year	6,311	29
Impairment	29	6,282
	6,340	**6,311**
Carrying value	**233**	**232**

In 2024, two new subsidiaries were started: Preem Germany GmbH and Preem Netherlands B.V..
In 2023, the subsidiary Celkirk AB was merged with the Parent Company and the subsidiary Svensk Petroleum Förvaltning AB was sold.

Parent Company notes

Note 114. Participation 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, Sweden	50,000	50	40
SunPine AB	556682-9122	Piteå	16,685	25	98
Pyrocell AB	559167-3784	Gävle	500	50	51
					189

	2024	2023
Opening cost	189	203
Shareholder contribution	–	15
Impairment	–	-28
Carrying value	**189**	**189**

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

Note 115. Other long-term receivables

	2024	2023
Receivable Parent Company	251	251
Receivable Group Company	3	3
Other shares and participations	0	0
Endowment insurance	113	90
Other items	12	5
Closing accumulated cost	**379**	**348**

For information on other shares and holdings, see Note 18.

Note 116. Inventory

	2024	2023
Raw materials	12,045	9,992
Finished goods	7,232	8,559
	19,278	**18,551**

Cost of goods sold in 2023 includes a write-down of SEK -1,510 million. This impairment is reversed in 2024. There was no need for impairment as of December 31, 2024.

From January 1, 2024, there are no longer any inventory loans. The information below applies to 2023.

The acquisition value of the inventory in the Group includes the equivalent of SEK 254 million regarding loaned inventory volumes. The value is net per counterpart.

Note 117. Trade receivables

	2024	2023
Trade receivables	4,029	3,478
Provision for expected credit losses	-6	-8
Fair value of trade receivables	**4,022**	**3,471**

Provision for bad debts is made based on expected credit losses for the remaining term. A claim that is overdue by more than 90 days is reserved in its entirety. As of December 31, 2023, there was one receivable of SEK 96 million that was overdue by more than 90 days. On the balance sheet date, there was a payment agreement and the claim was paid at the beginning of 2024. No reservation was made for this. The age analysis of trade receivables is shown below:

Age analysis:	2024	2023
Not due	3,241	3,256
Less than 5 days	779	87
Between 6 and 30 days	12	35
Between 31 and 60 days	1	2
Between 61 and 90 days	2	2
More than 90 days	-6	96
	4,029	**3,478**

Changes in the provision for expected credit losses are as follows:	2024	2023
At start of period	-8	-5
Provision for credit losses/unused amounts reversed for the year	-2	-7
Confirmed losses for the year	4	4
At end of period	**-6**	**-8**

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

Note 118. Prepaid expenses and accrued income

	2024	2023
Accrued income	1,491	2,222
Prepaid catalyst	496	557
Prepaid expenses	80	50
Other	54	189
	2,121	**3,019**

Note 119. Cash and bank balances

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

	2024	2023
Short-term investments	–	251
Cash and bank balance[1)]	2,422	4,931
	2,422	**5,182**

1) Of which SEK 66 (61) million consists of client funds and belongs to the deposits reported as other long-term debt, see note 123.

Note 120. Equity

Share capital

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

Statutory reserve

The statutory reserve constitutes restricted equity and is set aside in accordance with the previously applicable Companies Act (1975:1385).

Other restricted equity

Other restricted equity consists of a transfer of an amount corresponding to internally generated development costs.

Reserve for fair value

The fair value fund 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 identified and qualified as a cash flow hedge; explained in Note 2. In subsequent periods, the amounts are reclassified to the income statement.

	2024	2023
Carrying value at the beginning of the year	179	633
Changes in fair value of hedging instruments recognized in other comprehensive income	-154	-478
Tax attributable to fair value changes on hedging instruments reported in other comprehensive income	32	99
Reclassified to cost of goods sold in the income statement	-79	-93
Tax attributable to items reclassified to the income statement	16	19
Carrying value at the end of the year	**-6**	**179**

Non-restricted equity

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

Conditional shareholder contributions

Preem AB has received conditional shareholder contributions totaling 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).

Note 121. Untaxed reserves

	2024	2023
Tax allocation reserve		
Carrying value at the beginning of the year	1,621	2,848
Returned part of the 2022 tax allocation reserve	–	-1,227
Carrying value at the end of the year	**1,621**	**1,621**

The closing balance refers to an accrual fund set aside for taxation in 2022.

Note 122. Provisions for pensions

	2024	2023
Provision in the balance sheet		
The present value of the obligation (calculated according to Swedish principles) regarding unfunded pension plans	55	56
Present value of the obligation for partially funded plans	149	122
Provision for pension obligations	**203**	**178**
Changes in the provision		
Net debt at beginning of year regarding pension commitments	178	157
Interest portion of the year's pension costs	2	2
Provision	35	29
Pension payments	-11	-11
	203	**178**
Secured under the Pension Obligations Vesting Act and credit insured via FPG/PRI	55	56
Present value of partially funded plans consists of an endowment policy and includes a provision for special payroll tax of	35	33

Alecta make a decision regarding indexation of the PRI debt each year. The level of value hedging as of January 1, 2025 amounted to 0 (6.48) percent. Remaining funds from previous years' value hedges may be used for 2025 value hedging of debt. Preem's debt will therefore be unchanged in 2025.

Note 123. Liabilities to credit institutions and non-current liabilities

	2024	2023
Long-term liabilities		
Loans in SEK	2,445	2,889
Other long-term liabilities	56	57
Total long-term liabilities	**2,501**	**2,946**
Capitalized transaction costs	-226	-167
Total long-term liabilities, net	**2,275**	**2,778**
Short-term liabilities		
Loans in SEK	444	111
Total short-term liabilities	**444**	**111**
Total liabilities, net	**2,719**	**2,889**
Total liabilities, excluding transaction costs	**2,945**	**3,057**

Loan terms, effective interest rate and maturity structure

			Maturity structure (in million SEK)			
Liabilities to credit institutions	Nominal value local currency	Effective interest, %	Less than 1 year	1–5 years	More than 5 years	Total borrowing
SEK, variable interest rates[1)]	2,889	4.59	444	2,445	–	2,889
USD, variable interest rate[2)]	–		–	0	–	0
EUR, variable interest rate[3)]	–		–	–	0	0
Total liabilities to credit institutions			444	2,445	0	2,889
Capitalized transaction costs			–	-226	–	-226
Deposits			–	–	56	56
Total liabilities, net			444	2,219	56	2,719

The remaining average fixed interest period as at December 31, 2024 amounted to 3 months.

For further information on interest rate risk, liquidity risk and net debt, see note 2.

Parent Company notes

Note 123. cont.

Fulfillment of special loan conditions

1) A loan of SEK 2,889 million from the Swedish Export Credit Corporation is fully utilized and earmarked for investment at the refinery in Lysekil. The loan is covered by the Swedish National Debt Office's program for green credit guarantees.
2) Preem has a revolving, syndicated loan facility amounting to USD 1,500 million. As of December 31, 2024, this facility was only utilized for Letters of credit of USD 99 million. The loan is subject to a leverage ratio covenant and minimum equity requirements. Both conditions are met as of December 31, 2024.
3) Preem has a EUR 241 million loan facility shared between Crédit Agricole Corporate and Investment Bank and the Swedish Export Credit Corporation. The facility is earmarked for investment at the Lysekil refinery. The loan is covered by the Swedish National Debt Office's program for green credit guarantees. As of last December, the facility was unutilized. For information on pledged collateral, see Note 30.

Note 124. Other liabilities

	2024	2023
VAT	431	468
Excise duties[1)]	741	692
Other liabilities	79	88
	1,251	**1,248**

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

Note 125. Accrued expenses and deferred income

	2024	2023
Purchases of crude oil and products	5,058	4,499
Prepaid government grants	147	38
Employee expenses	395	469
Interest	0	1
Other	596	669
	6,196	**5,677**

Note 126. Supplementary disclosures to the cash flow statement

	2024	2023
Interest paid and dividends received		
Dividends received	13	25
Interest received	186	117
Interest paid	-223	-276
Adjustment for non-cash items		
Depreciation of property, plant and machinery	1,278	1,343
Dividends from subsidiaries	-3,638	–
Impairment of financial fixed assets	–	28
Write-down of inventory (+) / Reversal of write-down of inventory (-)	-1,510	1,510
Unrealized exchange rate losses (+) / Exchange rate gains (-)	177	-211
Unrealized exchange rate losses (+) / Exchange rate gains (-), financial net	–	4
Unrealized loss (+)/gain (-) on derivatives	-80	27
Expensed portion of transaction costs	125	125
Provisions/reversal of provisions	409	183
Result from sale/disposal of fixed assets	35	889
Other	-128	-64
	-3,334	**3,834**

Reconciliation of liabilities arising from financing activities	Opening balance 2024	Cash flows	Non-cash changes Exchange rate, unrealized	Closing balance 2024
Loan in SEK	3,000	-111	–	2,889
Loan in USD	–	0	–	0
Other long-term liabilities	57	-0	–	56
Total liabilities arising from financing activities	**3,057**	**-111**	**–**	**2,945**

	Opening balance 2023	Cash flows	Non-cash changes Exchange rate,unrealized	Closing balance 2023
Loan in SEK	1,300	1,700	–	3,000
Loan in USD	3,132	-3,136	4	–
Other long-term liabilities	52	5	–	57
Total liabilities arising from financing activities	**4,484**	**-1,431**	**4**	**3,057**

Other unused credit lines	2024	2023
Undrawn committed facilities	13,506	13,842
Total unused lines	**13,506**	**13,842**

Parent Company notes

Note 127. Financial instruments

Financial instruments by category

2024 Assets in the balance sheet	Assets measured at fair value through profit for the year	Derivatives in a hedging relationship	Assets measured at amortized cost	Carrying amount	Fair value
Long-term receivables from related companies	–	–	265	265	265
Other long-term receivables	–	–	379	379	404
Derivatives	147	2	–	149	149
Receivables from related companies	–	–	55	55	55
Receivables from Group companies	–	–	523	523	523
Receivables from associated companies	–	–	1	1	1
Account receivables and other receivables	–	–	4,851	4,851	4,851
Cash and bank balances	–	–	2,422	2,422	2,422
	147	**2**	**8,496**	**8,645**	**8,669**

2023 Assets in the balance sheet	Assets measured at fair value through profit for the year	Derivative instruments in hedging relationship	Financial assets measured at amortized cost	Carrying amount	Fair value
Long-term receivables from related companies	–	–	181	181	181
Other long-term receivables	–	–	348	348	391
Derivatives	2	226	–	227	227
Receivables from related companies	–	–	57	57	57
Receivables from Group companies	–	–	493	493	493
Receivables from associated companies	–	–	0	0	0
Accounts receivable and other receivables	–	–	4,467	4,467	4,467
Cash and bank balances	–	–	5,182	5,182	5,182
	2	**226**	**10,728**	**10,955**	**10,998**

Liabilities in the balance sheet	Liabilities measured at fair value through profit for the year	Derivative instruments in hedging relationship	Liabilities measured at amortized cost	Carrying amount	Fair value
Liabilities to credit institutions	–	–	2,889	2,889	2,889
Other long-term liabilities	–	–	56	56	56
Liabilities to Group companies	–	–	4,240	4,240	4,240
Liabilities to associated companies	–	–	3	3	3
Derivatives	4	9	–	13	13
Other liabilities	–	–	6,834	6,834	6,834
	4	**9**	**14,022**	**14,035**	**14,035**

Liabilities in the balance sheet	Liabilities measured at fair value through profit for the year	Liabilities measured at amortized cost	Carrying amount	Fair value
Liabilities to credit institutions	–	3,000	3,000	3,000
Other long-term liabilities	–	57	57	57
Liabilities to Group companies	–	7,492	7,492	7,492
Liabilities to associated companies	–	274	274	274
Derivatives	3	–	3	3
Other liabilities	–	6,595	6,595	6,595
	3	**17,417**	**17,420**	**17,420**

Parent Company notes

Note 127. 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 in active market for the same instrument.

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

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

2024	Level 1	Level 2	Level 3
Assets in the balance sheet			
Currency derivatives	0	–	–
Emission rights	146	–	–
Electricity derivatives	–	2	–
	147	**2**	**–**
Liabilities in the balance sheet			
Currency derivatives	0	–	–
Electricity derivatives	–	9	–
HVO, RME derivatives	3	–	–
	4	**9**	**–**

2023	Level 1	Level 2	Level 3
Assets in the balance sheet			
Currency derivatives	2	–	–
Electricity derivatives	–	226	–
	2	**226**	**–**
Liabilities in the balance sheet			
Emission rights	3	–	–
	3	**–**	**–**

Note 128. Proposed allocation of profits

Unrestricted equity in the Parent Company amounts to (SEK):	2024
Non-restricted equity	17,934,176,139
Profit for the year	5,124,044,695
Total	**23,058,220,834**

The Board proposes that the amount be allocated as follows (SEK):	2024
Retained earnings to be carried forward	23,058,220,834
Total	**23,058,220,834**

Board signatures

Stockholm, March 26, 2025

Richard Öhman
Board member

Michael G:son Löw
Board member

Magnus Heimburg
CEO

Jason T. Milazzo
Chairman

Lennart Sundén
Board member

Petter Holland
Board member

Cristian Mattsson
Employee representative

Laura Leinikka
Employee representative

Our Audit Report was submitted on March 26, 2025

Öhrlings PricewaterhouseCoopers AB

Martin Johansson
Authorized Public Accountant
Auditor in Charge

Anna Rozhdestvenskaya
Authorized Public Accountant

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 performed an audit of the annual accounts and consolidated accounts of Preem AB (publ) for year 2024. The annual accounts and consolidated accounts of the company are included on pages 90–136 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2024 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 2024 and their financial performance and cash flow for the year then ended in accordance with IFRS Accounting Standards, 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 income statement and statement of other comprehensive income as well as statement of financial position for the group.

Basis for Opinions

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

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

Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-86, 88 and 89 as well as 139-141. Company's sustainability report can be found on pages 1-86 of the document. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

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

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility 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, as regards the consolidated accounts, according to IFRS Accounting Standards, as adopted by the EU, and the Annual Accounts Act. The Board of Directors and the Managing Director are also responsible for such internal control as they determines 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 and 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 intends to liquidate the company, cease operations or has no realistic alternative to doing any of this.

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. This description is part of the auditor´s report.

Report on other requirements according to laws and other constitutions

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 year 2024 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 in relation of the parent company and 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.

Responsibility 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 and 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 management of the company's affairs. This includes among other things continuous assessment of the company and 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 can be found on the Auditor's Inspection's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

Stockholm 26 March 2025

Öhrlings PricewaterhouseCoopers AB

Martin Johansson
Authorized Public Accountant
Auditor in charge

Anna Rozhdestvenskaya
Authorized Public Accountant

This is a translation of the Swedish language original. In the event of any differences between this translation and the Swedish language original, the latter shall prevail.

Financial Figures in Summary

	2024	2023	2022	2021	2020
Key figures					
Net sales, million SEK	130,765	137,711	160,548	89,592	58,190
Profit/loss before tax, million SEK	1,939	7,532	13,015	3,838	-461
Return on capital employed, %	7	27	48	20	1
Return on adjusted equity, %	5	29	59	32	-4
Adjusted EBITDA, million SEK	4,524	12,454	15,343	4,204	1,960
Capital expenditures in facilities [1], million SEK	3,755	4,084	1,973	715	964
Total assets, million SEK	48,229	48,174	47,799	36,950	30,559
Equity ratio, %	57	58	46	36	35
Average number of employees	1,823	1,641	1,557	1,457	1,564

1) Excluding assets acquired through company acquisitions.

Financial Definitions

Capital employed
Total assets excluding interest-free operating liabilities.

Average adjusted equity
Equity including non-controlling interests (no non-controlling interests exist from 2023).

Return on capital employed
Profit/loss after tax before borrowing expenses as a percentage of average capital employed.

Return on adjusted equity
Profit after tax as a percentage 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 on monetary conversions, and net gan/loss on derivatives measured at fair value. Disposal of a VDU facility in Lysekil is also excluded in adjusted EBIDTA for 2023.

Equity ratio
Adjusted equity as a percentage of total assets.

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