



Perstorp Holding AB (Publ.)

Interim report 1 April – 30 June 2022

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A quarter with solid performance in a scheduled maintenance turnaround quarter

Perstorp Holding AB (Publ.), corporate reg. no. 556667-4205, Parent company for Perstorp. Perstorp is an international specialty chemicals Group and a global leader in high growth niches. The Group has around 1,500 employees and manufacturing facilities in Europe, North America and Asia. The Perstorp Group is controlled by the European private equity company PAI Partners.

Key figures in summary

- Sales amounted to SEK 4,165 m (3,272), a 27% increase consisting of:
 - +18% organic growth whereof +31% sales prices and -13% volumes
 - +1% acquisition
 - +8% FX effects
- Continued favorable market dynamics for Perstorp's products.
- Price increases implemented to cover higher raw material prices.
- EBITDA excluding non-recurring items amounted to SEK 605 m (595) with a margin of 14.5% (18.2).
- Continued solid free cash flow generation of SEK 275 m (409), despite the increased capex program.
- Available funds amounted to SEK 2,937 m (2,406) at the end of the period.

Key figures in summary

SEK m unless otherwise stated	Quarter 2			Quarter 1-2		Latest	Full year
	2022	2021	Change	2022	2021	12 months	2021
Net Sales	4,165	3,272	893	8,573	6,138	15,972	13,537
% Sales growth (y-o-y)	27%	57%	27%	40%	28%	18%	47%
EBITDA excl. non-recurring items ¹⁾	605	595	10	1,450	1,100	2,863	2,513
% of net sales	14.5%	18.2%	-3.7%	16.9%	17.9%	17.9%	18.6%
EBITDA	585	594	-9	1,414	1,080	2,799	2,465
% of net sales	14.0%	18.1%	-4.1%	16.5%	17.6%	17.5%	18.2%
Operating earnings (EBIT)	438	463	-25	1,131	819	2,240	1,928
% of net sales	10.5%	14.1%	-3.6%	13.2%	13.3%	14.0%	14.2%
Net earnings/loss	-40	302	-342	314	345	948	979
Free cash flow	275	409	-134	566	725	1,378	1,537
Available funds	2,937	2,406	531	2,937	2,406	2,937	2,488

¹⁾ Non-recurring items are mainly attributable to restructuring costs.



President's Comments – Q2 2022

“Q2 was a quarter with solid performance despite a volatile environment and a major planned maintenance turnaround. We continued our transformation towards becoming the sustainable solutions provider and preferred partner to our customers.”

The trend seen in the preceding quarters with strong underlying demand combined with tight availability in some business sectors was not seen in the same way during the second quarter 2022. The world economy became more volatile with record high inflation rates in many countries, increasing interest rates, high energy prices as well as continued geopolitical tensions and a general softening of the underlying demand. Raw material prices remained high and the value of USD was historically high compared to the Euro.

Solid business performance in a scheduled maintenance turnaround quarter

The second quarter 2022 was characterized by a solid performance. A softened underlying demand has partially been offset by strategic pricing, pro-active customer outreach and to some extent a positive FX-effect. Logistic constraints and increases of raw material and energy prices have continued during the quarter. Price increases have been implemented to compensate higher raw material costs.

A major scheduled maintenance turnaround took place at site Stenungsund, which impacted volumes for our Oxo-products considerably. This as always, have a significant effects on volumes and result. On a positive note, during the maintenance turnaround, we also managed to successfully implement a debottlenecking project to further increase the capacity of 2-EHA.

Further strengthening of our Focus Segments

Continued strong performance was seen for the overall Resins & Coatings portfolio, where price increases in the quarter have compensated for increased variable cost and lower volumes. The Chinese market performed weaker than expected whilst the performance on the US market remained strong. Powder coating segment performance levelled out during the second quarter linked to the lockdown in China and the weaker development of the durable goods sector, especially in Europe. Alkyds have remained strong in Q2.

For Engineered Fluids, US and APAC continued to deliver strong results, primarily driven by stronger pricing reflected in our value propositions. China refrigeration lubricant market was stable in Q2 despite a slow-down in domestic demand due to lockdown. Positive development was seen for the Iso-C9 acid business, which was successfully launched earlier this year. Our new product has been approved by several important key customers, and the produced volumes were sold out. The quarter also recorded a solid growth in Metal working fluids and Refrigeration lubricants segments.

For Animal Nutrition, the high level of raw material prices has made it difficult to grow the business. The launch of Gastrivix™ Avi has been a success and has been very well received in the market, with multiple orders already placed in Europe. Next focus is on regulatory activities outside the EU to stimulate growth of the product in other regions.

New record levels for our Pro-Environment solutions

Perstorp's Pro-Environment portfolio continued to grow with new record high volumes in the second quarter. Sales were at all-time high for all three Pro-Environment Polyols; Voxtar™, Evyron™ and Neeture™, clearly driven by a pull from customers along the value chain and even from brand owners. It was announced that site Perstorp will be the first production site to only be producing various grades of Pro-Environment Polyols by replacing virgin fossil feedstock. This is an important step towards becoming Finite Material Neutral and to be able to reach our own ambitious CO₂ reduction targets as well as our customers' increasing need to reduce their emissions.

On July 13, it was announced that The European Union Innovation Fund has selected Project Air's application for EUR 97 m funding to build a unique production facility for sustainable methanol in Stenungsund, Sweden. Project Air, which is a collaboration between Perstorp, Fortum and Uniper will at full capacity be able to reduce global CO₂ emissions with close to 500,000 tons, corresponding to 1 percent of total current emissions in Sweden.

Perstorp health and safety performance has weakened compared to Q1 2022, with a performance on the same level as Q2 2021. We ended last year on record low numbers, however the recent increase shows that we are not yet where we want to be this year. We will continue with our initiatives to achieve these levels on a sustainable basis.

Concluding remarks

Preparations are ongoing for closing the acquisition of Perstorp Group by PETRONAS Chemicals Group. Integration workstreams are working on what needs and can be completed before closing of the transaction, which is preliminary set to September.

Q2 was a quarter with solid performance despite a volatile environment and a major planned maintenance turnaround. We continued our transformation towards becoming the sustainable solutions provider and preferred partner to our customers. In line with our strategic direction, we have further strengthened our positions in our focus segments where we are well positioned for further growth. Despite the macroeconomic volatility and geo-political challenges we are in a position of strength and look forward to developing our business further for the rest of this year.

Malmö July 2022



Jan Secher

President and CEO

Financial overview April – June 2022

Income statement

SEK m	Quarter 2			Latest 12 months	Full Year 2021
	2022	2021	Change		
Net Sales	4,165	3,272	893	15,972	13,537
% Sales growth	27%	57%	-	52%	47%
% Organic growth	18%	65%	-	48%	51%
% Acquisition	1%	-	-	0%	-
% FX effects	8%	-8%	-	4%	-4%
Gross earnings	698	697	1	3,266	2,911
% of net sales	16.8%	21.3%	-4.5%	20.4%	21.5%
Operating earnings (EBIT) excl. non-recurring items	460	463	-3	2,315	1,986
Non-recurring items	-22	0	-22	-75	-58
Operating earnings (EBIT)	438	463	-25	2,240	1,928
% of net sales	10.5%	14.1%	-3.6%	14.0%	14.2%
Exchange rate effects on net debt	-314	60	-374	-476	-161
Other financial income and expenses	-152	-145	-7	-515	-503
Financial net	-466	-85	-381	-991	-664
Earnings/loss before tax	-28	378	-406	1,249	1,264
Tax	-12	-76	64	-301	-285
Net earnings/loss	-40	302	-342	948	979
EBITDA	585	594	-9	2,799	2,465
EBITDA excluding non-recurring items	605	595	10	2,863	2,513

Net sales during the second quarter amounted to SEK 4,165 m (3,272), an increase of SEK 893 m or 27%. Excluding FX effects and acquisition sales increased with +18% due to higher sales prices (+31%) partly offset by lower volumes (-13%). The Swedish krona continued to weakening against both the USD and the EUR compared to the corresponding quarter 2021, resulting in a positive FX effect on sales of approximately +8%.

During the quarter price increases was implemented to compensate higher raw material costs. Market dynamics continued to be favorable for Intermediates and Specialties in most regions where the demand continuing to be strong in the US/Americas, eased a little in EMEA and was soft in China/APAC due to Covid lock-downs in China.

Also, logistic constraints and cost increases continued in the second quarter and tight availability and increase of variable costs continued to constrain production at some customers.

Perstorp undertook a major scheduled maintenance turnaround in the second quarter in Stenungsund. This have as always, a have a significant effects on volumes and result.

EBITDA excluding non-recurring items amounted to SEK 605 m (595), corresponding to an EBITDA margin of 14.5% (18.2) which was impacted by a positive FX effect of approximately SEK 96 m compared to the same period 2021.

Depreciation and amortization amounted to SEK 147 m (131) and EBIT amounted to SEK 438 m (463) with an EBIT margin of 10.5% (14.1).

Net financial expenses, excluding currency effects on net debt, amounted to SEK 152 m compared to SEK 145 m for the corresponding period in 2021.

Tax amounted to SEK -12 m (-76) and net result amounted to SEK -40 m (302).

Free Cash Flow analysis¹⁾

SEK m	Quarter 2			Quarter 1-2		Latest	Full year
	2022	2021	Change	2022	2021	12 months	2021
EBITDA excl. non-recurring items	605	595	10	1,450	1,100	2,863	2,513
Change in Working Capital ²⁾	104	-16	120	-197	-124	-289	-216
Maintenance Capex	-220	-66	-154	-299	-101	-522	-324
Free Cash Flow before Strategic Capex	489	513	-24	954	875	2,053	1,974
Strategic Capex	-214	-104	-110	-388	-150	-675	-437
Free Cash Flow	275	409	-134	566	725	1,378	1,537

¹⁾ For further details on total cash flow, please see page 13.

²⁾ Excluding currency transaction effects and provisions.

Free Cash Flow continued to be solid in the second quarter 2022 and amounted to SEK 275 m (409). The deviation compared to the same quarter 2021 is mainly a result of higher capex spending coming from the increased business activities partly offset by favorable development of working capital.

The change in cash flow from working capital is mainly explained by positive development of account receivables and higher utilization of the factoring program, offset to some extent by less favorable other current liabilities in the second quarter 2022, compared to the buildup of account receivables following the increased sales in the corresponding quarter in 2021.

Net debt and reported leverage

SEK m	Quarter 2			Quarter 1-2		Latest	Full year
	2022	2021	Change	2022	2021	12 months	2021
Net debt, opening balance	-8,063	-8,398	335	-7,922	-8,110	-7,906	-8,110
Free cash flow	275	409	-134	566	725	1,378	1,537
Cash impact from non-rec. items	-21	0	-21	-36	-20	-64	-48
Financial items	-32	-29	-3	-274	-271	-520	-517
Paid tax	-27	-18	-9	-56	-21	-106	-71
Acquisition	-	-	-	-	-	-360	-360
Net Cash Flow	195	362	-167	200	413	328	541
Exchange rate effects and other	-319	133	-452	-455	-197	-586	-328
Change in lease liabilities, IFRS 16	-7	-3	-4	-17	-12	-50	-45
Change in pension liability	0	0	0	0	0	20	20
Net debt, closing balance	-8,194	-7,906	-288	-8,194	-7,906	-8,194	-7,922
Of which:							
Pension liability	-425	-438	13	-425	-438	-425	-418
Lease liability, IFRS 16	-98	-97	-1	-98	-97	-98	-106
Net debt excl. pension and lease liability	-7,671	-7,371	-300	-7,671	-7,371	-7,671	-7,398

SEK m	June 30, 2022	June 30, 2021	Dec 31, 2021
Available funds	2,937	2,406	2,488
Reported leverage ¹⁾	2.7x	4.8x	3.0x

¹⁾ Reported net debt excluding pension liabilities/reported EBITDA excluding non-recurring items.

Net debt and reported leverage

The Group's available funds, liquid funds and unutilized credit facilities, were SEK 2,937 m (2,406) at the end of the period, compared with SEK 2,488 m at the end of the fourth quarter 2021. Utilization of the factoring program at June 30, 2022 amounted to EUR 139 m (116).



Business overview

Business overview

The trend seen in the preceding quarters with strong underlying demand combined with tight availability in some business sectors was not seen in the same way during the second quarter. For Perstorp the second quarter was characterized by a solid performance. A softened underlying demand was offset by a positive FX-effect, pro-active customer outreach and strategic pricing. Logistic constraints and increases of raw material and energy prices continued during the quarter. A major scheduled maintenance turnaround took place at site Stenungsund, which as always, have a significant effects on volumes and result.

Within the sustainability area Perstorp's Pro Environment portfolio continued to perform strongly with a volume growth of 69% (Y/Y). The latest addition to Perstorp's Pro-Environment portfolio, the 2-EH Pro 25, was launched in June and is based on 25% renewable raw material. Site Perstorp will be the first production site to only be producing various grades of Pro-Environment Polyols by replacing virgin fossil feedstock. This is an important step towards becoming Finite Material Neutral and to be able to reach our own ambitious CO₂ reduction targets as well as our customers' increasing need to reduce their emissions. On July 13, it was announced that The European Union Innovation Fund has selected Project Air's application for EUR 97 m funding to build a unique production facility for sustainable methanol in Stenungsund, Sweden. Project Air, which is a collaboration between Perstorp, Fortum and Uniper will at full capacity be able to reduce global CO₂ emissions with close to 500,000 tons, corresponding to 1 percent of current emissions in Sweden.

Within focus segment Resins & Coatings the quarter was characterised by a strong performance but in a challenging market. The segment continued to increase prices in order to compensate for higher variable cost and lower volumes. Due to lockdowns in China and weaker development of durable goods, especially in Europe, the powder coating segment performance levelled out. The demand for intumescent coating materials (Charmor™) and Bis-MPA/DMPA, respectively was lower than expected due to a weaker development in construction and automotive.

For Engineered Fluids the positive performance continued with solid growth in Metal working fluids and Refrigeration lubricant segments. The Americas (US) and APAC regions continued to deliver strong results driven by price increases. A planned shutdown in Toledo combined with a shortage of C7 in the US market impacted the sales volume negatively compared to Q2 2021. In EMEA the segment saw lower volumes from transformer oil customers due to lack of co-component C7 acid in the market but was offset by increased prices supported by a tight supply-demand balance. The segment had a very successful Iso-C9 business development where the quality was approved by several important customers.

Animal Nutrition experience good organic growth. The launch of Gastrivix™ Avi has been a success and has been very well received in the market with multiple orders already received in Europe. The next main focus is on regulatory activities outside the EU to stimulate growth of the product in other regions. To compensate for steep increase of glycerol and continued rising acid prices it has been required to increase prices to maintain margin but that has, however, led to lower sales volumes since customers can switch to next best alternative technologies.

The remaining segments had a mixed performance were signs of slowing demands in EMEA, continued growth in Americas and APAC was heavily impacted by the lock-downs in China. The plasticizer demand weakened during the second quarter while the acid portfolio has across applications continued with strong demand and increased prices. Continued strong performance across our Formates and Propionates portfolio.

Consolidated income statement

Income statement

SEK m	Note	Quarter 2		Quarter 1-2		Latest 12 months	Full year 2021
		2022	2021	2022	2021		
Net Sales		4,165	3,272	8,573	6,138	15,972	13,537
Cost of goods sold		-3,467	-2,576	-6,938	-4,858	-12,706	-10,626
Gross earnings		698	697	1,635	1,280	3,266	2,911
Selling, administration and R&D costs		-275	-238	-513	-445	-1,009	-941
Other operating income and expenses ¹⁾		14	3	7	-18	-11	-36
Write-down of assets		0	0	0	0	-10	-10
Result from participations in associated companies		1	1	2	2	4	4
Operating earnings (EBIT)	4	438	463	1,131	819	2,240	1,928
Exchange-rate effects on net debt		-314	60	-392	-77	-476	-161
Other financial income and expenses		-152	-145	-307	-295	-515	-503
Financial net		-466	-85	-699	-372	991	-664
Earnings/loss before tax		-28	378	432	447	1,249	1,264
Tax		-12	-76	-118	-102	-301	-285
Net earnings/loss		-40	302	314	345	948	979

Consolidated Group

EBITDA	585	594	1,414	1,080	2,799	2,465
EBITDA excluding non-recurring items	605	595	1,450	1,100	2,863	2,513

¹⁾ Other operating income and expenses primarily includes exchange rate effects on operational net receivables and non-recurring income and costs.

Consolidated income statement

Comprehensive income report

SEK m	Quarter 2		Quarter 1-2		Latest 12 months	Full year 2021
	2022	2021	2022	2021		
Net result for the period	-40	302	314	345	948	979
Other comprehensive income						
<i>Items that will not be reclassified to profit or loss</i>						
Remeasurements of defined benefit plan	-	-	-	-	14	14
<i>Items that may be subsequently reclassified to profit or loss</i>						
Currency translation effect	67	30	103	-34	53	-84
Other comprehensive income net after tax	67	30	103	-34	67	-70
Total comprehensive income	27	332	417	311	1,015	909
Attributable to:						
Parent company's shareholder	15	321	394	282	948	836
Non-controlling interest	12	11	23	29	67	73

Consolidated balance sheet

Balance sheet, consolidated group

SEK m	Note	June 30, 2022	June 30, 2021	Dec 31, 2021
Tangible fixed assets		5,738	4,706	5,136
Intangible fixed assets		4,614	4,242	4,551
Participation in associated companies		85	81	83
Other non-current assets		827	957	1,014
Inventories		2,306	1,362	1,969
Other current assets		1,935	1,475	1,895
Cash & cash equivalents, incl. short-term investments		1,589	987	1,197
Total assets		17,094	13,810	15,845
Total equity	5	2,707	1,692	2,290
Pension liability, others		452	471	442
Other non-current liabilities		10,386	9,183	9,691
Current liabilities		3,549	2,464	3,422
Total equity & liabilities		17,094	13,810	15,845
Working capital	3	959	605	673
Net debt		8,194	7,906	7,922
Net debt excluding pension liabilities		7,770	7,467	7,504
Capital employed		12,614	10,646	11,515
Number of full-time employees, end of period		1,506	1,375	1,427
Contingent liabilities		14	267	281
Assets pledged		9,374	8,000	8,505

Consolidated statement of changes in equity

Total equity, 2022

SEK m	Note	Equity attributable to owners of the parent	Non-controlling interest	Total equity
Opening balance, January 1, 2022		2,092	198	2,290
Total comprehensive income		394	23	417
Closing balance, June 30, 2022		2,468	221	2,707

Total equity, 2021

SEK m		Equity attributable to owners of the parent	Non-controlling interest	Total equity
Opening balance, January 1, 2021		1,256	125	1,381
Total comprehensive income		282	29	311
Closing balance, June 30, 2021		1,538	154	1,692

Consolidated cash flow statement

SEK m	Quarter 2		Quarter 1-2		Latest	Full year
	2022	2021	2022	2021	12 months	2021
Operating activities						
Operating earnings	438	463	1,131	819	2,240	1,928
Adjustments						
Depreciation and write-down	147	131	283	261	559	537
Other	49	10	56	-18	163	89
Interest received and other financial items	0	1	1	1	2	2
Interest paid and other financial items	-32	-30	-275	-272	-522	-519
Income tax paid	-27	-18	-56	-21	-106	-71
Cash flow from operating activities before change in operating capital	575	557	1,140	770	2,336	1,966
Changes in working capital						
Increase (-) Decrease (+) in net working capital ¹⁾	104	-16	-197	-124	-289	-216
Cash flow from operating activities	679	541	943	646	2,047	1,750
<i>Investing activities</i>						
Acquisitions/sale of shares	157	-	157	-	-203	-360
Acquisition of tangible and intangible fixed assets	-434	-170	-687	-251	-1,197	-761
Cash flow from investing activities	-277	-170	-530	-251	-1,400	-1,121
<i>Financing activities</i>						
New loans external	15	-	15	-	15	-
Amortization of loans	-25	-9	-34	-17	-51	-34
Change in credit utilization	-13	55	-26	30	-51	5
Cash flow from financing activities	-23	46	-45	13	-87	-29
Change in liquid funds, incl. short-term investments	379	417	368	408	560	600
Liquid fund opening balance, incl. short-term investments	1,195	572	1,197	575	987	575
Translation difference in liquid funds	15	-2	24	4	42	22
Liquid funds, end of period²⁾	1,589	987	1,589	987	1,589	1,197

¹⁾ Including trade receivable financing program

²⁾ Restricted and held on escrow

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Parent company

Perstorp Holding AB (publ.) is fully owned by Financière Forêt S.à.r.l and is the parent company of the Perstorp Holding Group. Perstorp Holding AB (publ.) had no external sales. Shareholder's equity at June 30, 2022 amounted to SEK 2,577 m (3,004) compared to SEK 3,065 m at December 31, 2021.

Income statement

SEK m	Note	Quarter 2		Quarter 1-2		Latest 12 months	Full year 2021
		2022	2021	2022	2021		
Net Sales		17	11	27	19	112	104
Gross earnings		17	11	27	19	93	85
Sales, marketing and admin costs		-52	-38	-97	-72	-241	-216
Other operating income and expenses		-12	0	-27	-6	-43	-22
Operating earnings (EBIT)		-47	-27	-97	-59	-191	-153
Financial income and expenses		-271	13	-391	-178	-525	-312
Appropriations		-	-	-	-	290	290
Earnings/loss before tax		-318	-14	-488	-237	-426	-175
Tax		-	-	-	-	-1	-1
Net earnings/loss ¹⁾		-318	-14	-488	-237	-427	-176

¹⁾ Comprehensive income equals net earnings/loss for the year

Balance sheet

SEK m	Note	June 30, 2022	June 30, 2021	Dec 31, 2021
Tangible fixed assets		0	0	0
Intangible fixed assets		0	0	0
Shares in group companies		7,731	7,731	7,731
Long term receivables group		5,772	5,258	5,415
Other non-current assets		390	430	531
Short term financial receivables group		97	78	851
Other current assets		54	43	34
Cash & cash equivalents		0	0	0
Total assets		14,044	13,540	14,562
Total equity		2,577	3,004	3,065
Non-current liabilities		9,294	8,336	8,629
Current liabilities		2,173	2,200	2,868
Total equity & liabilities		14,044	13,540	14,562



Key figures and FX rates

Key figures

SEK m unless otherwise stated	2022		2021		
	Q2	Q1	Q4	Q3	Q2
Net Sales	4,165	4,408	3,871	3,528	3,272
Sales growth, %	27	54	69	67	57
Gross earnings	698	937	807	824	697
EBITDA excluding non-recurring items	605	845	668	745	595
% of net sales	14.5	19.2	17.3	21.1	18.2
Cash conversion, % of EBITDA excluding non-recurring items	45	34	58	57	69
Net earnings/loss	-40	354	331	303	302
Earnings, per share, diluted, SEK	-0.80	7.08	6.61	6.08	6.04
Net debt excluding pension liabilities	7,770	7,641	7,503	7,470	7,467
Reported Leverage ¹⁾	2.7x	2.7x	3.0x	3.6x	4.8x

¹⁾ Net debt excluding pension liabilities / EBITDA excluding non-recurring items.

Currency rates

Closing rate					
USD	10.22	9.26	9.04	8.79	8.51
EUR	10.68	10.34	10.23	10.20	10.12
CNY	1.53	1.46	1.42	1.36	1.32
Average rate					
USD	9.84	9.35	8.85	8.65	8.41
EUR	10.47	10.48	10.13	10.20	10.14
CNY	1.49	1.30	1.39	1.34	1.30

Notes

1. Accounting & valuation principles

The consolidated financial statements for Perstorp Holding AB have been prepared in accordance with IAS 34, Interim Financial Reporting, and the applicable regulations of the Swedish Annual Accounts Act. The Interim Report for the parent company has been prepared in accordance with the Swedish Annual Accounts Act's chapter 9, Interim Reporting. The same accounting principles and calculation methods used in the interim reports were used in the annual accounts for 2021. The accounting principles of the Group and parent company are stated in Note 2 of the 2021 Annual Report.

To a very great extent, Perstorp's operations are integrated since the same product can often be manufactured in several units/ countries and also by being intermediates in the next product. The same product can often be used for a wide spectrum of applications. Therefore, there is not always a natural basis for dividing Perstorp's business into different segments. At present there is no formal requirement for non-listed companies to follow IFRS 8. This factor, together with the lack of a natural basis for dividing segments in accordance with IFRS 8, means that the Group has chosen to exclude this information.

2. Definitions non IFRS measures

Average capital

Based on monthly balances during the year.

Gross earnings

Is the difference between net sales and cost of goods sold and production costs, being variable distribution cost, fixed and variable production costs, freight and commission costs.

Organic growth

Is change in net sales between periods excluding foreign exchange effects and the impact of acquisitions.

EBITDA

Represents the Group's operating earnings (EBIT) before depreciation and amortization.

EBITDA (excluding non-recurring items)

Represents reported EBITDA as adjusted to exclude restructuring costs, capital gains/losses on divestment of companies and disposal of fixed assets and other non-recurring income and cost.

EBIT

Calculated as the Group's reported operating earnings.

Free cash flow

Calculated as EBITDA (excluding non-recurring items) less investments and change in working capital, excluding exchange rate effects and provisions.

Cash conversion

Free cash flow divided by EBITDA (excluding non-recurring items).

Available funds

The sum of liquid funds and unutilized credit facilities.

Net debt

Interest-bearing liabilities, including provision for pensions, less financial interest-bearing receivables. Activated costs for arranging financing are excluded from Net debt.

Reported leverage

Reported net debt excluding pension liabilities/Reported EBITDA excluding non-recurring items.

3. Working Capital

SEK m	June 30, 2022	June 30, 2021	Dec 31, 2021
Inventories	2,306	1,362	1,969
Accounts receivable	1,201	1,020	1,274
Other current assets	723	449	612
Accounts payable	-1,089	-659	-972
Other current liabilities	-2,182	-1,567	-2,210
Total	959	605	673

4. Leasing

SEK m	Quarter 1		Quarter 1-2		Latest	Full year
	2022	2021	2022	2021	12 months	2021
Impact on income statement, IFRS16 ¹⁾						
Depreciation on right of use assets	-14	-12	-27	-24	-53	-50
Interest on lease liability	-2	-1	-3	-3	-6	-5
¹⁾ The effect on EBITDA	15	13	29	27	57	55

5. Equity

At the end of June 2022 equity for the parent company, Perstorp Holding AB, amounts to SEK 2,577 m (3,004). Consolidated equity, including non-controlling interest, for the Perstorp Group amounts to SEK 2,707 m (1,692).

6. Divestment

In the end of the quarter Perstorp divested the remaining shares (9.2%) in Vencorex.

7. Risk and uncertainty

Perstorp is exposed to a number of risks and uncertainty factors, which are reviewed in the Annual Report for 2021.

8. Key events after the balance sheet date

On July 13, it was announced that The European Union Innovation Fund has selected Project Air's application for funding to build a unique production facility for sustainable methanol in Stenungsund, Sweden. Project Air, which is a collaboration between Perstorp, Fortum and Uniper will at full capacity be able to reduce global CO₂ emissions with close to 500,000 tons, corresponding to 1 percent of current emissions in Sweden.

No other major events have occurred since the balance sheet date and up to the publication of this report.

9. Other information

On May 14th it was announced that PETRONAS Chemicals Group Berhad (PCG) has signed a Securities Purchase Agreement on 14 May 2022 to acquire the entire equity interest in Perstorp Holding AB. The agreement was signed with Financière Forêt S.à.r.l, a company under PAI Partners, a European private equity firm. The completion of the acquisition is subject to relevant regulatory and shareholders' approvals and is expected to be finalized in September.

Perstorp's financial information comprises of Interim-, Annual- and a Sustainability report.

The complete Annual Report for the full year 2021, is available in English and can be downloaded from the Group's website at www.perstorp.com.

Perstorp, July 20, 2022

A handwritten signature in black ink, appearing to read 'Jan Secher', written over a light blue horizontal line.

Jan Secher, President and CEO

The report has not been reviewed by Perstorp's auditors.

One molecule can change everything

Perstorp believes in improving everyday life – making it safer, more convenient and more environmentally sound for billions of people all over the world. As a world leading specialty chemicals company, our innovations provide essential properties for products used every day and everywhere. You'll find us everywhere from your car and smart phone to towering skyscrapers and the local dairy farm. Simply put, we work to make good products even better, with a clear sustainability agenda.

Founded in Sweden in 1881, Perstorp's focused innovation builds on 141 years of experience, representing a complete chain of solutions in organic chemistry, process technology and application development. Perstorp has approximately 1,500 employees and manufacturing units in Asia, Europe and North America. Sales in 2021 amounted to SEK 13.5 billion.

Learn more at www.perstorp.com