

Perstorp Holding AB (Publ.)

Interim report 1 July – 30 September 2021

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A quarter with record high EBITDA and solid cash flow

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 1,400 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 3,528 m (2,111), a 67% increase consisting of +58% sales prices, +9% volumes and no FX effects.
- EBITDA excluding non-recurring items amounted to SEK 745 m (185) with a margin of 21.1% (8.8).
- Highest EBITDA in absolute amount and EBITDA margin ever in Perstorp's history¹⁾.
- Continued solid free cash flow generation of SEK 424 m (257).
- Available funds amounted to SEK 2,527 m (1,151) at the end of the period.
- Continued to successfully defend and improve margins over and above increased variable cost.

Key figures in summary

SEK m unless otherwise stated	Quarter 3			Quarter 1-3		Latest	Full year
	2021	2020	Change	2021	2020	12 months	2020
Net Sales	3,528	2,111	1,417	9,666	6,910	11,950	9,194
% Sales growth (y-o-y)	67%	-27%	-	40%	-25%	27%	-21%
EBITDA excl. non-recurring items ²⁾	745	185	560	1,845	871	2,102	1,128
% of net sales	21.1%	8.8%	12.3%	19.1%	12.6%	17.6%	12.3%
EBITDA	740	178	562	1,820	836	2,052	1,068
% of net sales	21.0%	8.4%	12.6%	18.8%	12.1%	17.2%	11.6%
Operating earnings (EBIT)	607	38	569	1,426	413	1,516	503
% of net sales	17.2%	1.8%	15.4%	14.8%	6.0%	12.7%	5.5%
Net earnings/loss	303	-96	399	648	-81	793	64
Free cash flow	424	257	167	1,149	459	1,513	823
Available funds	2,527	1,151	1,376	2,527	1,151	2,527	2,037

¹⁾ Continuing operations

²⁾ Non-recurring items are mainly attributable to restructuring costs.



President's Comments – Q3 2021

“This third quarter was a true record quarter, with the highest EBITDA and EBITDA margin ever in our history.”

The third quarter this year has been characterized by continued strong underlying demand across all three regions, leading to tight availability in many business sectors. The general recovery of the world economy has been dampened by supply disruptions and early signs of inflation. Raw material prices are significantly higher in Q3/21 vs. Q3/20 and have also increased vs. Q2/21.

A record quarter

For Perstorp, this third quarter was a true record quarter, with the highest EBITDA and EBITDA margin ever in our history. This record performance was driven by strong demand with increased volumes in all regions, EMEA, Americas and APAC, and from most end-user segments, with favorable market dynamics for both Intermediates and Specialties. We also continue to see positive results from the hard work of implementing the new strategy throughout our entire company. Logistic constraints and cost increases during the quarter have continued to influence the profitability negatively although we have been successful in passing on these cost increases to the market. We have seen production records in many of our sites, however the high demand and generally tight availability for many of our products on the global markets, have forced us to keep or impose allocation for most products.

The power of pricing

To meet the dynamics in the market, with increasing raw material prices and high end-user demand, Perstorp has implemented price increases in all regions and successfully managed to defend and improve margins. We are leveraging our performance based on the current favorable industrial climate, while supply chains are taking new routes and raw material availability and cost have impacted many value chains.

In the first quarter of 2021, Perstorp redefined its business strategy to become the sustainable solutions provider, focusing our specialty chemicals growth initiatives primarily on three selected customer segments – Resins & Coatings, Engineered Fluids and Animal Nutrition. Value based pricing is a vital part of being successful with our business strategy, leading us to Pricing Excellence as a focus area. This means developing a world class systematic approach to improve our ability to set prices utilizing the underlying data and dynamics, not only in good times, but also in times of market decline, reflecting our customer value propositions. This robust foundation of strategy and capabilities serves as a good foundation for the coming year and beyond.

Focus Segments were driving growth

Strong demand was seen across all major Resins & Coatings segments, with tight availability as a consequence. Efforts to adjust prices continued in Q3 in order to compensate for escalating raw material costs. Record sales were seen in passive fire protection segment (intumescent paints) and the seasonal slowdown of the Alkyd market in Europe was compensated for elsewhere. For Engineered Fluids, demand continued to be high across all sub-segments, incl aviation, refrigeration and di-electric, despite being impacted by supply chain disruptions.

Continued high feed prices negatively impacted meat production worldwide in Q3. Despite the difficult market conditions, the Animal Nutrition business has delivered good volume and margin growth in the quarter.

Patrice Pinsard joined Perstorp on October 18th as new EVP Strategic Markets & Innovation, with the task to drive value creation and growth of Perstorp's portfolio of specialty chemicals, with emphasis on the focus segments Resins & Coatings and Engineered Fluids and on August 1st, Aart Mateboer joined as the new EVP for Animal Nutrition.

Sustainability and Care – responsibility and reliability in practice

In Q3, Perstorp submitted its application of CO₂-reduction targets to Science Based Targets initiative (SBTi). We expect our targets to be approved before end of this year. Perstorp's Pro-Environment Portfolio set new record high sales volumes in the third quarter, and we are preparing for yet another expansion of the portfolio to continue to help customers reduce their carbon footprint and drive sustainability throughout their value chains.

Our commitment to safety remains a top priority, and our safety performance continues to improve and has during the quarter been well in line with our targets for Q3. This is an excellent example of the Perstorp culture – when we set our minds to something and truly focus, you can be sure we deliver.

On October 1st, we opened up many of our workplaces again after having worked from home since March 2020 due to the Covid-19 pandemic. It is with care as our guide that we closely monitor the situation, but also use the coming months to explore what working in the "New Normal" means for Perstorp and our employees. We know one thing – we want to continue to build a great place to work where care and performance are in focus.

Concluding remarks

To continue to build and deliver EBITDA growth for the coming years, we have a strong Capex portfolio with investments that will secure sustainable growth; both "OPEX" projects in current steel to secure reliable deliveries, but also strategic investments in new capacity such as our Elephant project in India. We are committed to develop, customize and innovate new exciting offers to the market, aligned with our Mission; to make us grow and future proof this company for the next 140 years as a sustainable solutions provider.

Malmö November 2021



Jan Secher

President and CEO

Financial overview July – September 2021

Income statement

SEK m	Quarter 3			Latest 12 months	Full Year 2020
	2021	2020	Change		
Net Sales	3,528	2,111	1,417	11,950	9,194
% Sales growth	67%	-27%	-	27%	-21%
% Organic growth	67%	-23%	-	-34%	-20%
% FX effects	0%	-4%	-	-7%	-1%
Gross earnings	824	240	584	2,401	1,342
% of net sales	23.4%	11.4%	12.0%	20.1%	14.6%
Operating earnings (EBIT) excl. non-recurring items	613	45	568	1,568	569
Non-recurring items	-6	-7	1	-52	-66
Operating earnings (EBIT)	607	38	569	1,516	503
% of net sales	17.2%	1.8%	15.4%	12.7%	5.5%
Exchange rate effects on net debt	-56	27	-83	164	297
Other financial income and expenses	-142	-149	7	-648	-657
Financial net	-198	-122	-76	-484	-360
Earnings/loss before tax	409	-84	493	1,032	143
Tax	-106	-12	-94	-239	-79
Net earnings/loss	303	-96	399	793	64
EBITDA	740	178	562	2,052	1,068
EBITDA excluding non-recurring items	745	185	560	2,102	1,128

Net sales for continuing operations during the third quarter amounted to SEK 3,528 m (2,111), an increase of SEK 1,417 m or 67% due to higher sales prices (+58%), higher volumes (+9%) and no FX effects.

Despite the increase in raw material prices we have been successful to defend and improve our margins by increasing our sales prices.

Overall, currencies were in line with the corresponding quarter 2020, resulting in very small FX effect on sales.

EBITDA excluding non-recurring items amounted to SEK 745 m (185), corresponding to an EBITDA margin of 21.1% (8.8). The increase is mainly coming from higher unit margins as well as higher volumes.

The EBITDA was impacted by a positive FX effect of approximately SEK 11 m (-13).

Depreciation and amortization amounted to SEK -133 m (-140) and EBIT amounted to SEK 607 m (38) with an EBIT margin of 17.2% (1.8).

Net financial expenses, excluding currency effects on net debt, amounted to SEK -142 m compared to SEK -149 m for the corresponding period in 2020.

Tax amounted to SEK -106 m (-12) driven by the strong result compared to the same period last year, mainly related to the Swedish entities. The net result amounted to SEK 303 m (-96).

Free Cash Flow analysis

SEK m	Quarter 3			Quarter 1-3		Latest	Full year
	2021	2020	Change	2021	2020	12 months	2020
EBITDA excl. non-recurring items	745	185	560	1,845	871	2,102	1,128
Change in Working Capital ²⁾	-127	141	-268	-251	-113	49	187
Maintenance Capex	-78	-35	-43	-179	-139	-284	-244
Free Cash Flow before Strategic Capex	540	291	249	1,415	619	1,867	1,071
Strategic Capex	-116	-34	-82	-266	-160	-354	-248
Free Cash Flow	424	257	167	1,149	459	1,513	823

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 strong in the third quarter 2021 and amounted to SEK 424 m (257). The increased EBITDA was to some extent offset by the change in working capital and higher capex. The third quarter 2020 was significantly impacted by the Covid situation and the improvements in free cash flow in 2021 is coming from the increased business activities.

The change in working capital compared to the third quarter 2020 is mainly explained by a higher inventory due to increased raw material prices and logistic constraints, in combination with higher accounts receivable coming from the increased sales. This has to some extent been offset by higher accounts payable and other current liabilities.

Net debt and reported leverage

SEK m	Quarter 3			Quarter 1-3		Latest	Full year
	2021	2020	Change	2021	2020	12 months	2020
Net debt, opening balance	-7,906	-9,067	1,161	-8,110	-8,993	-8,992	-8,993
Free cash flow	424	257	167	1,149	459	1,513	823
Cash impact from non-recurring items	-5	-7	2	-25	-35	-50	-60
Financial items	-228	-259	31	-499	-417	-521	-439
Paid tax	-23	-10	-13	-44	-50	-50	-56
Net Cash Flow	168	-19	187	581	-43	892	268
Exchange rate effects and other	-148	100	-248	-346	59	244	649
Change in lease liabilities, IFRS 16	-24	-6	-18	-35	-15	-81	-61
Change in pension liability	-	-	-	-	-	27	27
Net debt, closing balance	-7,910	-8,992	1,082	-7,910	-8,992	-7,910	-8,110
Of which:							
Pension liability, net	-439	-471	32	-439	-471	-439	-437
Lease liability, IFRS 16	-109	-77	-32	-109	-77	-109	-109
Net debt excl. pension and lease liability	-7,362	-8,444	1,082	-7,362	-8,444	-7,362	-7,564

SEK m	Sept 30, 2021	Sept 30, 2020	Dec 31, 2020
Available funds	2,527	1,151	2,037
Reported leverage ¹⁾	3.6x	7.4x	6.8x

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 2,527 m (1,151) at the end of the period, compared to SEK 2,037 m at the end of the fourth quarter 2020.

Utilization of the factoring program at September 30, 2021 amounted to EUR 117 m (72).

A molecular model with golden spheres and connecting rods against a bokeh background. The spheres are highly reflective and connected by thin, golden rods. The background is a soft, out-of-focus light blue with many golden bokeh spots.

Business overview

Business overview

The solid second quarter continued into the third quarter with record high EBITDA, and strong demand for both Intermediates and Specialities across regions. Additional price increases, in all regions, continued and more than compensated for the increase of variable costs. The logistic situation continued with constraints and cost increases. The allocations of products implemented earlier this year continued in the third quarter. In addition, the quarter was impacted by scheduled maintenance turnarounds.

Resins & Coatings showed a solid performance in the quarter. The product portfolio showed strong demand across all Resins & Coatings product lines where price increases were implemented. Speciality sales such as e.g. Charmor™ from intumescent set new record sales. The seasonal slowdown of the Alkyd market in Europe was more than well compensated by continuous strong development in e.g. Northern Africa.

Within Engineered Fluids the third quarter was characterised by continued a high demand situation. Both sales and volumes in all sub-segments continued to be strong in all regions, led by Americas and APAC and enjoyed tight supply/demand balance and significant price increases. Many products continue to be sold out into our sub-segments.

Despite the challenging market conditions, the Animal Nutrition business has delivered good volume and been able to pass through price increases. The focus segment showed a year-on-year growth of 8% where volume and margin recovery was most pronounced in APAC and LATAM, reflecting the still adverse industry conditions in Europe and the US. The overall picture is that continuing high feed prices have a negative effect on meat production. On the positive side, as society opens up, face to face customer interaction increased in EMEA and USA.

The remaining segments continued to enjoy high demand in all three regions and across most of its secondary markets. The extreme shortage of many products have eased during the quarter, but some of the key intermediate products are still in short supply. Oxo and Plasticizer portfolios showed strong performance with record prices across several products and higher variable costs has been passed on. The acid portfolio has continued with strong demand across applications. We have been impacted by capacity constraints, but the market remains solid with strong volumes and high prices.

Consolidated income statement

Income statement

SEK m	Note	Quarter 3		Quarter 1-3		Latest 12 months	Full year 2020
		2021	2020	2021	2020		
Net Sales		3,528	2,111	9,666	6,910	11,950	9,194
Cost of goods sold		-2,704	-1,871	-7,562	-5,865	-9,549	-7,852
Gross earnings		824	240	2,104	1,045	2,401	1,342
Selling, administration and R&D costs		-231	-181	-676	-576	-877	-777
Other operating income and expenses ¹⁾		14	-23	-4	-55	-9	-60
Write-down of assets		-1	0	-1	-4	-3	-6
Result from participations in associated companies		1	2	3	3	4	4
Operating earnings (EBIT)	4	607	38	1,426	413	1,516	503
Exchange-rate effects on net debt		-56	27	-133	0	164	297
Other financial income and expenses		-142	-149	-437	-446	-648	-657
Financial net		-198	-122	-570	-446	-484	-360
Earnings/loss before tax		409	-84	856	-33	1,032	143
Tax		-106	-12	-208	-48	-239	-79
Net earnings/loss		303	-96	648	-81	793	64

Consolidated Group

EBITDA	740	178	1,820	836	2,052	1,068
EBITDA excluding non-recurring items	745	185	1,845	871	2,102	1,128

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 3		Quarter 1-3		Latest 12 months	Full year 2020
	2021	2020	2021	2020		
Net result for the period	303	-96	648	-81	793	64
Other comprehensive income						
<i>Items that will not be reclassified to profit or loss</i>						
Remeasurements of defined benefit plan	-	-	-	-	22	22
<i>Items that may be subsequently reclassified to profit or loss</i>						
Currency translation effect	-28	75	-62	52	32	146
Other comprehensive income net after tax	-28	75	-62	52	54	168
Total comprehensive income	275	-21	586	-29	847	232
Attributable to:						
Parent company's shareholder	255	-22	537	-38	802	227
Non-controlling interest	20	1	49	9	45	5

Consolidated balance sheet

Balance sheet, consolidated group

SEK m	Note	Sept 30, 2021	Sept 30, 2020	Dec 31, 2020
Tangible fixed assets		4,838	4,674	4,662
Intangible fixed assets		4,254	4,315	4,233
Participation in associated companies		82	78	79
Other non-current assets		875	1,083	1,030
Inventories		1,463	1,127	1,091
Other current assets		1,578	1,101	1,111
Cash & cash equivalents, incl. short-term investments		1,137	461	575
Total assets		14,227	12,839	12,781
Total equity	5	1,967	1,120	1,381
Pension liability, others		473	492	468
Other non-current liabilities		9,328	9,688	8,987
Current liabilities		2,459	1,539	1,945
Total equity & liabilities		14,227	12,839	12,781
Working capital	3	734	785	443
Net debt		7,910	8,992	8,110
Net debt excluding pension liabilities		7,470	8,521	7,673
Capital employed		11,088	10,613	10,102
Number of full-time employees, end of period		1,419	1,377	1,367
Contingent liabilities		275	279	266
Assets pledged		8,193	6,568	7,215

Consolidated statement of changes in equity

Total equity, 2021

SEK m	Note	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		537	49	586
Closing balance, September 30, 2021		1,793	174	1,967

Total equity, 2020

SEK m	Equity attributable to owners of the parent	Non-controlling interest	Total equity
Opening balance, January 1, 2020	1,029	129	1,158
Total comprehensive income	-38	9	-29
Dividend to non controlling interest	-	-9	-9
Closing balance, September 30, 2020	991	129	1,120

Consolidated cash flow statement

SEK m	Quarter 3		Quarter 1-3		Latest	Full year
	2021	2020	2021	2020	12 months	2020
Operating activities						
Operating earnings	607	38	1,426	413	1,516	503
Adjustments						
Depreciation and write-down	133	140	394	423	536	565
Other	-2	-1	-20	-5	23	38
Interest received and other financial items	1	1	2	2	2	2
Interest paid and other financial items	-229	-260	-501	-418	-522	-439
Income tax paid	-23	-10	-44	-50	-50	-56
Cash flow from operating activities before change in operating capital	487	-92	1,257	365	1,505	613
Changes in working capital						
Increase (-) Decrease (+) in net working capital ¹⁾	-127	141	-251	-113	49	187
Cash flow from operating activities	360	49	1,006	252	1,554	800
<i>Investing activities</i>						
Acquisition of tangible and intangible fixed assets	-194	-69	-445	-299	-638	-492
Cash flow from investing activities	-194	-69	-445	-299	-638	-492
<i>Financing activities</i>						
Dividend paid to non-controlling interests in subsidiaries	-	-	-	-9	-	-9
Amortization of loans	-8	-8	-25	-27	-33	-35
Change in credit utilization	-13	-654	17	99	-206	-124
Cash flow from financing activities	-21	-662	-8	63	-239	-168
Change in liquid funds, incl. short-term investments	145	-682	553	16	677	140
Liquid fund opening balance, incl. short-term investments	987	1,146	575	453	461	453
Translation difference in liquid funds	5	-3	9	-8	-1	-18
Liquid funds, end of period²⁾	1,137	461	1,137	461	1,137	575

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 on September 30, 2021 amounted to 2,850 m (3,273) compared to SEK 3,241 m on December 31, 2020.

Income statement

SEK m	Note	Quarter 3		Quarter 1-3		Latest	Full year
		2021	2020	2021	2020	12 months	2020
Net Sales		41	35	60	58	85	83
Gross earnings		41	35	60	56	68	64
Sales, marketing and admin costs		-72	-60	-144	-130	-179	-165
Other operating income and expenses		-7	-5	-13	-7	-26	-20
Operating earnings (EBIT)		-38	-30	-97	-81	-137	-121
Financial income and expenses		-116	-58	-294	-211	-132	-49
Appropriations		-	-	-	-	-170	-170
Earnings/loss before tax		-154	-88	-391	-292	-439	-340
Tax		-	-	-	-	16	16
Net earnings/loss ¹⁾		-154	-88	-391	-292	-423	-324

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

Balance sheet

SEK m	Note	Sept 30, 2021	Sept 30, 2020	Dec 31, 2020
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		5,342	5,416	5,163
Other non-current assets		431	476	419
Short term financial receivables group		4	193	79
Other current assets		48	37	46
Cash & cash equivalents		0	0	0
Total assets		13,556	13,853	13,438
Total equity		2,850	3,273	3,241
Non-current liabilities		8,481	8,897	8,157
Current liabilities		2,225	1,683	2,040
Total equity & liabilities		13,556	13,853	13,438



Key figures and FX rates

Key figures

SEK m unless otherwise stated	2021			2020	
	Q3	Q2	Q1	Q4	Q3
Net Sales	3,528	3,272	2,865	2,284	2,111
Sales growth, %	67	57	5	-7	-27
Gross earnings	824	697	583	297	240
EBITDA excluding non-recurring items	745	595	505	257	185
% of net sales	21.1	18.2	17.6	11.3	8.8
Cash conversion, % of EBITDA excluding non-recurring items	57	69	63	142	139
Net earnings/loss	303	302	43	145	-96
Earnings, per share, diluted, SEK	6.08	6.04	0.86	2.89	-1.91
Net debt excluding pension liabilities	7,470	7,467	7,959	7,673	8,521
Reported Leverage ¹⁾	3.6x	4.8x	6.6x	6.8x	7.4x

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

Currency rates

Closing rate					
USD	8.79	8.51	8.72	8.19	8.99
EUR	10.20	10.12	10.24	10.04	10.54
CNY	1.36	1.32	1.33	1.25	1.32
Average rate					
USD	8.65	8.41	8.40	8.63	8.87
EUR	10.20	10.14	10.12	10.28	10.36
CNY	1.34	1.30	1.30	1.30	1.28

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 2020. The accounting principles of the Group and parent company are stated in Note 2 of the 2020 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.

During the first quarter 2021, Perstorp announced and implemented an updated strategic direction, which aims to improve resilience and balance its product mix. With the new strategy, Perstorp also has a new Mission; "We are the sustainable solutions provider, focusing on the global Resins & Coatings, Engineered Fluids and Animal Nutrition markets". In essence, Perstorp will focus its investments to grow the specialty offerings and maximize the value generation from the core product platforms. Key building blocks of the strategy are to resume and speed up the Penta plant investment in India (Project Elephant), to focus on availability and efficiency in the supply of products, and to strengthen Perstorp's digital capabilities and sustainability profile. The company remains committed to the Finite Material Neutral ambition, supported by clear sustainability targets.

As a consequence of the subsequent re-organization, approximately 20 employees were made redundant globally. The reorganization is now fully implemented.

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	Sept 30, 2021	Sept 30, 2020	Dec 31, 2020
Inventories	1,463	1,127	1,091
Accounts receivable	1,032	617	633
Other current assets	537	471	461
Accounts payable	701	-416	-575
Other current liabilities	1,597	-1,014	-1,167
Total	734	785	443

4. Leasing

SEK m	Quarter 3		Quarter 1-3		Latest	Full year
	2021	2020	2021	2020	12 months	2020
Impact on income statement, IFRS16 ¹⁾						
Depreciation on right of use assets	-13	-12	-37	-36	-48	-48
Interest on lease liability	-2	-1	-5	-5	-6	-7
¹⁾ The effect on EBITDA	14	14	41	42	56	57

5. Equity

At the end of September 2021 equity for the parent company, Perstorp Holding AB, amounts to SEK 2,850 m (3,273). Consolidated equity, including non-controlling interest, for the Perstorp Group amounts to SEK 1,967 m (1,120).

6. Risk and uncertainty

Perstorp is exposed to a number of risks and uncertainty factors, which are reviewed in the Annual Report for 2020.

7. Key events after the balance sheet date

Patrice Pinsard hired, starting in October, as new EVP Strategic Markets & Innovation and member of the Perstorp Executive Leadership Team and Ulf Berghult, current CFO, has resigned in the end of October, but will remain in his role until April 2022.

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

8. Other information

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

The complete Annual Report for the full year 2020, is available in English and can be downloaded from the Group's website at www.perstorp.com.

Perstorp, November 3, 2021

A handwritten signature in black ink, appearing to read "Jan Secher".

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 140 years of experience, representing a complete chain of solutions in organic chemistry, process technology and application development. Perstorp has approximately 1,400 employees and manufacturing units in Asia, Europe and North America. Sales in 2020 amounted to SEK 9.2 billion for continuing operations.

Learn more at www.perstorp.com