Annual Report 2023

Preem Holding AB (publ)

Content

Directors' Report Preem Holding AB

Facts
Preem Holding AB (publ)
Corporate ID number 559210-7410

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

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

Figures in parentheses refer to the previous year.

General information about the business

Preem Holding Group (Preem's) business is operated by Preem AB (publ), 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 the most energy efficient and modern in Europe. Together, they account for around 80 percent of the Swedish refinery capacity and around a third of that of the Nordics. The refineries have a total refining capacity of over 18 million cubic meters of crude oil and renewable raw materials per year. Preem has produced renewable fuels since 2010 and has begun a large-scale transition from fossil fuels to renewables.

A large proportion of production is exported to the international market, mainly to northwestern Europe. This makes Preem one of Sweden's largest export companies. In Sweden and Norway, Preem sells fuel, heating and lubricating oil and other products to both companies and private individuals. The sale of the company's products on the Swedish market take place through Preem's nationwide station network with approximately 503 fuel stations for consumer and commercial traffic and via certified dealers. In Norway, Preem's products are mainly sold through retailers and its own direct sales. Preem's operations are conducted through two business areas, Supply & Refining, Marketing & Sales.

The Group's results

2023 has been marked by volatility and uncertainty on the global energy market, which has kept international refining margins on a historically high level. The market has not been quite as exceptional as 2022, but the year is still strongly affected by the Russian invasion of Ukraine. Energy prices have continued to be volatile but with lesser extremes than in 2022. During 2023, the price of crude oil has moved between about USD 72/barrel and USD 98/barrel with an average of just under USD 83/barrel for the full year. The year closed at about USD 78/barrel which was USD 3/barrel lower than what 2023 started. In this turbulent market situation, Preem continues to report a very strong result.

Sales revenue decreased in 2023 to SEK 137,711 million from SEK 160,548 million the previous year, a decrease of 14 percent. Preem's total production amounted to 18.6 million cubic meters (18.9)[1], a decrease of just over 1 percent compared to 2022. The proportion of products sold outside Sweden amounted to 65 (60) percent, with a value of SEK 89,608 million (96,832).

The gross profit for the business decreased by SEK 5,954 million to SEK 10,225 million (16,179). Refining margins have continued to be strong during the year with a peak in the third quarter. The average refining margin for the full year did decrease from USD 13.86/bbl in 2022 to USD 11.52/bbl in 2023 but from a historical perspective is still very high. The result was negatively affected by price losses on inventory and a write-down of the inventory value totaling SEK –1,515 million, driven by falling market prices.

The operating profit fell to SEK 7,905 million (14,820). The operating result has been affected by a cost of SEK –833 million for disposal of a VDU plant at the refinery in Lysekil to make room for the new renewable plant ICR.

Oil price trend 2023
USD/barrel North Sea Oil

Net financial items amounted to SEK –898 million (–3,220). The change in financial net compared to the previous year is due to lower leverage. Interest expenses have decreased by SEK 404 million, from SEK –1,245 million to SEK –841 million. Some of the loans in the Group is nominated in USD and EUR. The exchange rate effects have decreased to SEK -25 million from SEK –1,877 million. A positive effect of SEK 1,852 million.

The profit before tax amounted to SEK 7,007 million (11,600). Profit after tax to SEK 5,971 million (9,085).

Business Segment Supply & Refining

Supply & Refining's operations consist predominantly of refining crude oil in the refineries in Lysekil and Gothenburg. Most of the crude oil that Preem buys in comes from the North Sea. Other crude oil comes mainly from West Africa and USA. In 2023, total production amounted to 18.6 million cubic meters (18.9)[1]. As part of the production, 350,000 cubic meters of renewable raw material were processed for the production of HVO. The raw materials used for the production of HVO are mainly tall oil and animal fats.

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

Directors' Report

Supply & Refining reported an operating profit for 2023 of SEK 8,700 million, compared to SEK 15,999 million the previous year. Despite the decrease, this is historically a very strong result and is still driven by the market situation after Russia's invasion of Ukraine. The lack of Russian crude oil and Russian petroleum products in large parts of the European market has continued to hold up margins on petroleum products of non-Russian origin. The result in 2023 is negatively affected by price and currency effects. The negative price effects and inventory write-down occurred during the month of December when prices turned down again. Seen over the whole year, the difference in price between the time of purchase of crude oil and the price of products at the time of sale has contributed negatively by approximately SEK 600 million.

During the fall, a planned audit shutdown was carried out at the refinery in Gothenburg. The shutdown lasted for most of September and October, and as a whole followed the set schedule with good results. Otherwise, operational availability for the refineries during the year was very good, which has meant that we were able to take advantage of the continued high refining margins that prevailed in 2023.

Business Segment Marketing & Sales

Despite a market marked by high inflation and declining consumption where the total fuel market in Sweden shrank by 4 percent, according to preliminary figures from Statistics Sweden, Marketing & Sales reported a strong result with a continued stable market share. Strengthened margins within the entire business segment compensated for reduced volumes. 2023 was a more stable year for bulk sales in Sweden compared to the previous year's volatile market where concerns about product availability and the energy crisis periodically contributed to a greatly increased demand and significantly increased volumes. In the Norwegian bulk market, the business segment continued to strengthen its market share with new customer volumes.

A continuing challenging global situation with high inflation and increased interest rates has had a tangible impact on customer purchasing power, which has meant reduced sales volume within Preem's fuel station network. During the year, the operating margin recovered and strengthened from the previous year's unstable price development, which compensated for declining demand and a historically high cost inflation that was reflected in increased overhead costs within Preem's fuel station network. With focus on a broad competitive customer offering and a build-up of e-mobility, Preem will maintain its long-term strategic direction where the rollout of its first super-fast chargers was a milestone during the year. During the year, 60 charging points were established at 11 Preem facilities together with its partner Recharge, and it created good prospects for increasing the roll-out rate in 2024. During the year, Preem was also granted support from the Swedish Energy Agency to establish charging points adapted to commercial road transport at 22 of its facilities. The investment and support is a very important piece of the puzzle for developing the future energy stations for commercial road transport. The first charging points adapted for commercial road transport is expected to become operational in 2025.

During the year, consumer prices have gradually decreased after the previous year's record high levels. The year began with consumer prices at the pump for gasoline and diesel which were SEK 19.35/liter and SEK 23.61/liter respectively, but have been lowered during the year and recorded in December at SEK 18.44/liter and SEK 22.16/liter respectively.

With a strong position in the market, the Marketing & Sales business segment continues to deliver good profitability and reported an operating profit for 2023 of SEK 924 million, compared to SEK 807 million the previous year.

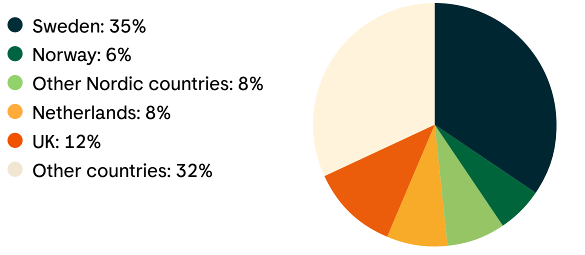
Cash flow and financing

Cash flow from current operations amounted to SEK 8,288 million (9,361). The decrease was mainly due to lower refining margins and negative price effects. Changes in inventory negatively affected cash flow by SEK –1,159 million (–6,039), which excludes the effects of inventory write-downs. Changes in operating receivables affected the cash flow positively by SEK 1,953 million (–1,541), driven by lower market prices for the outstanding trade receivables. The operating payables produced a negative cash flow of SEK –3,096 million (3,759), driven by lower market prices and fewer outstanding raw material payments.

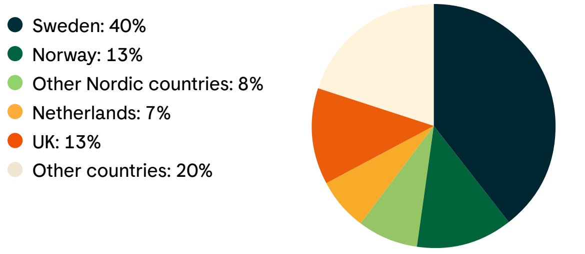
Cash flow used in investment activities increased to SEK –3,998 million (–1,976). Cash flow from financing activities amounted to SEK –2,148 million (–6,250).

At the end of the period, the Group had a Net debt equity ratio of SEK 1,592 million, which is to be compared with SEK 5,596 million as of December 31, 2022. The Net debt equity ration includes lease liabilities. Liabilities to credit institutions amounted to SEK 123 million (3,264). Loan from Swedish Export

Sales by country 2023



Sales by country 2022



Credit Cooperation, which finances reconstruction of the Syn-Sat facility, amounted to SEK 3,000 million (1,300). Book value of the Parent Company's Senior Note, listed on The International Stock Exchanges amounts to SEK 3,395 million.

Liquidity

Cash and cash equivalents at the end of the year amounted to SEK 5,634 million (3,484). As of the end of December 2023, Preem had SEK 13,842 million (11,491) in unused credit lines.

Investments

Investments in tangible fixed assets during the year amounted to SEK 4,084 million (1,928). It was divided into investments of SEK 958 million in shutdowns and maintenance, SEK 3,051 million in profitability-improving measures and SEK 75 million in environmental and safety-improving measures. Borrowing costs of SEK 101 million are included. Investments in financial assets amount to SEK 16 million and consist of the purchase of emission rights.

Employees

The average number of employees in the group amounted to 1,642 (1,558), of which 1 (1) was employed by the parent company. Of these, roughly 1,100 people work at the refineries. Everything we do is based on our values: responsibility, innovation and inclusion.

The market

Market development – crude oil

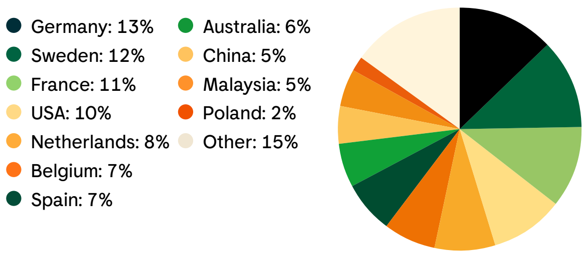
For most of the year, the price of crude oil traded around USD 80/barrel. The year began with China's post-pandemic re-opening and Russian sanctions as driving forces but they ebbed pretty soon. The year began at the USD 81 level and ended around USD 78/barrel. In between, a low of USD 70 was reached in March and a peak of close to USD 98 in September.

There were strong macroeconomic and political forces at play in 2023 and the price of oil exhibited a strong correlation with US interest rates. US wanted to keep the price low into the election year of 2024 while OPEC was aiming for USD 90 and thus it was not unreasonable that the average for the year landed at USD 82 per barrel. The crude oil balance is and remains delicate and when US strategic reserve disappeared from the market during the summer, a strong rally began that lifted the price USD 25; the narrative of a soft landing in the world economy took hold and funds took long positions in gasoline spilling over into the crude oil market. In October the trend reversed and in December the market was back in the low 70s again. When the US Federal Reserve began to signal in the fall that the interest rate peak had been reached, funds began to buy bonds and sell oil. Geopolitical unrest in the Middle East and disturbances in the Red Sea finally broke the downward trend in December. The market is currently reasonably balanced but vulnerable to geopolitical disturbances and macroeconomic surprises in the form of, for example, stronger global growth.

The product market in Europe was torn in 2023 between low product stocks and geopolitical events on the upside, and declining economic activity on the downside. Although volatility was not on par with 2022, price fluctuations were very large during the year. Crack spreads (the difference between product price and crude oil) for diesel and gasoline, respectively, reached a high of 50 and 36 USD/barrel during the year, and was noted as a low of 13 and 1.5 USD/barrel, respectively. Refining margins remained high during the year with a peak in Q3.

The EU's extended embargo against Russian oil products entered into force in February 2023. This has redrawn the map for product flows in our immediate area, primarily for diesel, as the EU is structurally short of this product (approximately 1.85 million tonnes per month) and is thus dependent of imports for their livelihood. Imports to the EU now primarily take place on large ships from the US Gulf Coast and even larger ones from the Arabian Gulf or India, which usually transit the Suez Canal. With increased tension in the area, many are forced to sail around Africa instead, which increases the cost and length of the logistics chains and increases the volatility of delivered prices. Another aspect is increased bunker consumption, which toward the end of the year was reflected in higher prices for marine fuels.

Purchase of renewable products 2023
By geographic origin, % of volume



Market development – renewable raw material and products

The total production of vegetable oils has been very high during the year with good weather conditions in most places and functioning logistics without major disruptions. There have been record harvests of soybeans in Brazil and the US, as well as rapeseed in Ukraine, while Argentina suffered from a drought that almost halved their production of soybeans. Inventories at the turn of the year was high and the price of primarily soy and rapeseed has gradually been lowered and at the end of 2023 was lower than the price of palm oil, which is unusual.

The availability of raw materials based on waste and residual products has also been good during the year, but demand has been uneven and, not least, the market for used cooking oil (UCO) has been negatively affected by the high imports into Europe of biodiesel from China, which took off in late 2022 and continued through much of 2023. China has exported more UCO to the US than Europe for the first time ever. In December, the EU Commission started an anti-dumping investigation of these biodiesel volumes, which is expected to be completed in the second half of 2024. The demand for animal fats has decreased gradually and one reason is believed to be the reduced mandate in Sweden, which was largely fulfilled by HVO based on animal fat. The price of both used frying oil and animal fat, like the vegetable oils, has gone down.

Directors' Report

The demand for renewable products such as FAME (fatty acid methyl esters), HVO (hydrogenated vegetable oil) and ethanol has been strongly affected by the aforementioned imports from China. Although imports moderated somewhat in the last quarter, they have strongly affected margins for domestic European production. Europe's lower diesel consumption has also contributed to a lower need for mixed FAME. Prices have fallen in all segments of renewable products.

Environment

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

The overall direction of Preem's work with health, safety and environment is described in Preem's Health, Safety and Environment Policy. 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 takes place, through internal and external audits, security rounds and reporting and handling of deviations.

The refineries in Lysekil and Gothenburg have permits for so-called A operations. The permits are subject to conditions and control programs. In 2023, Preem passed all conditions.

An application to change the environmental permit for the refinery in Lysekil was submitted to the Land and Environment Court in 2023. The change is about adapting the ICR plant so it can process renewable raw materials, thereby replacing part of the fossil production. The change also includes a facility for the pre-treatment of renewable raw materials. The court announced the application in October 2023, and a hearing will take place in February 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 has appealed one condition of the ruling concerning the formulation of permit requirements for downstream handling of the captured carbon dioxide. Processing of the appeal has begun, but no announcement has been made.

Carbon dioxide emissions from Preem's refineries are included in the EU trading system with emission rights. For the current trading period 2021–2025, the number of freely allocated emission rights is decided based on the respective refinery's activity level/production during the previous two years. Allocation decisions are made annually by the Swedish Environmental Protection Agency. During the year, the allocation to both of Preem's refineries has been adjusted, which means an increased allocation than 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 a permit for so-called B operations with associated conditions and control programs. The depot in Halmstad is not subject to a permit. Conditions for releasing hydrocarbons into water were exceeded on a few occasions during 2023 at the depots in Norrköping and Skarvik (Gothenburg). The regulatory authorities were notified of these exceedances and action was taken. The application for a change permit for the depots in Helsingborg and Norrköping was submitted to the Environmental Assessment Delegation at the County Administrative Board in Skåne and Östergötland during the year.

The majority of Preem's fuel stations handle fuel in excess of 1,000 cubic meters per calendar year, and are then subject to notification for so-called C operations. Such notification is made to the relevant municipality. Preem has continuous communication with the supervisory authority regarding environmental matters at our fuel stations. Remediation of contaminated land at closed depots, fuel stations and Såifa stations takes place continuously, including throughout 2023.

Sustainability Report

The subsidiary Preem AB (publ) has submitted a Sustainability Report. The Sustainability Report is posted as a pdf-file at preem.se/om-preem/finansiell_info and can also be ordered as a printed version.

Product development

For many years, Preem has had a vision of leading the transformation toward a sustainable society. The company has had a production of renewable diesel at the refinery in Gothenburg for over ten years. The vision is manifested through its strategy and the target for Preem to become 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 also 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. In total, the renewable capacity is now up to around 500,000 cubic meters per year.

After a few years of operation with low interference to Synsat in Lysekil, a major reconstruction of the facility is now underway in order to achieve a renewable production capacity of 950,000 cubic meters per year in 2024. This will provide a total capacity of around 1.4 million cubic meters of renewable fuel per year. In 2023, investment decisions were also made for the next major reconstruction project. This project, will rebuild the ICR facility in Lysekil to renewable production on a large scale, up to 1.2 million cubic meters per year. This facility will be adapted to produce a large proportion of aviation fuel. In addition, a pre-treatment facility will be built in order to thereby broaden the raw material base. The intention is for the facility to be put into operation at the beginning of 2027.

In Gothenburg, the expansion of renewable production capacity is planned by an additional one million cubic meters per year with start-up in 2029. This is planned to take place in a completely new facility designed to produce renewable vehicle fuels and aviation fuels with great flexibility. The project will include a pretreatment plant and a carbon dioxide capture plant.

Outlook

2023 saw a continued high rate of inflation both in Sweden and globally. However, there was a gradual decline toward the end of the year, with inflation figures returning to more normal levels in December. This high inflation had a dampening effect on the global economy. Although a deep recession did not occur, the demand for goods, services and energy products gradually decreased over the course of the year.

Russia's invasion of Ukraine in 2022 continues to affect international trade, particularly due to the sanctions that limit Russia's access to several Western markets. One consequence is that refined products are exported from Russian Black Sea ports to the Middle East, where they are either resold or mixed with other products and then returned to Europe under a different label. This parallel export has led to higher prices, especially for diesel in Europe, while gasoline prices have been less affected. As a result, Europe's dependence on trade via the Suez Canal and access to the Red Sea increased.

In addition, there is increased tension in the Middle East as a result of the conflict between Hamas and Israel. This has spread unrest to the Gulf of Aden, where attacks on merchant ships have led to ships choosing to navigate around Africa rather than passing through the Suez Canal. The overall consequences of this are not yet completely clear, but are expected to lead to higher oil prices and fuel costs, especially for diesel, as a result of increased shipping costs. As long as shipping is forced to take this detour, this effect will persist.

For 2024, the outlook for oil prices appears to be affected by several important events. There is a general expectation of a marginal increase in demand for refined products, but the uncertainty surrounding the state of the Chinese economy may negatively affect demand. The price increase in early 2024 can largely be attributed to risk premiums related to conflicts in the Horn of Africa and continued uncertainty in the Middle East. The election in the US later in the year may also have an impact on oil prices. Historically, high fuel prices have tended to reduce the popularity of the incumbent president, which could tempt President Joe Biden to try to lower prices by releasing crude oil from the US strategic reserve. It is likely that the price of oil will initially rise during the first months of the year, and then possibly fall back after the summer. New refineries, such as the Dangote refinery in Nigeria, are expected to begin production in 2024 and will affect the European refineries. When Dangote reaches full capacity in the second quarter, it is expected to increase competition in the gasoline market in Europe, which in turn could reduce refinery margins and the demand for crude oil.

The changes in Sweden's reduction mandate from January 2024, which are now among the lowest in the EU, have resulted in a reduced demand for renewable fuels in Sweden. However, this is partially offset by increased demand from other European countries which have raised their obligations. This has led to lower prices for HVO in the region. In addition, new production capacity in renewable fuels in Sweden and the Netherlands is expected to have a dampening effect on prices.

Finally, for electricity prices, which are a key input factor for refineries, forecasts look similar to the start of 2023. Gas stocks in Germany have been maintained over the winter, and the relatively mild winter in northern and central Europe has contributed to a moderate consumption. A significant number of large wind farms are expected to be completed during the year in Europe. This significant expansion of wind power increases the amount of variable power in the European electricity system. These developments could potentially increase volatility in electricity prices, but are still expected to keep price levels slightly lower than in previous years.

Parent company result

Operating profit amounted to SEK –4 (–18) million. The Company har received dividends amounting to SEK 1,324 (2,752) million, group contributions amounting to SEK 2,710 (2,814) million and reported an impairment of –2,476 (–2,671) million Financial income and expenses amounts to SEK –522 (–1,398) million. The difference between the years is mainly due to exchange rate effects. Profit after tax amounted to SEK –205 million (1,458).

Proposed allocation of profit

Unrestricted equity in the Parent Company amounts to SEK 6,805,356,814. The Board proposes that it be allocated as follows:

Carried forward	6,805,356,814 SEK
Total	**6,805,356,814 SEK**

Consolidated financial statements AMOUNTS IN MILLION SEK

Consolidated income statement and Statement of other comprehensive income

Consolidated Income statement	Note	2023	2022
Sales including excise duties		149,125	171,688
Excise duties[1]		-11,415	-11,140
Net sales	4, 14	**137,711**	**160,548**
Cost of goods sold	8, 9, 14	-127,486	-144,369
Gross profit	5	**10,225**	**16,179**
Selling expenses		-981	-862
Administrative expenses		-1,230	-1,042
Shares in associated company's profit after tax	17	36	94
Other operating income	10	768	460
Other operating costs	11	-913	-9
Operating profit	4, 6–9, 33, 34	**7,905**	**14,820**
Financial income		138	24
Financial expenses		-1 036	-3,244
Financial items, net	4, 12, 14	**-898**	**-3,220**
Profit before tax	4	**7,007**	**11,600**
Income taxes	13	-1,036	-2,515
Profit for the year		**5,971**	**9,085**
Profit for the year attributable to:			
Parent Company shareholders		5,971	9,085
Non-controlling interests		–	0
		5,971	**9,085**

Consolidated Statement of comprehensive income	Note	2023	2022
Profit for the year		**5,971**	**9,085**
Other comprehensive income			
Items that may be reclassified to the income statement:			
Translation difference	23	-33	11
Gains on cash flow hedges	23	-478	1,241
Hedging result reclassified to profit for the year	23	-93	-444
Tax attributable to items that may be reclassified	13, 23	118	-164
Items that will not be reclassified to the income statement:			
Actuarial gains/losses on defined benefit pension plans	24	-93	180
Tax attributable to the item that will not be reclassified	13, 24	19	-37
Other		–	-1
Total other comprehensive income for the year, net of tax		**-561**	**786**
Total comprehensive income for the year		**5,410**	**9,871**
Total comprehensive income for the year attributable to:			
Parent Company shareholders		5,410	9,871
Non-controlling interests		–	0
		5,410	**9,871**

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

Consolidated financial statements AMOUNTS IN MILLION SEK

Consolidated Statement of Financial Position

Assets	Note	2023-12-31	2022-12-31
Fixed assets			
Intangible assets	15	373	670
Property, plant and equipment	16, 30, 34	14,537	12,537
Shares in associated companies	17	391	394
Long-term receivables from Parent Company	32, 33	181	–
Long-term derivatives	27, 32	19	411
Other long-term receivables	18, 32	95	130
Total fixed assets		**15,596**	**14,143**
Current assets			
Inventory	19	18,876	19,281
Trade receivables	20, 30, 32	3,927	6,129
Derivatives	27, 32	209	444
Receivables from Parent Company	32, 33	58	55
Other receivables	32	1,005	1,335
Prepaid expenses and accrued income	21	3,018	2,692
		27,093	**29,936**
Cash and cash equivalents	22, 32	5,634	3,484
Total current assets		**32,727**	**33,420**
Total assets		**48,323**	**47,562**

Equity and liabilities	Note	2023-12-31	2022-12-31
Equity			
Equity attributable to Parent Company shareholders			
Share capital		1	1
Reserves		157	644
Profit brought forward including profit for the year		23,532	17,636
		23,690	**18,280**
Non-controlling interests		–	0
Total equity	23	**23,690**	**18,280**
Liabilities			
Non-current liabilities			
Pension obligations	24	180	156
Deferred tax liabilities	13	1,474	1,716
Other provisions	25	154	158
Borrowings	26, 32	5,693	7,484
Long-term lease liabilities	26, 32, 34	445	420
Other interest-bearing liabilities	26, 32	57	52
		8,002	**9,985**
Current liabilities			
Provisions	25	147	140
Liabilities to credit institutions	26, 32	488	378
Short-term lease liabilities	26, 32, 34	206	261
Advance payments from customers		317	626
Account payables	32, 33	5,119	7,213
Liabilities to associates	32, 33	269	10
Current tax liabilities	13	2,547	2,149
Derivatives	27, 32	3	3
Other liabilities	28, 32	1,587	2,488
Accrued expenses and deferred income	29	5,948	6,030
		16,632	**19,298**
Total liabilities		**24,634**	**29,282**
Total equity and liabilities		**48,323**	**47,562**
Pledged assets and contingent liabilities	30		

Consolidated financial statements AMOUNTS IN MILLION SEK

Consolidated Statement of Changes in equity

Note 23	Share capital	Reserves	Retained earnings incl. profit for the year	Total	Non-controlling interests	Total equity
	Attributable to Parent Company shareholders					
Opening equity 2022-01-01	**0**	**0**	**6,984**	**6,984**	**0**	**6,984**
Profit for the year	–	–	9,085	9,085	0	9,085
Other comprehensive income	–	644	142	786	–	786
Total comprehensive income for the year	**–**	**644**	**9,227**	**9,871**	**0**	**9,871**
Increase in share capital[1)]	0	–	–	0	–	0
Submitted group contributions, net tax[2)]	–	–	347	347	–	347
Shareholder contribution	–	–	1,077	1,077	–	1,077
Closing equity 2022-12-31	**1**	**644**	**17,635**	**18,280**	**0**	**18,280**
Opening equity 2023-01-01	**1**	**644**	**17,635**	**18,280**	**0**	**18,280**
Profit for the year	–	–	5,971	5,971	–	5,971
Other comprehensive income	–	-487	-74	-561	–	-561
Total comprehensive income for the year	**–**	**-487**	**5,897**	**5,410**	**–**	**5,410**
Divesture subsidiary with minority	–	–	–	–	-0	–
Closing equity 2023-12-31	**1**	**157**	**23,532**	**23,690**	**–**	**23,690**

1) During 2022, share capital was increased to SEK 500,000 by a transfer from unrestricted equity.

2) Group contribution amounting to net SEK –1,686 million was received by the Parent Company Corral Petroleum Holdings AB (publ) from its subsidiary Preem AB (publ). The receivable that occurred due to this was transferred by a shareholder contribution amounting to the same amount. The tax effect of this transaction amounts to SEK 347 million and is accounted for directly against equity. The Parent Company Corral Petroleum Holdings AB (publ) has submitted a shareholder contribution amounting to SEK 1,686 million.

Consolidated financial statements AMOUNTS IN MILLION SEK

Consolidated Cash flow statement

	Note	2023	2022
Operating activities			
Profit before tax		7,007	11,600
Adjustments for non-cash items	31	4,417	1,718
		11,424	**13,318**
Tax paid		-834	-136
Cash flow from operating activities before changes in working capital		**10,590**	**13,182**
Cash flow from changes in operating activities			
Increase (–)/Decrease (+) in inventories		-1,159	-6,039
Increase (–)/Decrease (+) in operating receivables		1,953	-1,541
Increase (+)/Decrease (–) in operating payables		-3,096	3,759
Cash flow from operating activities		**8,288**	**9,361**
Investing activities			
Acquisition of intangible assets	15	-16	-123
Acquisition of tangible assets	16	-3,983	-1,855
Sale of tangible assets		0	6
Investment in financial assets	17	0	-3
Cash flow from investing activities		**-3,998**	**-1,976**
Financing activities			
Borrowings	31	5,407	11,573
Transaction costs		-23	-591
Amortization of loans	31	-7,233	-17,028
Amortization of lease liabilities	31	-300	-204
Cash flow from financing activities		**-2,148**	**-6,250**
Cash flow for the year		**2,141**	**1,135**
Opening cash and cash equivalents		3,484	2,302
Exchange rate difference in cash and cash equivalents		9	47
Closing cash and cash equivalents	22	**5,634**	**3,484**

Notes to the consolidated financial statements

Note 1. Significant accounting policies

On March 27, 2024, the Board of Directors and the CEO approved these annual and consolidated accounts for publication and to be submitted to the annual general meeting for approval on March 27, 2024.

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 Holding AB group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. IAS 33 is not applied as the shares in Preem Holding AB (publ) are not subject to public trading. Furthermore, RFR 1 "Supplementary accounting rules for groups" issued by the Swedish Corporate 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 reports are presented in Swedish kronor, which is also the parent company's functional currency. Unless otherwise stated, all amounts are rounded to the nearest million. Due to the rounding of amounts in tables to the nearest million kroner, in some cases it may occur that the sum of total amounts is not exactly equal to the sum of all subamounts.

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

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

Standards, amendments and interpretations that have entered into force in 2023

None of the changes in IFRS that the IASB has published and the EU has approved (Changes in IAS 1 Presentation of Financial Statements, IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, IAS 12 Income Taxes) have had any significant effect on the Group's financial reports.

Standards, Amendments and Interpretations Adopted of the EU but which has not yet entered into force and has not yet been applied by the Group

A number of new or amended IFRS will only come into force in the coming financial year and have not been applied yet in the preparation of 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 and long-term liabilities consist essentially of amounts that are expected to be recovered or paid after more than 12 months from the balance sheet date.

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

Consolidation Principles and business combinations

Business combinations

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

Subsidiaries

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

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

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

Associated companies

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

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

The Group's share of profit that arose in the associated company after the acquisition is reported in the 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 in relation to the Group's holdings in associated companies. Unrealized losses are also eliminated, unless the transaction constitutes evidence that an impairment requirement exists for the transferred asset.

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

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 assets of the operation. Furthermore, the settlement of the business's debts is dependent on the parties' purchase of output from the business or capital contributions to it. Joint ventures are recognized according to the "proportional consolidation principle", which means that each party in a joint operation reports 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 carries on activities from which it can generate income and incur costs and for which there is independent financial information available. An operating segment's results are further followed up by the company's top executive decision maker to evaluate the results and to be able to 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 the functional currency at the exchange rate prevailing on the day of the transaction. Monetary assets and liabilities in foreign currency are converted to the functional currency at the exchange rate prevailing on the balance sheet date. Exchange rate gains/losses arising from the payment of such transactions and from 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 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 converted to the average exchange rate. 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 and after the elimination of intra-group sales. Invoicing to certain customers includes excise taxes, net sales are therefore reported both including and excluding excise taxes.

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

A large proportion of the group's sales of products takes place through shipping. These sales usually take place with the transport terms CIF (Cost Insurance Freight) and FOB (Free on Board), which means that these revenues are normally reported on the day the goods are loaded onto the boat, i.e. on the B/L day (Bill of Lading). In the case of other sales, the revenue is reported in connection with delivery to the customer.

Government grants
For 2023, government grants have been received for electricity and electric vehicle charging infrastructure. A total of SEK 59 million. The Group did not receive any material government support during 2022.

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

Interest income on financial instruments is reported in accordance with the effective interest method. Dividend income is reported when the right to receive dividends has been 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 value of financial assets valued at fair value through profit and loss.

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

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

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

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

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

The Group has no other capitalizable intangible assets. Thus, for example, expenses for internally generated goodwill and trademarks are expensed when they arise.

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

Notes to the consolidated financial statements

Note 1. cont.

The acquisition value includes expenses that can be directly attributed to the acquisition of the asset. Additional expenses are added to the asset's carrying amount or accounted for as a separate asset, whichever is 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. Book value for the replaced part is 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 of this takes place as restoration takes place.

Depreciation of other assets, to distribute their acquisition value down to the estimated residual value over the estimated useful life, is done 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
Capitalized turnaround costs for refineries	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 into plant and machinery. There are, however, several components that have different useful lives within this main classification. The following main component groups have been identified and form the basis for depreciation of refinery facilities.

Electrical installations and instruments	5–25 years
Heat exchangers	15 years
Steam boilers	20 years
Steel structures	30 years
Pressure vessels	6 or 30 years

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

The residual values and useful life of the assets are reviewed every 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 of a tangible fixed asset 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 and are reported net in the statement of comprehensive income depending on which function the asset belongs to.

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 that are specific to the qualified asset is 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 tangible fixed assets that have previously been impaired, an assessment is made on each balance sheet day as to whether a reversal should be made. 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 components – 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. If there is no such interest rate, the lease fees are discounted to the group's marginal borrowing rate.

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

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

For 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.

Leasing agreements where the group is the lessor

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

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

Inventories

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

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 the costs of production and disposal.

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

Income taxes

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

Notes to the consolidated financial statements

Note 1. cont.

the associated tax effect is reported in other comprehensive income or in equity.

The current tax expense is calculated on the basis of the tax rules that are decided or in practice decided on the balance sheet date in the countries where the parent company's subsidiaries and associated companies operate and generate taxable income. Management regularly evaluates the claims made in 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 according to the balance sheet method, based on temporary differences between reported and tax values of assets and liabilities. However, the deferred tax is not recognized if it arises as a result of a transaction that constitutes 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) that have been decided 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 deemed likely 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 as a result of 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. Here, a pre-tax discount rate is used that reflects a current market assessment of the time-dependent value of money and the risks associated with the provision. The provision is reported as additional acquisition cost for the asset.

Emission rights

Preem participates in the EU's emissions trading system. The allocation of emission rights within the period takes place at no cost to the company and neither allocation nor consumption has therefore affected the year's results and statement of financial position to any greater extent. A provision is made if a deficit is identified between allocated/acquired rights and the rights that will have to be delivered due to emissions made. See Note 15 for current holdings and Note 25 for provisions. Divestments and acquisitions of emission rights are reported in the Consolidated income statement under the headings net sales and cost of goods sold, respectively.

Contingent liabilities

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

Employee benefits

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

Profit sharing plans

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

Pension obligations

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

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

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

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

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

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

Severance pay

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

Financial instruments

Recognition and initial measurement

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

A financial asset (with the exception of 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 valued at the transaction price.

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 trough 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 trhough profit or loss for the year:

Notes to the consolidated financial statements

Note 1. cont.

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

The Group has classified trade receivables, other receivables and cash and cash equivalents as financial assets valued at amortized cost. They are valued at 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 oil derivatives and derivative contracts regarding emission rights. The contracts are short-term and are classified in the 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 that have 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 shares that are valued at fair value via the year's profit.

Hedge accounting

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

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

When a derivative is identified as a hedging instrument, the effective part of the change in the fair value of the derivative is recognized in other comprehensive income and accumulated in the hedging reserve. The effective part of changes in fair value of derivatives that are reported in other comprehensive income is limited to the cumulative change in fair value of the hedged item. Ineffective parts of changes in the fair value of the derivative are reported immediately in the 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 both short-term and long-term and are classified in the statement of financial position as financial fixed assets, current assets or short-term liabilities under the heading 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 term of the loan.

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

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

Impairment of financial assets

The Group only has trade receivables that are within the scope of the model for expected credit losses. The Group assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. The method means that expected losses during the entire term of the receivable are used as a starting point for 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 risk, liquidity risk and market risk (which includes currency risk, price risk and interest rate risk in fair value and in cash flow). The Board of Directors of the Group annually sets policies for risk management that focus on the unpredictability of the financial markets and strive to control potential adverse effects on the Group's financial performance.

Risk policy and objectives

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

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

Credit risk

Credit risks arise through investments in cash and cash equivalents, derivative instruments as well as credit exposures to the large number of customers to whom sales are made on credit. To limit these exposures, there are Group-wide credit policies, which, among other things, mean that only banks and financial institutions are accepted as having the lowest credit rating "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 in the form of e.g. Letter of Credits, bank guarantees, deposits and the parent company guarantee. The use of credit limits is monitored regularly. The credit risk is controlled at group level by a credit committee.

Most of the credit exposure in terms of amount is toward financially strong oil companies. Based on the analysis that the Group continuously makes of its customers, the credit quality is assessed as good. The Group has estimated the value of expected credit losses at SEK 14 million (22), to be compared with sales revenue of SEK 137,711 million (160,548). For further information see also Note 20.

Regarding trading in oil derivatives, the other oil companies, banks and trading companies act as counterparties. To limit counterparty risks with derivatives trading, the company enters into so-called ISDA agreements. When signing agreements regarding electricity derivatives, OTC contracts are used with counterparties with a high credit rating, as well as use of ISDA agreements or standardized trade agreements.

Liquidity risk

Liquidity risk is the risk that the Group does not have the opportunity to conduct its business due to a lack of liquidity. Liquidity risk is managed by the group holding sufficient cash and short-term investments with a liquid market and available financing through agreed credit facilities. The Group pays approximately SEK 2,100 million monthly in the form of excise taxes and VAT, which in combination with fluctuations in purchasing and sales patterns can place demands on the availability of short-term loans.

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 stated in the table are the contractual, undiscounted cash flows and thus these do not correspond to the amounts found in the balance sheet. The amounts due within 12 months are consistent with book amounts, as the discounting effect is immaterial. Derivatives are reported at fair value.

The Group's policy is that renegotiation of loans must take place no later than 12 months before maturity. In the Group, there are syndicated

Notes to the consolidated financial statements

Note 2. cont.

bank loans that are subject to a clause on requirements for the fulfillment of a number of key figures (so-called covenants). See Note 26 Financial liabilities, fulfillment of special conditions.

As of 31/12/2023, the Group has SEK 13,842 million (11,491) in undrawn committed facilities. Available cash and cash equivalents amounted to SEK 5,634 million (3,484).

As of December 31, 2023	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Senior Note	970	372	3,767	–
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	1,587	–	–	–
Total	**8,200**	**1,176**	**5,743**	**1,285**

As of December 31, 2022	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Senior Note	810	817	4,223	–
Liabilities to credit institutions	304	572	3,983	24
Liability to Swedish Export Credit corporation	61	672	794	–
Lease liability	262	118	96	204
Other interest bearing-liabilities	–	–	–	52
Derivatives	3	–	–	–
Accounts payable	7,213	–	–	–
Other liabilities	2,488	–	–	–
Total	**11,140**	**2,179**	**9,096**	**280**

Capital risk management

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

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

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

	2023	2022
Total borrowings	7,226	9,080
Less cash and cash equivalents	-5,634	-3,484
Net debt	**1,592**	**5,596**
Total equity	**23,690**	**18,280**
Net debt equity/ratio	**0.07**	**0.31**

Total borrowing includes senior note, liabilities to credit institutions, leasing liabilities and other interest-bearing liabilities. Total borrowing is excluding capitalized transaction costs of SEK 337 million (485).

Market risk

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

Currency risk

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

Transaction risk

Transaction exposure means a risk that profitability is negatively affected by changing exchange rates, mainly in USD, without the possibility of obtaining comparable compensation through its commercial activities. Preem's transaction exposure arises when a sale or purchase of crude oil 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 assets and liabilities in foreign currency is negatively impacted by changes in exchange rates. The Group aims to reduce the translation risk that arises in working capital by balancing assets and liabilities in foreign currency. To reduce the translation risk in the group's working capital in USD, the group takes out loans in USD. The Group also strives to invoice and be invoiced in the same currency, if possible, from a business perspective.

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

The table below reports the Group's net exposure on the balance sheet date per currency converted to SEK regarding monetary assets and liabilities in the form of trade receivables, cash and cash equivalents, accounts payable and other loans taken out 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, the inventory 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 and thus this has an effect on 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 value in SEK being lower than the acquisition value due to the exchange rate falling, however, a write-down of the inventory will take place and have a direct effect on profit and loss.

All amounts in SEK million

Net exposure at balance sheet date	2023	2022
EUR	-3,407	-3,029
NOK	697	1,063
USD	-2,507	-7,459
Other	88	98
Total	**-5,128**	**-9,327**

If the Swedish krona had been stronger/weaker by 10 percent in relation to the US dollar at the balance sheet day while all other variables remained constant, profit/loss for the year after tax as of December 31 would have been SEK 793 million (579) higher/lower as a consequence of gains/losses on translation of monetary assets and liabilities according to the table above, taking into account the indirect currency effect on the Group's risk position for inventories A 10 percent change in relation to EUR at the balance sheet day would have affected profit/loss for the year after tax with SEK –270 million (–241).

Interest risk

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

Loans with variable interest rates expose the group to interest rate risk regarding cash flow. Loans that run at a fixed interest rate expose the group to interest rate risk regarding fair value. As of December 31, 2023, the remaining fixed interest period amounted to approximately 23 months. During 2023, the group's borrowing mainly consisted of fixed intreste rate of EUR and variable interest of SEK and USD. 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

The Group's outstanding borrowing as of the balance sheet date for loans taken out from credit institutions amounts to SEK 6,517 million (8,347). The Group's loan terms, effective interest rate and the maturity structure of the loans are shown in Note 26.

If the interest rates on borrowing 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 20 million (66) lower/higher.

Price risk of crude oil and refined products

The Group is exposed to price risk regarding the inventory of crude oil and refined products. Price changes in crude oil and refined oil products respectively affect the Group's sales revenue, cost of goods sold, gross profit and operating profit. The Group has a defined risk position in inventory, which is the volume of priced oil[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 bio-oil products. The price risk on this volume is the company's business risk accepted by the Board. To counteract the price risk that arises when a priced stock deviates from the risk position, the Group trades in oil derivatives. In addition to the above price risk management, the group has in the past year used oil derivatives to also hedge parts of the risk position.

Sensitivity analysis price risk crude oil and refined products

The Board of Directors has established risk limits that define the extent to which volume exposure may deviate from the risk position, as well as the maximum risk expressed in USD that the Group is prepared to accept in volume deviations from the risk position. The volume deviation may be +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 of time.

Year	Change in price	Physical position	Derivative position	Total position	Of which risk position
2023	+10%	1,616	-184	1,432	-1,244
2023	-10%	-1,616	184	-1,432	1,244
2022	+10%	1,598	-101	1,496	-1,475
2022	-10%	-1,598	104	-1,494	1,475

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 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 has a direct impact on the result and in other cases the result is affected only in subsequent periods. This is because inventory is valued on the lower of cost basis, i.e. at the lower of cost and net realizable value.

In the event of a price rise, the profit is normally only affected at the time of sale, that is, the price gains are only reported in the year's profit when they are realized. However, if the original net sales value is less than the acquisition value, a price increase can have a direct effect on 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, which means that 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 oil derivative instruments determined by the board. These transactions are limited by maximum loss limits for such trades.

Electricity price risk

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

The Group's purchase of electricity in 2023 amounted to 663,232 MWh. Volume levels secured per year amount to:

	2024	2025	2025
Hedged proportion %	86	–	–

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

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

Electricity derivatives	2023	2022
Reported amount in the balance sheet	226	797
Volume MWh	392,878	449,030
Hedge ratio	1:1	1:1
Change in outstanding hedge instruments carrying value since inception of the hedge	226	797
Change in value to determine inefficiency	-226	-797

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 19 million (411) and a short-term receivable of SEK 207 million (386). 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 oil derivatives is determined using listed prices of oil futures on the balance sheet date.

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

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

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

1) Only the priced inventory is exposed to a price risk. Purchases of crude oil and products are only included in the position when the purchased oil is priced. Products move out of position as they are priced in conjunction with sales. If an item is priced for several days, a percentage of the load will be taken into or out of 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 position.

Note 3. Critical accounting estimates and judgments

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

Critical accounting estimates and assumptions

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

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

Goodwill

Among the Group's assets is a goodwill item that is not amortized on an ongoing basis but is tested at least annually with regard to any need for impairment. Impairment tests includes important assumptions and estimates. In 2023, no write-down were made. Even if the assumptions is changed as follow: 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 any impariment 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

The 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 the 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 cost. The management's estimate is based on the opinion of external experts or, if this is not possible, the outcome of previous similar clean-up works. See Note 25 for current provisions.

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

Significant judgments on application of the company's accounting policies

Functional currency

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

Note 4. Segment reporting

Operating segments

The Group consists of two operating segments:

Supply & Refining

To the two refineries Preem Refinery Lysekil and Preem Refinery Gothenburg, crude oil is bought which is refined into finished oil products. About 65 (60) percent of the production is sold abroad, mainly to the northern European market. The part of the production that is sold in Sweden is sold partly through its own market channels and partly through other oil companies.

Marketing & Sales

This segment sells refined oil products, which are purchased from the Supply & Refining segment. Sales take place to consumers through the company's network of fuel stations and to commercial customers and consumers through 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 takes place in a way that is consistent with the internal reporting submitted to Group management. Group management is the highest executive decision-maker that is responsible for allocating resources and assessing the results of the operating segments as well as making strategic decisions.

2023 Net Sales per 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 per operating segment	Supply & Refining	Marketing & Sales	Total by segment
Operating profit	8,700	924	**9,624**
of which depreciation	-1 310	-235	**-1,545**

2022 Net Sales per operating segment	Supply & Refining	Marketing & Sales	Total by segment
Net sales	154,900	41,647	**196,547**
Sales between segments	-35,999	–	**-35,999**
Net external sales	**118,900**	**41,647**	**160,548**

Operating profit per operating segment	Supply & Refining	Marketing & Sales	Total by segment
Operating profit	15,999	807	**16,806**
of which depreciation	-1,235	-246	**-1,481**

Reconciliation against the Group's profit before tax	2023	2022
Operating profit for reported segments	9,624	16,806
Exchange rate differences when buying and selling oil products	188	-1,013
Depreciation Corporate Center	-110	-91
Other[1]	-1,797	-882
Total operating profit	**7,905**	**14,820**
Interest income	138	24
Interest expense	-841	-1,245
Exchange rate gains/losses	-25	-1,877
Other financial items	-170	-120
Profit before tax	**7,007**	**11,600**

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 petroleum products.

	2023	2022
Sales of petroleum products	137,563	160,401
Other	148	147
Total external sales	**137,711**	**160,548**

During 2023, the Group generated revenue from a single customer of a total of SEK 14,039 million. The revenue is reported in the operating segment Supply & Refining.

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

2022 Investments	Supply & Refining	Marketing & Sales	Other[1)]	Group
Investments in tangible fixed assets	1,715	140	–	**1,855**
Investments in intangible fixed assets	123	–	–	**123**
Investments in associated companies	3	–	–	**3**

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, the other Nordic countries refer mainly to Denmark and to other countries mainly Germany, France and North America.

	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**

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

Note 5. Gross profit

The purchase and sale of oil products on the market is essentially dollar-based. Exchange rate differences on sales are reported under net sales and exchange rate differences on purchases are reported under cost of goods sold. The Group's gross profit includes exchange rate differences on purchases and sales of oil products to the net SEK 188 million (–1,013).

Net loss on oil derivatives valued at fair value, reported as an expense for goods sold in profit for the year, amounted to SEK –145 million compared to the previous year's profit of SEK –804 million.

Note 6. Note 6. Auditors' fees

	2023	2022
PwC		
Audit fees	5	4
Other fees	1	6
	6	**10**

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.

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

	2023		2022	
	Salaries and other benefits	Social security expenses (of which pension costs)	Salaries and other benefits	Social security expenses (of which pension costs)
Parent Company	2	0	1	0
		(–)		(–)
Subsidiaries	1,190	599	1,065	510
		(165)		(169)
Group total	**1,193**	**599**	**1,066**	**510**
		(165)		**(169)**

	2023		2022	
Average number of employees	Number of employees	Of which percentage men	Number of employees	Of which percentage men
Parent company				
Sweden	1	100%	1	100%
Group				
Sweden	1,621	71%	1,538	71%
Norway	20	70%	19	70%
Group total	**1,642**	**71%**	**1,558**	**72%**

Notes to the consolidated financial statements

Note 7. cont.

Salaries and other remuneration split by senior executives and other employees

	2023		2022	
	Board of Directors, CEO and other senior executives	Other employees	Board of Directors, CEO and other senior executives	Other employees
Parent Company	2	–	1	–
Subsidiaries in Sweden	47	1,124	44	1,003
Subsidiaries abroad	2	17	2	16
Group total	**51**	**1,141**	**47**	**1,019**

Senior executives

Senior management refers partly to top management (3 people) and partly to other senior management in the subsidiary Peem AB (7 people).

The top management group includes the Chairman of the Board, other board members who receive remuneration from the company and who are not employees of the company, as well as the CEO.

Remuneration of senior executives

Remuneration is paid to the Chairman and members of the Board in accordance with the decision of the Annual General Meeting. No committe work exists. Remuneration to the CEO consists of basic salary.

Pensions

There are no pension agreements with the top management in the Parent Company.

Severance pay

In the Parent Company, no agreement regarding severance pay exists. n the Group there is a notice period between the subsidiary Preem AB (publ) and the subsidiarie's CEO of 6 months.

Between the subsidiary Peem AB (publ) and other senior management a notice period of a maximum of 12 months and 6 months is agreeded. There is a paid notice period of a maximum of 24 months for termination by the subsidiary. Upon resignation by the senior executive, no severance pay is paid.

Gender distribution in company management	2023 Percentage of women	2022 Percentage of women
Parent Company:		
Board of Directors	0%	0%
Group Companies:		
Board of Directors	0%	0%
Other senior executives	29%	29%

2023 Renumeration and benefits, Parent Company	Base pay/ Board fees	Variable remuneration	Other benefits	Pension costs	Other remuneration	Total
Chairman of the Board Jason T. Milazzo	0	–	–	–	–	0
Board member Petter Holland	0	–	–	–	–	0
CEO	2	–	–	–	–	2
	2	–	–	–	–	**2**

2022 Renumeration and benefits, Parent Company	Base pay/ Board fees	Variable remuneration	Other benefits	Pension costs	Other remuneration	Total
Chairman of the Board Jason T. Milazzo	–	–	–	–	–	–
Board member Petter Holland	–	–	–	–	–	–
CEO	1	–	–	–	–	1
	1	–	–	–	–	**1**

Notes to the consolidated financial statements

Note 8. Depreciation

Breakdown of depreciation	2023	2022
Intangible assets	189	214
Buildings and land improvements	274	229
Plant and machinery	658	677
Capitalized turnaround costs	321	297
Equipment, tools, fixtures and fittings	185	154
	1,627	**1,571**
Breakdown by function		
Cost of goods sold	1,310	1,237
Selling expenses	234	248
Administrative expenses	83	86
	1,627	**1,571**

Note 9. Expenses by nature

	2023	2022
Cost of goods	122,600	139,764
Freight costs	1,397	1,358
Cost of employee benefits	1,791	1,572
Impairment of financial fixed assets	28	–
Depreciation	1,627	1,571
Disposal of equipment and tools	873	9
Other expenses	2,294	2,007
	130,610	**146,282**
Reconciliation against Consolidated income statement		
Cost of goods sold	127,486	144,369
Selling expenses	981	862
Administration expenses	1,230	1,042
Other operating expenses	913	9
	130,610	**146,282**

Note 10. Other operating income

	2023	2022
Heating deliveries	90	135
Rental income	96	106
Port income	76	59
Storage certificates	434	119
Other	72	40
	768	**460**

Note 11. Other operating expenses

	2023	2022
Disposal of equipment and tools	873	9
Other	40	–
	913	**9**

Note 12. Financial items, net

	2023	2022
Interest income from instruments measured at amortized cost	138	24
Financial income	**138**	**24**
Interest expenses from defined benefit unfunded pension obligation	-3	-3
Interest expenses from instruments measured at amortized cost[1)]	-796	-1,217
Interest expense from lease liabilities	-41	-25
Net exchange rate differences	-25	-1,877
Other	-170	-122
Financial expenses	**-1,036**	**-3,244**
Financial items, net	**-898**	**-3,220**

1) Of which interest costs from accrued transaction costs related to new loan agreements, reported according to the effective interest method SEK –172 million (–315).

Note 13. Income tax

	2023	2022
Current tax expenses (–)/tax revenue (+)		
Tax expense for the period	-1,546	-1,887
Tax attributable to previous year[1)]	405	2
	-1,141	**-1,885**
Deferred tax expenses (–)/ tax income(+)		
Deferred tax on temporary differences	107	-608
Deferred tax on tax loss carryforwards	-1	-22
	105	**-630**
Total reported tax expenses	**-1,036**	**-2,515**
Reconciliation of effective tax		
Profit/loss before tax	7,007	11,600
Tax calculated at national tax rates applicable for profits in the respective countries	-1,445	-2,408
Other non-deductible expenses	-53	-144
Non-taxable income	29	19
Tax attributable to previous year[1)]	405	2
Activation of previously unactivated tax carry loss forwards	-1	2
Other tax adjustments	28	14
Reported effective tax amounts to	**-1,036**	**-2,515**
Tax attributable to other comprehensive income		
Tax on changes in value of hedging instruments	118	-164
Revaluation of defined benefit pension plans	19	-37
Tax items recognized directly in equity		
Current tax in Group contributions submitted (received)	–	-347

1) For the financial year 2023, tax appeal decisions in Preem AB and Preem Holding AB (publ) for income tax year 2021 have resulted in tax revenue of SEK 121 million for the Group. For the income tax year 2022, Preem Holding AB (publ) received additional group contribution before the income tax return was submitted. This resulted in an amended tax liability for the Group and income tax year 2022 of SEK 297 million. Other amounts to SEK –12 million.

Reported effective tax rate amounts to 14.8 (21.7) percent. The low tax rate in 2023 is due to tax attributable to previous years, which reduces the tax cost by –5.8 percent. Reported tax for the current period amounts to 20.6 percent.

Notes to the consolidated financial statements

Note 13. cont.

Global minimum top-up tax

The Group is established in Sweden. Sweden has adopted a Global minimum top-up tax act on the basis of OECD's Pillar Two model rules. The new act will enter into force on 1 January 2024. According to the new regulation, large multinationals with 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 where it is present and a 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 Two model rules and is currently analyzing its exposure to the new regulation in relation to all jurisdictions where it is established. If the regulation had been implemented and in force in 2023, the Moroncha Group would have been exempt from top-up tax in accordance with the exception rule for multinationals still in the initial phase of their international activity. In case the Global minimum top-up tax act would have been implemented and in force in Sweden in 2023, the Moroncha Group's profit for its Swedish activities as per 31 December would have amounted to SEK 6,577 million, with an average effective tax rate on these profits in 2023 of 22,5 percent.

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**

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

Change in deferred tax in temporary differences and tax loss carryforwards in 2023	Opening amount	Reported profit for the year	Reported in other total profit	Closing amount
Intangible assets	0	–	–	0
Land and buildings	-51	33	–	-17
Machinery and equipment	-924	154	–	-770
Derivatives	-169	5	118	-46
Tax allocation reserve	-587	-78	–	-664
Other	13	-10	19	23
Total temporary differences	**-1,717**	**105**	**137**	**-1,475**
Tax loss carry forward	1	–	–	1
Total	**-1,716**	**105**	**137**	**-1,474**

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

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

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

	2023	2022
Net sales	-153	463
Cost of goods sold	342	-1,476
Financial items, net	-25	-1,877
	163	**-2,890**

Note 15. Intangible assets

Goodwill	2023	2022
Opening cost	308	308
Closing accumulated cost	**308**	**308**
Carrying amount	**308**	**308**

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

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

Significant assumptions used to calculate value in use	2023	2022
Average refining margin in USD per barrel for the period	7.86–12.37	6.30–9.52
Average rate of growth for extrapolation beyond the budget period	1%	1%
Discount rate before tax	12.1%	11.5%

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

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

Internally developed computer software	2023	2022
Opening cost	958	959
Investments for the year	0	–
Sales/disposals	–	-2
Exchange rate differences for the year	-2	1
Closing accumulated cost	**957**	**958**
Opening depreciation	719	530
Depreciation for the year	189	190
Sales/disposals	–	-2
The year's exchange rate differences	-1	0
Closing accumulated depreciation	**907**	**719**
Carrying amount	**51**	**239**

Notes to the consolidated financial statements

Note 15. cont.

Other intangible assets	2023	2022
Opening cost	–	155
Disposals/retirements	–	-159
Exchange-rate differences for the year	–	4
Closing accumulated cost	–	–
Opening depreciation	–	131
Depreciation for the year	–	24
Disposals/retirements	–	-159
Exchange-rate differences for the year	–	3
Closing accumulated depreciation	–	–
Carrying amount	–	–

Emission rights	2023	2022
Opening cost	123	–
Disposals	-123	–
Investments during the year	15	123
Carrying amount	**15**	**123**
Total reported intangible assets	**373**	**670**

Emission rights

Opening balance 2023	581,199
Number of allocated rights for 2023	1,448,230
Number of used rights for 2022 which were canceled in 2023	-1,970,982
Number of allocted rights (adjustment activity) 2023	350,668
Purchase of emission rights in 2023	15,000
Closing balance 2023	**424,115**
Number of allocated rights for 2024	1,798,898
Balance before cancellation in 2024	**2,223,013**
Prel. number of used rights for 2023 which will be canceled on 30 September 2024	-2,018,562
Prel. balance after 30 September 2024	**204,451**

Note 16. Property, plant and equipment

Land and buildings	2023	2022
Opening cost	4,395	4,182
Increase in right of use asset	140	127
Investments during the year	–	1
Disposals/retirements	-135	-48
Completion of construction in progress	167	131
Exchange-rate differences for the year	-6	2
Closing accumulated cost	**4,560**	**4,395**
Opening depreciation	2,384	2,194
Disposals/retirements	-125	-40
Depreciation for the year	274	229
Exchange-rate differences for the year	-3	1
Closing accumulated depreciation	**2,530**	**2,384**
Carrying amount	**2,030**	**2,011**

Plant and machinery[1)]	2023	2022
Opening cost	20,194	19,898
Disposals/retirements	-1,355	-61
Completion of construction in progress	820	357
Closing accumulated cost	**19,658**	**20,194**
Opening depreciation	13,330	12,708
Disposals/retirements	-498	-55
Depreciation for the year	658	677
Closing accumulated depreciation	**13,490**	**13,330**
Carrying amount	**6,168**	**6,863**

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

Capitalized turnaround costs	2023	2022
Opening cost	2,405	2,186
Investment during the year	–	3
Completion of construction in progress	566	216
Closing accumulated cost	**2,971**	**2,405**
Opening depreciation	1,676	1,380
Depreciation for the year	321	297
Closing accumulated depreciation	**1,997**	**1,676**
Carrying amount	**974**	**729**

Equipment, tools, fixtures and fittings	2023	2022
Opening cost	1,959	1,830
Increase right of use asset	107	290
Investments during the year	8	4
Disposals/retirements	-68	-216
Completion of construction in progress	89	51
Exchange-rate differences for the year	-1	0
Closing accumulated cost	**2,094**	**1,959**
Opening depreciation	1,418	1,479
Disposals/retirements	-62	-216
Depreciation for the year	185	154
Exchange-rate differences for the year	0	0
Closing accumulated depreciation	**1,542**	**1,418**
Carrying amount	**552**	**540**

Construction in progress	2023	2022
Opening cost	2,394	1,269
Disposals/retirements	-16	0
Investments during the year	3,975	1,849
Capitalized borrowing costs	101	32
Completion of construction in progress	-1,642	-756
Carrying amount	**4,813**	**2,394**
Total reported tangible assets	**14,537**	**12,537**

Capitalized interest costs for the year amount to SEK 101 million (32) and mainly refer to the balance sheet item "Construction in progress". The average interest rate is 3.7 (3.7) percent.

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

Notes to the consolidated financial statements

Note 17. Participations in associated companies

Swedish companies	Corp. ID no.	Reg. Office	Number of shares	Partic-ipating interest, %	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	351
RenFuel K2B Lignolproduktion AB	559095-1116	Stockholm	249,999	25	0
					391[1)]

1) Goodwill is included in the acquisition value with a total of SEK 54 million for Sunpine.

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
RenFuel K2B Lignolproduktion AB	43	42	1	1	-2

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

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

	2023	2022
Opening cost	394	321
Dividends	-25	-25
Shareholder contribution	15	3
Impairment	-28	–
Profit share	36	94
Carrying value	**391**	**394**

Note 18. Other long-term receivables

	2023	2022
Long-term receivables from associated companies	-	15
Other shares and participations	0	0
Endowment insurance	90	77
Net assets in defined benefit pension plans	-	33
Other long-term receivables	5	5
	95	**130**

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

Company	Corp. ID no.	Reg. Office	Number of shares	Partic-ipating interest %	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
SSH Svensk Servicehandel					0
					0

Note 19. Inventories

	2023	2022
Raw materials	9,992	9,103
Finished products	8,884	10,178
	18,876	**19,281**

Cost of goods sold for the Group includes a write-down of inventory of SEK –1,515 million to be compared with a write-down of SEK –21 million year 2022.

The acquisition value of the inventory in the Group includes the equivalent of SEK 197 million (83) regarding loaned inventory volumes. Borrowed inventory volumes corresponding to a total inventory value of SEK 0 million (35) are not included in the inventory value. The value is net per counterparty.

Note 20. Trade receivables

	2023	2022
Trade receivables	3,941	6,151
Reserves for expected credit losses	-14	-22
Fair value of trade receivables	**3,927**	**6,129**

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

	2023	2022
Not due	3,712	5,728
Less than 5 days	87	297
Between 6 and 30 days	37	42
Between 31 and 60 days	4	64
Between 61 and 90 days	2	3
More than 90 days	98	17
	3,941	**6,151**

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

	2023	2022
At the beginning of the period	22	48
This year's provision for credit losses/ reversed unused amounts	8	-23
Confirmed losses for the year	-15	-3
Exchange rate differences during the year	-1	–
At the end of the period	**14**	**22**

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

Note 21. Prepaid expenses and accrued income

	2023	2022
Accrued income	2,223	2,277
Prepaid catalyst	557	323
Prepaid expenses	49	28
Other	190	65
	3,018	**2,692**

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 shorter than three months after acquisition.

	2023	2022
Short-term investments	251	–
Cash and cash equivalents[1)]	5,383	3,484
	5,634	**3,484**

1) In the subsidiary Preem AB (publ) a restricted bank account exists amounting to SEK 61 million (60) and belongs to the deposits reported as other long-term debt. In Preem Holding AB (publ) additional EUR 20 million is restricted. The amount corresponds to one payment of interests on the Senior Note. See Note 26 for Senior note and deposits.

Note 23. Equity

Share capital

The Group's share capital amounts to SEK 500,000. The number of shares amounts to 50,000 and refers in its entirety to share class A. The shares are fully paid and the number of shares is the same at both the beginning and the end of the year. Quota value amounts to SEK 10/share.

Reserves

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

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

	2023		2022	
	Hedge reserve	Translation reserve	Säkrings-reserv	Omräknings-reserv
Opening balance	633	11	–	0
Translation differences during the period	–	-33	–	11
Fair value changes on hedging instruments reported in other comprehensive income	-478	–	1,241	–
Tax attributable to fair value changes on hedging instruments reported in other comprehensive income	99	–	-256	–
Reclassified for the income statement	-93	–	-444	–
Tax attributable to items reclassified to the income statement	19	–	91	–
Closing balance	**179**	**-23**	**633**	**11**

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 have defined benefit plans that are no longer active. They are both funded and unfunded.

Wholly or partly funded obligations	2023	2022
Present value of defined benefit obligation	569	494
Fair value of plan assets	-566	-527
Endowment insurance	122	102
Net wholly or partially funded obligations and fair value of plan assets	**125**	**69**
Unfunded obligations:		
Present value of unfunded defined benefit obligations	55	53
Net amount in the balance sheet (obligation +, asset –)	**180**	**122**
The net amount is recognized in the following balance sheet items:		
Pension obligations	180	156
Other long-term receivables	–	-33
Net amount in the statement of financial position	**180**	**122**
The net amount is divided among the following countries:		
Sweden	180	122
Cost reported in profit for the year		
Defined benefit plans		
Interest expenses	22	12
Interest income on plan assets	-21	-11
Total cost of defined benefit plans	**1**	**2**
The amount that is recognized in other comprehensive income is as follows:		
Actuarial gains (-)/losses (+) on defined benefit pension plans	93	-180
Tax attributable to items in other comprehensive income	-19	37
Total other comprehensive income for the year, net of tax	**74**	**-143**

The change in the defined benefit obligation during the year is as follows:	2023	2022
Opening value of defined benefit obligation	548	777
Payment of benefits	-33	-30
Interest expenses	22	12
Actuarial gain (–) or loss (+) on the obligation for the year:		
Changed demographic assumptions	7	-7
Actuarial gains and losses on changed financial assumptions	48	-248
Experience-based adjustments	26	60
Special payroll tax	7	-16
Closing balance for defined benefit obligation	**624**	**548**

The present value of the obligation is divided by plan members as follows:

Active members: 0% (0%)
Vested beneficiaries: 47% (49%)
Old-age pensioners: 53% (51%)

Change in fair value of plan assets during the year is as follows:	2023	2022
Opening balance plan assets	-527	-671
Payment of benefits	27	124
Fees from the employer	-39	-21
Interest income	-21	-11
Return on plan assets excluding interest income	-7	50
Closing fair value of plan assets	**-566**	**-527**

Actuarial assumptions	2023	2022
Discount rate	3.15%	4%
Future wage increases	Not applicable	Not applicable
Staff turnover	Not applicable	Not applicable
Inflation	1.65%	1.80%
Expected average remaining period of service of employees	Not applicable	Not applicable
Life expectancy assumption	DUS23 tjm	DUS21 tjm
Duration of obligation	12	12
Plan assets consist		
of the following:		
Interest-bearing securities	51%	51%
Shares	35%	32%
Real estate	12%	15%
Other	2%	2%
	100%	**100%**

Sensitivity analysis	Present value of the obligation	Percentage change
Discount rate +1,0%	541	-13%
Discount rate –1,0%	726	16%
Inflation/Pension indexing +0.5%	673	8%
Inflation/Pension indexing –0.5%	579	-7%
Life expectancy +1 year	673	8%

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", free letters. For white-collar workers in Sweden, the ITP-2 plan's defined benefit pension commitments for old-age pension are secured through an insurance in Alecta. According to a statement from the Swedish Financial Reporting Board, UFR10 Accounting for ITP-2 which is financed through the purchase of insurance in Alecta, this is a defined benefit plan that covers several employers. For the financial year 2023, the company does not have access to information to be able to report its proportional share of the plan's obligations, management assets and costs, which meant that the plan was not possible to report as a defined benefit plan. The pension plan is therefore reported as a defined contribution plan. The premium for the defined-benefit old-age and family

Notes to the consolidated financial statements

Note 24. cont.

pension is calculated individually and depends, among other things, on salary, previously earned pension and expected remaining service time. Expected fees in the next reporting period for ITP-2 insurance policies taken out in Alecta amount to SEK 25 million (18). The collective consolidation level consists of the market value of Alecta's assets as a percentage of insurance commitments calculated according to Alecta's actuarial methods and assumptions, which do not comply with IAS19. The collective consolidation level must normally be allowed to vary between 125–175 percent. If Alecta's collective consolidation level falls below 125 percent or exceeds 175 percent, measures must be taken to create conditions for the consolidation level to return to the normal range. In case of low consolidation, one measure may be to raise the agreed price for new insurances and expansion of existing benefits. In the event of high consolidation, one measure may be to introduce premium reductions or refunds, where premium reductions may occur if consolidation exceeds 150 percent. Alecta estimates that the collective consolidation level as of December 31, 2023, provisionally amounts to 157 percent.

	Group		Parent Company	
million SEK	2023	2022	2023	2022
Costs for defined contribution plans[1)]	156	159	–	–

1) This includes SEK 18 million (23) regarding ITP plans financed in Alecta, see above.

Note 25. Other provisions

	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 2022	**195**	**106**	**302**
Of which:			
Long-term provision	154	–	154
Short-term provision	41	106	147

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

1) The closing balance for environment restoration for the decontamination of closed depots of SEK 142 million (120) and for contamination at refineries of SEK 53 million (54).

2) Closing balance for the item other in 2023 consists of provision for disputes SEK 42 million, provision after fire SEK 24 million, claimed guarantee commitment SEK 40 million.

Note 26. Borrowings

Long-term borrowings	2023	2022
Senior Note EUR[1)]	3,018	3,405
Syndicated bank loan in USD[2)]	–	3,131
Loans in SEK[3)]	3,011	1,433
Lease liabilities	445	420
Total long-term loans and leases	**6,474**	**8,389**
Capitalized transaction costs	-337	-485
Total long-term borrowing, net	**6,137**	**7,904**
Deposits	57	52
Total long-term interest bearing liabilities, net	**6,194**	**7,956**
Short-term borrowings		
Senior Note EUR[1)]	377	378
Loans in SEK[3)]	111	–
Lease liabilities	206	261
Total short-term loans and leases	**695**	**639**
Total Group borrowings	**7,226**	**9,080**
Total Group borrowings, net	**6,889**	**8,595**

Repayment plan	2024	2025	2026	2027	2028–	Total
	710	634	595	3,549	1,738	**7,226**

Loan terms and conditions, effective interest rate and maturity structure

			Maturity structure (in million SEK)		
Non-current borrowings credit institution	Nominal value, local currency	Effective interest, %	Less than 1 year	1–5 years	>5 years
[1)] EUR, fixed interest	306	12,36	377	3,018	–
[2)] USD, variable interest	–	–	–	–	–
[3)] SEK, fixed interest	123	5.30%	15	76	31
[3)] SEK, variable interest	3,000	6.13%	111	1,778	1,111
Total borrowings			**504**	**4,872**	**1,143**
Capitalized transaction cost related to EUR loan			–	-169	–
Capitalized transaction cost related to USD loan			–	−167	–
Deposits			–	–	57
Lease liabilities long- and short-term			206	426	19
			710	**4,961**	**1,219**
Total Group borrowings, net					**6,889**

The remaining average fixed interest period as of 31 December 2023 amounted to approximately 23 months.

Fulfillment of special loan conditions

The subsidiary Preem AB has a syndicated loan facility amounting to USD 1,490 million. As of the end of December 2023, this facility was not utilized. The loan facility contains special requirements regarding leverage ratio and tangible net worth. Both conditions are met as of December 31, 2023.

The Senior Note in Preem Holding also subject to a loan condition. "Fixed Charge Coverage ratio" sets EBITDA in relation to interest costs. The condition was fulfilled as of December 31, 2023.

Loans of SEK 3,000 million against Svensk Exportkredit are earmarked for investment at the refinery in Lysekil. The loan is covered by the National Debt Office's program for green credit guarantees.

For information on pledged collateral, see Note 30.

Note 27. Derivatives

	2023		2022	
	Assets	Liabilities	Assets	Liabilities
Electricity derivatives/ hedge accounting	226	–	797	–
Currency derivatives that are not hedged	2	–	–	0
Emission rights that are not hedged	–	3	58	3
Closing balance	**227**	**3**	**855**	**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 that are reported as assets in the balance sheet. See Note 2 for further information on the derivative instruments.

Note 28. Other liabilities

	2023	2022
VAT	733	1,228
Excise duties[1]	753	1,079
Other liabilities	101	182
	1,587	**2,488**

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

Note 29. Accrued expenses and deferred income

	2023	2022
Purchases of crude oil and products	4,507	5,145
Personnel	472	415
Interests	239	–
Other	729	470
	5,948	**6,030**

Note 30. Pledged assets and contingent liabilities

Pledged assets	2023	2022
Shares in subsidiaries	27,954	22,106
Property mortgages	4,000	4,000
Floating charges	10,000	10,000
Deposits	168	157
Trade receivables	5,330	5,688
	47,452	**41,951**
Contingent liabilities		
Sureties for associated companies	70	72
Guarantee commitments for the Swedish Environmental Protection Agency regarding Climate support	–	75
Guarantee commitments Swedish Customs	41	–
Parent company guarantee for Preem AS	22	21
Guarantee commitments for Pyrocell AB	160	159
Guarantee obligations FPG/PRI	1	1
	294	**328**

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

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

Pledged assets without specified amount

Following pledged assets have been issued without any specified amount:

Norwegian pledged assets of trade receivables, inventory and insurances in Norway. Swedish pledged assets of insurances. Dutch pledge asset for inventory in Netherlands. English surety for some bank accounts.

Other contingent liabilities

A future closure of operations within the group may mean a requirement for clean-up and restoration works. However, this is considered to be far in the future and the future expenses cannot be reliably calculated.

Note 31. Supplementary disclosures to the cash flow statement

Interest paid and dividends received	2023	2022
Interest received	96	22
Interest paid	-508	-1,204
Adjustment for non-cash items		
Depreciation of property, plant and machinery	1,627	1,571
Impairment of financial fixed assets	28	–
Write-down of inventory/reversal of previous write-down of inventory	1,515	21
Unrealized exchange rate losses (+) / exchange rate gains (–)	-169	-25
Unrealized exchange rate losses (+) / exchange rate gains (–), financial items,net	-10	772
Unrealized gains (–) / losses (+) on derivatives	27	-243
Expensed portion of capitalized transaction costs	172	315
Provisions	172	-414
Gains/loss from sale/disposal of fixed assets	889	7
Shares in associated company's profit	-11	-69
Accrued interests	277	-185
Other	-101	-32
	4,417	**1,718**
Transactions that do not involve payments		
Acquisition of assets via financial lease	248	417

Notes to the consolidated financial statements

Note 31. cont.

Reconciliation of liabilities arising from financing activities

	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
Liability to Swedish Export Credit Corporation	1,300	1,700	–	–	3,000
Senior Note	3,784	-384	-4	–	3,395
Other interest-bearing liabilities	52	5	–	–	57
Lease liabilities	680	-300	-10	281	651
Total liabilities arising from financing activities	**9,080**	**-2,125**	**-10**	**281**	**7,226**

	Opening balance 2022	Cash flows	Non-cash changes: Exchange rate, unrealized	Non-cash changes: Other	Closing balance 2022
Liabilities to credit institutions[1]	8,175	-4,937	27	–	3,264
Liability to Swedish Export Credit Corporation	–	1,300	–	–	1,300
Term loan	4,884	-5,442	558	–	–
Senior Note	–	3,614	170	–	3,784
Other interest-bearing liabilities	41	11	–	–	52
Lease liabilities	435	-204	18	432	680
Total liabilities arising from financing activities	**13,534**	**-5,658**	**772**	**432**	**9,080**

1) Excluding capitalized transaction costs.

Other unused credit lines	2023	2022
Approved credit lines	13,842	11,491
Total unused lines	**13,842**	**11,491**

Note 32. Financial instruments

Financial instruments by category

2023 Assets in the balance sheet	Assets measured at fair value through profit	Derivatives in a hedged relation	Financial assets measured at amortized cost	Carrying amount	Fair value
Other shares and participations	0	–	–	0	0
Long-term receivables Parent Company	–	–	181	181	181
Other long-term receivables	–	–	95	95	140
Derivatives	2	226	–	227	227
Receivables from Parent Company	–	–	57	57	57
Trade receivables and other receivables	–	–	4,931	4,931	4,931
Cash and cash equivalents	–	–	5,634	5,634	5,634
	2	**226**	**10,897**	**11,125**	**11,170**

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
Senior Note	–	–	3,395	3,395	3,652
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	–	–	6,975	6,975	6,975
	3	**–**	**14,200**	**14,203**	**14,460**

2022 Assets in the balance sheet	Assets measured at fair value through profit	Derivatives in a hedged relation	Financial assets measured at amortized cost	Carrying amount	Fair value
Other shares and participations	0	–	–	0	0
Other long-term receivables	–	–	97	97	97
Derivatives	58	797	–	855	855
Receivables from Parent Company	–	–	55	55	55
Trade receivable and other receivables	–	–	7,464	7,464	7,464
Cash and cash equivalents	–	–	3,484	3,484	3,484
	58	**797**	**11,101**	**11,955**	**11,955**

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
Liabilities to credit institutions	–	–	4,564	4,564	4,564
Senior Note	–	–	3,784	3,784	3,999
Lease liabilities	–	–	680	680	680
Other interest-bearing liabilities	–	–	52	52	52
Derivatives	3	–	–	3	3
Other liabilities	–	–	9,712	9,712	9,712
	3	**–**	**18,792**	**18,795**	**19,010**

Financial instruments measured at fair value in the balance sheet

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

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

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

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

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	–	–

2022	Level 1	Level 2	Level 3
Assets in the balance sheet			
Electricity derivatives	–	797	–
Emission rights	58	–	–
	58	**797**	**–**
Liabilities in the balance sheet			
Currency derivatives	0	–	–
Emission rights	3	–	–
	3	**–**	**–**

Note 33. Transactions with related parties

Relationships with related parties involving control

The Group is under a controlling influence from Corral Petroleum Holdings 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 108.

2023 Relationships with related parties	Sales/ interest	Purchases	Receivables 31 Dec	Liabilities 31 Dec	Other (accrued)
Parent Company	–	–	238	–	2
Associated companies	7	2,680	–	274	–
Other affiliates	2	286	–	31	–

2022 Relationships with related parties	Sales/ interest	Purchases	Receivables 31 Dec	Liabilities 31 Dec	Other (accrued)
Parent Company	–	–	55	–	–
Associated companies	7	2,341	15	10	–
Other affiliates	2	215	–	24	–

The cost to other related companies includes a compensation of SEK 53.9 million (51.4) to Sparrow Winds Ltd. The company is related to the chairman of the board of Preem Holding AB, Jason T. Milazzo.

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

Note 34. Lease agreement

Leaseholder

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

	2023	2022
Tangible fixed assets owned	13,885	11,865
Right-of-use assets	652	673
	14,537	**12,537**

Right-of-use assets	Buildings and land	Equipment and tools	Total
Opening balance January 1, 2023	364	309	673
Additional rights-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**

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

Lease liabilities	2023	2022
Short term	445	420
Long term	206	261
Lease liabilities included in the report over financial position	**651**	**680**

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

Amounts recognized in profit or loss	2023	2022
Depreciation rights-of-use assets	-265	-187
Interest on lease liabilities	-41	-25
Exchange rate differences	10	-18
Variable leasing fees not included in the lease liability	-80	-99

Amounts reported in the cash flow report	2023	2022
Total cash outflows attributable to lease agreements	300	204

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

Property leasing

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

Leasing of time-share boats

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

Other leasing agreements

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

Lessors

Operational leases

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

IFRS 16	2023	2022
Within a year	155	106
Between one year and five years	379	356
More than five years	–	–
Total undiscounted leasing fees	**534**	**463**

Note 35. Subsequent events

On February 29 2024, Preem AB's borrowing base facility agreement wass extended to December 30, 2026. No other significant events have occurred after the balance sheet date.

This note also applies to the Parent Company.

Parent Company financial statements AMOUNTS IN MILLION SEK

Income statement for the Parent Company

The Parent Company's Report on results	Note	2023	2022
Net sales		–	–
Gross profit		**–**	**–**
Administrative expenses	102	-4	-18
Operating profit		**-4**	**-18**
Profit from participations in Group companies		1,557	2,895
Financial income		20	1
Financial expenses		-542	-1,398
Financial items, net	103	**1,036**	**1,498**
Profit before tax		**1,032**	**1,481**
Tax expense for the year	104	-1,237	-23
Profit for the year[1)]		**-205**	**1,458**

1) Profit for the year coincides with the total result for the year.

Parent Company financial statements AMOUNTS IN MILLION SEK

Balance sheet for the Parent Company

Assets	Note	2023-12-31	2022-12-31
Fixed assets			
Financial assets			
Shares in Group companies	105, 110	11,070	10,837
Total fixed assets		**11,070**	**10,837**
Current assets			
Other receivables		0	–
Prepaid expenses and accrued income		0	–
Cash and bank balances	106, 111	450	243
Total current assets		**450**	**243**
Total assets		**11,521**	**11,080**

Equity, provisions and liabilities	Note	2023-12-31	2022-12-31
Equity			
Restricted equity			
Share capital (50,000 shares)		1	1
Unrestricted equity			
Retained earnings		7,010	5,552
Profit for the year		-205	1,458
Total equity		**6,806**	**7,011**
Liabilities			
Long-term liabilities			
Senior Note	107, 111	2,849	3,211
Liabilities to subsidiaries	108, 111	251	434
		3,099	**3,646**
Current liabilities			
Senior note	107, 111	377	378
Current tax liabilities		948	–
Other current liabilities		1	–
Accrued expenses and deferred income	109	290	45
		1,616	**424**
Total liabilities		**4,715**	**4,069**
Total equity, provisions and liabilities		**11,521**	**11,080**
Pledged assets and contingent liabilities	110		

Parent Company financial statements AMOUNTS IN MILLION SEK

Statement of changes in equity for the Parent Company

	Share capital	Retained earnings incl. the year's result	Total equity
Opening equity 2022-01-01	**0**	**4,475**	**4,475**
Increase of share capital[1)]	0	–	0
Received shareholder contribution	–	1,077	1,077
Profit for the year	–	1,458	1,458
Closing equity 2022-12-31	**1**	**7,010**	**7,011**
Opening equity 2023-01-01	**1**	**7,010**	**7,011**
Profit for the year	–	-205	-205
Closing equity 2023-12-31	**1**	**6,805**	**6,806**

1) During 2022, share capital was increased to SEK 500,000 by a transfer from unrestricted equity.

Share capital

The company's share capital amounts to SEK 500,000. The number of shares amounts to 50,000 and refers in its entirety to share class A. The shares are fully paid and the number of shares is the same at both the beginning and end of the year. The quota value amounts to SEK 10/share.

Parent Company financial statements AMOUNTS IN MILLION SEK

Cash flow statement for the Parent Company

	Note	2023-01-01 2023-12-31	2022-01-01 2022-12-31
Operating activities			
Profit before tax		1,032	1,481
Adjustments for non-cash items	112	55	519
		1,087	**1,999**
Tax paid		-289	-16
Cash flow from operating activities before changes in working capital		**798**	**1,983**
Cash flow from changes in working capital			
Increase (–)/Decrease (+) in operating receivables		0	0
Increase (+)/Decrease (–) in operating payables		-183	134
Cash flow from operating activities		**615**	**2,118**
Cash flow from investing activities		**–**	**–**
Financing activities			
Borrowings	112	–	3,614
Repayment of loans	112	-384	-5,442
Transaction costs		-23	-217
Cash flow from financing activities		**-408**	**-2,044**
Cash flow for the year		207	74
Opening cash and bank balances		243	144
Exchange rate difference in cash and cash equivalents		0	26
Closing cash and bank balances	106	**450**	**243**

Parent Company notes

Notes to the Parent Company financial statements

Note 101. Significant accounting policies for the Parent Company

Preem Holding AB (publ) corp. ID no. 559210-7410 (PH) is the Parent Company of the Preem AB Group (Preem) and has its head office in Stockholm. The Group's operations involve extensive refining of crude oil and sales of petroleum products.

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

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

Differences between Group and Parent Company accounting policies

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

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

Classification and presentation methods

The parent company's 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, long-term and short-term liabilities.

Subsidiaries

Shares in subsidiaries are reported in the Parent Company according to the acquisition value method.

Group contributions and shareholder contributions for legal entities

The company reports Group contributions 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 write-down 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 PH makes to/receives from its parent company are reported as dividends/ contributions at PH, that is, directly against equity.

Note 102. Auditor's fees

	2023	2022
PwC		
Audit fees [1]	0	0
Other fees	–	1
	0	**1**

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.

Note 103. Financial items, net

	2023	2022
Dividend received	1,324	2,752
Group contribution received	2,710	2,814
Impairment of shares in subsidiaries	-2,476	-2,671
Profit from shares in subsidiaries	**1,557**	**2,895**
Net exchange differences	5	–
Interest income from valued instruments at amortized cost	15	1
Financial income	**20**	**1**
Interest income from valued instruments at amortized cost[1]	-541	-729
Net exchange differences	–	-666
Other financial expenses	-0	-3
Financial expenses	**-542**	**-1,398**
Financial items, net	**1,036**	**1,498**

1) Of which accrued transaction costs in connection with refinancing the loans reported according to the effective interest method SEK 48 million (152).

Note 104. Tax

Current tax expense (–)/tax revenue (+)	2023	2022
Tax expenses for the year	-233	–
Tax attributable to previous years	-1,003	–
	-1,237	**–**
Deferred tax expenses (–)/tax income (+)		
Deferred tax on temporary differences	–	-23
	–	**-23**
Total reported tax expenses	**-1,237**	**-23**

Reconciliation of effective tax	2023	2022
Profit before tax	1,032	1 481
Income tax calculated according to the applicable tax rate	-213	-305
Non-deductible costs	-293	-284
Non-taxable income	273	566
Tax attributable to previous years	-1,003	–
Reported tax	**-1,237**	**-23**

Total reported tax amounts to –120% (2%) of the year's profit before tax. The tax rate in 2023 is affected by tax attributable to previous years. Reported tax for the current year amounts to 22.5%.

Parent Company notes

Note 105. Participation in Group companies

	Corp. ID no.	Reg. Office	Number of shares	Owned portion %	Nominal value	Carrying value
Swedish companies						
Operating						
Preem AB (publ)	556072-6977	Stockholm	610,258	100	610	11,070

Accumulated cost	2023	2022
At start of the year	10,837	10,693
Shareholder contribution	2,710	2,814
Impairment	-2,476	-2,671
At the end of the year	**11,070**	**10,837**

Note 106. 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.

	2023	2022
Cash and bank balance[1]	450	243
	450	**243**

1) Of which EUR 20 million is restricted. The amount corresponds to a payment of interest on the bond.

Note 107. Liabilities to credit institutions

	2023	2022
Long-term liabilities		
Senior Note EUR	3,018	3,405
Total long-term liabilities	**3,018**	**3,405**
Capitalized transaction costs	-169	-194
Total long-term liabilities, net	**2,849**	**3,211**
Short term liabilities		
Senior Note EUR	377	378
Total short-term liabilities	**377**	**378**
Total liabilities	**3,395**	**3,784**
Total liabilities, net	**3,226**	**3,590**

Amortization plan	2024	2027	Total
Senior Note, EUR	377	3 018	3,395

Loan terms, effective interest rate and maturity structure

			Maturity structure (in million SEK)		
Liabilities	Nominal value local currency	Effective interest, %	Less than 1 year	1–5 years	More than 5 years
– EUR, fixed rate	306	12.36	377	3,018	–
Total liabilities			**377**	**3,018**	**–**
Capitalized transaction costs			–	-169	–
Total liabilities, net			**377**	**2,849**	**–**

The remaining average fixed interest period as of December 31, 2023, amounted to 43 (55) months. The Senior Note in Preem Holding is subject to a loan condition. “Fixed Charge Coverage ratio” sets EBITDA in relation to interest costs. The condition was fulfilled as of December 31, 2023.

Note 108. Liabilities to subsidiaries

	2023	2022
Opening balance	434	300
Additional liability	–	134
Dividend claim	–184	–
	251	**434**

Note 109. Accrued costs and prepaid income

	2023	2022
Accrued interest	289	45
Other	0	0
	290	**45**

Note 110. Pledged collateral and contingent liabilities

Collateral pledged	2023	2022
Shares in subsidiaries	11,070	10,837
	11,070	**10,837**

Parent Company notes

Note 111. Financial instruments

Financial instruments by category

2023 Assets in the balance sheet	Financial assets valued at amortized cost	Carrying amount	Fair value
Cash and bank balances	450	450	450
	450	**450**	**450**

Liabilities in the balance sheet	Liabilities valued at amortized cost	Carrying amount	Fair value
Senior Note	3,395	3,395	3,652
Liabilities of subsidiaries	251	251	251
	3,646	**3,646**	**3,903**

2022 Assets in the balance sheet	Financial assets valued at amortized cost	Carrying amount	Fair value
Cash and bank balances	243	243	243
	243	**243**	**243**

Liabilities in the balance sheet	Liabilities valued at amortized cost	Carrying amount	Fair value
Senior Note	3,784	3,784	3,999
Liabilities from subsidiaries	434	434	434
	4,218	**4,218**	**4,434**

Note 112. Additional information on cash flow analysis

Interest paid and dividends received	2023	2022
Dividend received	1,148	2,752
Interest received	8	1
Interest paid	-217	-814
Adjustment for items that are not part of the cash flow, etc		
Unrealized exchange rate gains-/exchange losses+	0	-26
Unrealized exchange rate gains-/exchange losses+, financial net	-4	728
Expensed portion of capitalized transaction costs	48	152
Group contribution	-2,710	-2,814
Impairment	2,476	2,671
Accrued interest	244	-192
	55	**519**

			Changes not affecting cash flow		
Reconciliation of liabilities arising from financing activities	Opening balance 2023	Cash flow	Capitalized Interest	Unrealized exchange rate differences	Closing balance 2023
Senior Note	3,784	-384	–	-4	3,395
Total liabilities arising from financing activities	**3,784**	**-384**	**–**	**-4**	**3,395**

			Changes not affecting cash flow		
Reconciliation of liabilities arising from financing activities	Opening balance 2022	Cash flow	Capitalized Interest	Unrealized exchange rate differences	Closing balance 2022
Term loan	4,884	-5,442	–	558	–
Senior Note	–	3,614	–	170	3,784
Total liabilities arising from financing activities	**4,884**	**-1,828**	**–**	**728**	**3,784**

Note 113. Proposal for allocation of profits

Unrestricted equity in the Parent Company amounts to:	SEK
Non-restricted equity	7,010,174,226
Profit for the year	-204,817,412
Total	**6,805,356,814**

The Board proposes that the amount be allocated as follows:	
Retained earnings to be carried forward (SEK)	6,805,356,814
Total	**6,805,356,814**

Board signatures

Stockholm March 27, 2024

Jason T. Milazzo
Chairman of the Board

Richard Öhman
Chief Executive Officer

Petter Holland
Board member

Our audit report was submitted on March 27, 2024

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 Holding AB (publ), corporate identity number 559210-7410

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Preem Holding AB (publ) for the year 2023.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company as of 31 December 2023 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 2023 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and 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 the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

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

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Preem Holding AB (publ) for the year 2023 and the proposed appropriations of the company's profit or loss.

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

Basis for Opinions

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

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

Responsibilities of the Board of Directors and the Managing Director

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

Auditor's Report

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

Auditor's responsibility

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

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

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

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

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

Stockholm, 27 March 2024

Öhrlings PricewaterhouseCoopers AB

Martin Johansson
Authorized Public Accountant
Auditor in charge

Anna Rozhdestvenskaya
Authorized Public Accountant

Would you like to read the Sustainability Report and/or the Annual Report on your screen?
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