

VARO announces transformative acquisition of Preem AB to create a leading energy provider to customers in the Mobility and Industrial sectors

- **Scale and geographic reach:** Preem's leading energy business in Scandinavia complements VARO's existing footprint and post completion the combined business will supply around 10% of Europe's Road and marine fuel¹
- **Second largest renewable fuel producer in Europe:** adding 1.3 million tons per annum of renewable fuel production and leveraging Preem's leading co-processing expertise. The company will be one of the world's top five producers of renewable fuels
- **Greater resilience:** leading manufacturing company with 6 strategically positioned assets covering both conventional and sustainable energies; and operating one of the largest supply networks in Europe, with access to over 120 terminals providing customers with flexibility and security of supply
- **Leading supplier to the mobility sector:** supporting customers in road, marine and aviation through the energy transition
- **Delivers on VARO's 2022 strategy:** positioning the company to meet its 2026 EBITDA targets with a 50% contribution from sustainable energies

¹ All market position references are estimated and based on date of media release

Zug, 31 March 2025 – VARO Energy (“VARO”) has today reached agreement to acquire Preem Holding AB and Preem AB (“Preem”) through the purchase of 100% of the share capital of the parent company, Corral Petroleum Holdings AB (“CPH”), in an all-cash transaction. Subject to customary closing conditions and the receipt of regulatory approvals the transaction is expected to be completed in the second half of 2025.

The agreement follows a competitive M&A process that began after CPH announced a strategic review of its assets in late 2023. VARO has been engaged in this process for over 15 months, having entered exclusivity in August 2024. As part of this process and in accordance with its rights under existing security arrangements, Deutsche Bank (Suisse) SA, as pledgee of the CPH shares, executed the sale agreement on behalf of CPH’s parent company, Moroncha Holdings Co. Ltd.

Preem is one of the largest energy companies in Scandinavia. The company plays a critical role in the region’s energy security, providing over 40% of Sweden’s and around a quarter of Scandinavia’s energy needs for transportation. It serves customers in 17 countries across Europe.

An early mover in renewable fuel production, Preem has invested nearly US\$1 billion since 2010 in the production of renewable fuels and initiatives aimed at reducing the carbon intensity throughout the value chain. As a result of these investments, Preem’s current renewable fuel production of 0.3 mtpa will rise to 1.3 mtpa with the Synsat diesel plant upgrade enabling up to 40% co-processing of renewable feedstocks. The company also has a material pipeline of other renewable fuel projects.

Preem owns two major fuel manufacturing facilities in Sweden, at Lysekil and Gothenburg. The two facilities have a combined capacity of 352,000 barrels per day, which equates to 80% of Sweden’s refining capacity, and the ability to co-process renewable feedstock. Primarily located in Scandinavia, Preem’s assets are highly complementary to VARO’s existing operations across northwest Europe with limited overlap.

Dev Sanyal, CEO of VARO, said: “The acquisition of Preem is transformational for VARO. On completion, we will become Europe’s second largest renewable fuel producer with an extensive distribution and storage network across major European markets with conventional fuel production capacity of 530,000 barrels per day. Combined we will serve over 50,000 business customers across 33 countries, with our future growth underpinned by a robust portfolio of mature renewable fuel projects.”

Marcel van Poecke, Chairman of VARO and Chairman of Energy at Carlyle, said:

“This acquisition provides material value creation opportunities through disciplined investment in future growth projects, while enhancing VARO’s ability to deliver the reliable and secure energy that Europe needs. The combined entity will be well positioned to continue to play an important role in meeting Europe’s growing demand for sustainable energy for the mobility and industrial sectors.”

Russell Hardy, Supervisory Board member of VARO and CEO, Vitol, said:

“We are very excited by this transaction. The company will be Europe’s second largest producer of biofuels – which are key to decarbonising transport in Europe. It will benefit from access to Vitol’s network and global expertise. We greatly look forward to expanding this ongoing and successful partnership and working with the combined entity to meet customer requirements and supply evolving markets.”

Creating a leading energy provider for mobility and industrial customers

The combined group will have a large geographic footprint across key European markets, with global feedstock sourcing capabilities and an expanded customer base. Benefiting from Preem’s manufacturing facilities and VARO’s Cressier and Bayernoil assets, our fuel manufacturing capacity will increase to 530 kbd. It will serve over 50,000 business customers in Europe and account for almost 10% of all road and marine fuels sold on the continent, with Sweden becoming its largest manufacturing base. The company will operate one of Europe’s largest supply networks in Europe with access to over 120 terminals.

The company will be the largest co-processor of renewable feedstocks in Europe. On completion, the combined group will rank in the top five largest producers of Hydrotreated Vegetable Oil (HVO) and Sustainable Aviation Fuel (SAF) globally. It will be Europe’s second largest renewable fuel producer and the top producer in Sweden.

Material renewable fuel production will provide the company with a strong position in the fast-growing biofuels for transport sector. Biofuel demand in the EU transport sector is expected to increase by 50-80% by 2030 as Member States accelerate decarbonization efforts.

With more than a decade of experience developing renewable fuel assets, Preem brings valuable expertise in applying proven technology at scale. When combined with cash flow growth, increased liquidity and a strong balance sheet, the combined group will have an enhanced capacity to invest in and develop its renewable fuel asset portfolio. In addition, material value upsides from combining the two businesses have been identified. These include leveraging the combined companies’ physical assets

with VARO's extensive value chain optimisation, risk and exposure management capabilities to deliver higher margins, improved crude mix and renewable feedstock optimisation.

Post completion the intention is to focus on three investment priorities. First, investing in improved security of supply and asset resilience, across manufacturing, distribution and storage. Second, decarbonizing and increasing the efficiency of conventional manufacturing assets. Third, investing in the attractive portfolio of biofuel projects of both companies, with a customer-centric approach designed to keep pace with evolving demand for sustainable energy.

Delivering on VARO's 2022 strategy

In 2022 VARO set out an ambitious set of strategic targets to triple EBITDA by 2026 with 50% coming from sustainable energies. Over the last three years VARO has made good progress towards achieving these goals, notably the acquisition and expansion of the biogas facility in Coevorden and progressing the development of a SAF facility in Rotterdam. The combined company will be well positioned to achieve these financial targets.

Both VARO and Preem share a strong commitment to ambitious targets for decarbonizing their operations and reducing the carbon intensity of the solutions they deliver to customers. Following completion of the transaction, VARO will leverage the decarbonization expertise and proven track record of both organizations to support national and European energy transition agendas and drive progress toward a low-carbon future. They have collectively achieved a 16% reduction in CO₂ emissions from their own operations and abated 5.5 million tons per year of CO₂ for their customers since tracking began.

Investing for the long-term

Since it was founded in 2012, VARO has made close to 20 acquisitions and has built a strong track record of investing in and integrating the companies that it acquires. Privately held and backed by long-term strategic and financial investors, VARO plays an important role in supporting energy security and decarbonization in the markets in which it currently operates.

With strong medium-term cash flow generation and a long-term holder of assets, VARO will ensure responsible stewardship of Preem. We will continue to be a partner in Sweden and the wider region's security and energy transition priorities.

Media Relations

VARO

Angela Nemeth

Phone : +41795129421

Email : angela.nemeth@varoenergy.com

Brunswick

Will Medvei and Nabhan Malik

Phone: +44 (0)20 7404 5959

Email: varo@brunswickgroup.com

Notes to Editors

About VARO

VARO Energy ("VARO") is a leading European energy company and the energy transition partner of choice for its customers. Guided by its ONE VARO Transformation twin-engine strategy, VARO is driving the shift to a low-carbon future while ensuring resilient and reliable energy supply.

VARO sources, manufactures, blends, trades, and distributes both conventional energies ("Engine 1") and sustainable energies ("Engine 2"). From advanced biofuels to biogas and e-mobility solutions, VARO is committed to reducing the carbon intensity of its products and services while decarbonizing its operations to meet ambitious sustainability targets.

Headquartered in Switzerland, VARO operates in 26 countries. The company is owned by Carlyle (66.66%) and Vitol (33.33%).

About Preem's asset portfolio

The portfolio being acquired includes two major manufacturing complexes in Sweden. The Lysekil manufacturing hub is the largest in Scandinavia and one of the most complex in Europe. It has a total refining capacity of 220 kbd with current biofuel production capacity of 0.1mtpa. The Synsat diesel plant at Lysekil will have the capacity to produce an additional 0.9 mtpa of renewable diesel.

The Gothenburg complex has a total capacity of 132 kbd and has been co-processing renewable feedstocks since 2010, currently with a production capacity of 0.3 mtpa of renewable fuels, including HVO100.

Preem operates eight conventional storage facilities in Sweden and Norway with 4.5 million barrels of storage capacity. The company also operates seven renewable storage facilities in Sweden, Germany, the Netherlands and Spain with a combined capacity of 2.1 million barrels. In addition to conventional and renewable fuel manufacturing, Preem has an extensive retail business in Sweden with approximately 500 fuel stations.