

## PETRONAS CHEMICALS GROUP BERHAD ("PCG" OR "COMPANY")

**PROPOSED ACQUISITION BY PETRONAS CHEMICALS INTERNATIONAL B.V. ("PCIBV"), A WHOLLY-OWNED SUBSIDIARY OF PCG, OF THE ENTIRE EQUITY INTEREST IN PERSTORP HOLDING AB ("PERSTORP") FROM FINANCIÈRE FORÊT S.À R.L. ("SELLER") FOR A BASE PURCHASE PRICE OF EUROS ("EUR") 1,538.0 MILLION (EQUIVALENT TO APPROXIMATELY RINGGIT MALAYSIA ("RM") 7,018.7 MILLION) TO BE FULLY SATISFIED IN CASH ("PROPOSED ACQUISITION")**

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*(Unless otherwise stated, the exchange rate of EUR1.0000 : RM4.5635, being the middle rate quoted by Bloomberg on 13 May 2022, the latest practicable date prior to this Announcement ("LPD"), has been applied in this Announcement for illustration purposes)*

### 1. INTRODUCTION

On behalf of the Board of Directors of PCG ("**Board**"), Maybank Investment Bank Berhad ("**Maybank IB**") wishes to announce that PCG and PCIBV, a wholly-owned subsidiary of PCG, had on 14 May 2022 entered into a conditional Securities Purchase Agreement ("**SPA**") with the Seller in relation to the Proposed Acquisition.

### 2. DETAILS OF THE PROPOSED ACQUISITION

#### 2.1 Background information on the Proposed Acquisition

The Proposed Acquisition entails the acquisition by PCIBV of 50,000,000 shares in Perstorp ("**Sale Shares**"), representing the entire equity interest in Perstorp, for a base purchase price of EUR1,538.0 million (equivalent to approximately RM7,018.7 million) ("**Base Purchase Price**") to be satisfied wholly in cash.

The Base Purchase Price is subject to adjustments as set out in **Section 2.1, Appendix I** of this Announcement, and the final purchase price payable upon completion of the Proposed Acquisition ("**Purchase Price**") shall be computed based on the terms of the SPA.

In addition, PCIBV is required to:

- (i) pay to the Seller an earn-out amount not exceeding EUR45.0 million (equivalent to approximately RM205.4 million) in 2 tranches upon: (a) mechanical completion of Perstorp's new plant in Sayakha, India with a 99-year lease in respect of the site for the said plant; and (b) the said plant obtaining the required permits to commence operations, in the event these occur before 31 January 2024 and 31 July 2024, respectively ("**Plant Earn-out Amount**"); and
- (ii) repay all outstanding and unpaid amounts owing by Perstorp and its subsidiaries ("**Perstorp Group**") as of the closing date of the SPA pursuant to, or in connection with, certain existing financing agreements of the Perstorp Group which amounts to EUR851.7 million (equivalent to approximately RM3,886.7 million) as at 31 December 2021 ("**Repayment of Existing Indebtedness**").

The salient terms of the SPA are set out in **Appendix I** of this Announcement. Upon completion of the Proposed Acquisition, Perstorp will become an indirect wholly-owned subsidiary of the Company.

## 2.2 Background information on Perstorp

Perstorp is a private company limited by shares incorporated in Sweden on 1 October 2004 under the name of Guldkålen D 536 AB. It assumed its current name on 8 March 2006.

The Perstorp Group is a leading niche specialty chemicals group that develops sustainable solutions for resins and coatings, engineered fluids and animal nutrition, with 7 manufacturing sites and 3 research and development centres worldwide.

As at the LPD, Perstorp has an issued and paid-up share capital of Swedish Krona (“**SEK**”) 500,000 comprising 50,000,000 issued and paid-up shares with a nominal value of SEK0.01 each. Perstorp is a wholly-owned subsidiary of the Seller.

Further information on Perstorp is set out in **Appendix II** of this Announcement.

## 2.3 Background information on the Seller

The Seller is a private company limited by shares incorporated in Luxembourg on 28 September 2005.

As at the LPD, the directors of the Seller are as follows:

<u>Name</u>	<u>Nationality</u>	<u>Designation</u>
Fabrice Fouletier	French	Director
Maxime Miossec	French	Director
Zine Mazouz	French	Director

As at the LPD, none of the directors of the Seller has any direct or indirect shareholding in the Seller, other than as limited partners in Stensmolla SCSp, a limited partnership investment fund managed by PAI Partners, a European private equity company investing in market-leading companies across the globe. Stensmolla SCSp holds 98.0% of the equity interest in Rise Investments S.à r.l., which in turn holds 97.6% of the equity interest in the Seller.

## 2.4 Basis and justification for the Base Purchase Price

The Base Purchase Price was arrived at on a willing buyer willing seller basis based on the enterprise value (“**EV**”) of the Perstorp Group (“**Agreed EV**”), less the adjusted net debt of the Perstorp Group as shown below:

	<u>EUR million</u>
Agreed EV	2,300
Less : Adjusted net debt of the Perstorp Group as at 31 December 2021 <sup>(1)</sup>	(762)
<b>Base Purchase Price</b>	<b><u>1,538</u></b>

**Note:**

(1) The adjusted net debt of the Perstorp Group as at 31 December 2021 was arrived at as follows:

	<u>EUR million</u>
Financial debt and other debt-like items	847
Plus : Adjustment made following the due diligence exercise	32
Less : Cash	(117)
<b>Adjusted net debt</b>	<b><u>762</u></b>

In arriving at the Agreed EV of EUR2,300.0 million (equivalent to approximately RM10,496.1 million), the Company took into consideration the following:

- (a) internal assessment by the Company's management based on common valuation methodologies such as discounted cash flow ("DCF") valuation method, comparable transaction analysis and comparable trading multiple analysis.

#### **DCF valuation method**

The Agreed EV falls within the range of EVs of the Perstorp Group derived by the Company's management. In arriving at the range of EVs, the Company took into consideration the Perstorp Group's projected revenue, margin contribution and cash flows in the medium-term business plan. In the long-term, the Perstorp Group is anticipated to surpass gross domestic product growth projection in its key markets and maintain its leadership position in its key products. This growth is backed by high-margin projects such as the new pentaerythritol plant in Sayakha, India and further expansion of the Perstorp Group's green product lines to help its customers reduce their emissions significantly.

*(Source: Management of the Company)*

#### **Comparable transaction analysis**

The Agreed EV represents an implied EV to earnings before interest, tax, depreciation and amortisation ("EBITDA") of the Perstorp Group ("EV/EBITDA") multiple of 8.3 times (based on the Perstorp Group's trailing twelve (12) months financial results up to 31 March 2022 of SEK2,853.0 million (equivalent to approximately EUR278.7 million<sup>1</sup>), being the latest available financial results prior to the date of the SPA) ("**Implied EV/EBITDA Multiple**"), which falls within the range of EV/EBITDA multiples of comparable transactions of between 6.9 times and 15.7 times and is also below the average EV/EBITDA multiples of comparable transactions of 10.9 times as shown below:

<b>Target<sup>(1)</sup></b>	<b>Acquirer</b>	<b>Year of Transaction<sup>(2)</sup></b>	<b>Country of target</b>	<b>EV/EBITDA<sup>(3)</sup> times</b>
Eastman Chemical Company (adhesives resins business)	Synthomer PLC	2021	United States of America ("USA")	10.3
Allnex Holding GmbH	PTT Global Chemical Public Company Limited	2021	Germany	12.2
Invista (aromatic polyester polyol business)	Stepan Company	2021	USA	6.9
Emerald Kalama Chemical, LLC	Lanxess AG	2021	USA	11.9
Gabriel Performance Products, LLC	Huntsman Corporation	2020	USA	11.0
Royal DSM N.V. (resins & functional materials business)	Covestro AG	2020	Netherlands	11.0

<sup>1</sup> Converted using an exchange rate of SEK1.0000 : EUR0.0977, being the average middle rate for the 12-month period from 1 April 2021 to 31 March 2022 quoted by Bloomberg.

<b>Target<sup>(1)</sup></b>	<b>Acquirer</b>	<b>Year of Transaction<sup>(2)</sup></b>	<b>Country of target</b>	<b>EV/EBITDA<sup>(3)</sup></b> <b>times</b>
CVC Thermoset Specialties	Huntsman Corporation	2020	USA	10.0
Omnova Solutions Inc	Synthomer PLC	2019	USA	9.9
Perstorp UK Ltd (Capa™ caprolactone division)	Ingevity Corporation	2018	United Kingdom	11.8
Air Products and Chemicals Inc (performance materials business)	Evonik Industries AG	2016	USA	15.7
Oxea GmbH	Oman Oil Company S.A.O.C	2013	Germany	8.9
<b>Average</b>				<b>10.9</b>
<b>Range</b>				<b>6.9 to 15.7</b>

(Source: Company filings and analysis performed by Piper Sandler Ltd. (“**Piper Sandler**”), the Lead Financial Adviser to the Company for the Proposed Acquisition)

**Notes:**

- (1) Comparable transactions involving acquisition of companies in the specialty chemicals industry in Europe and North America for the past 10 years up to and including the LPD were selected. It should be noted that these comparable transactions are not exhaustive and these targets may not be directly comparable to the Perstorp Group due to various factors which include, among others, scale and composition of products, business activities, capital and shareholding structure, geographical coverage of business activities, operating history, profit track record, financial strength, risk profile and prospects.
- (2) Based on the date of announcement of the respective comparable transactions.
- (3) Computed by dividing EV with EBITDA based on the latest available trailing twelve (12) months financial results prior to the respective comparable transactions.

**Comparable trading multiple analysis**

The Implied EV/EBITDA Multiple falls within the range of EV/EBITDA multiples of companies comparable to the Perstorp Group (“**Comparable Companies**”) of between 6.1 times and 9.8 times as shown below:

<b>Comparable Companies<sup>(1)</sup></b>	<b>Country</b>	<b>Currency</b>	<b>Market capitalisation<sup>(2)</sup></b>	<b>EV<sup>(3)</sup></b>	<b>EBITDA<sup>(4)</sup></b>	<b>EV/EBITDA</b>
			<b>million</b>	<b>million</b>	<b>million</b>	<b>times</b>
Eastman Chemical Company	USA	USD	13,357.5	18,097.7	1,899.0	9.5
Huntsman Corporation	USA	USD	7,282.9	8,155.9	1,343.0	6.1
Stepan Company	USA	USD	2,397.5	2,724.0	277.0	9.8
Celanese Corporation	USA	USD	15,436.2	29,965.2	3,878.0	7.7
Lanxess AG	Germany	EUR	3,135.2	8,682.9	1,223.2	7.1

Comparable Companies <sup>(1)</sup>	Country	Currency	Market capitalisation <sup>(2)</sup>	EV <sup>(3)</sup>	EBITDA <sup>(4)</sup>	EV/EBITDA
			million	million	million	times
Ingevity Corporation	USA	USD	2,550.9	3,662.9	435.8	8.4
<b>Average</b>						<b>8.1</b>
<b>Range</b>						<b>6.1 to 9.8</b>

(Source: Company filings and analysis performed by Piper Sandler, the Lead Financial Adviser to the Company for the Proposed Acquisition)

**Notes:**

(1) *The Comparable Companies were selected based on their respective principal activities in the specialty chemicals industry and are broadly comparable to the Perstorp Group and have been identified on a best effort basis based on publicly available information and are selected for illustrative purposes only. It should be noted that the Comparable Companies are not exhaustive and may not be directly comparable to the Perstorp Group due to various factors which include, among others, scale and composition of products, business activities, capital and shareholding structure, geographical coverage of business activities, operating history, profit track record, financial strength, risk profile, prospects and marketability and liquidity of the Comparable Companies' securities.*

*The comparable trading multiple analysis reflects the market trades of the securities in the Comparable Companies and as such, may not reflect the premium associated with an acquisition of controlling interest.*

(2) *Computed by multiplying the total number of shares in issue with the closing market price of the respective securities of the Comparable Companies as at the LPD.*

(3) *EV is the sum of market capitalisation (based on the closing market price of the securities of the Comparable Companies as at the LPD), total borrowings and other debt-like adjustments less cash and cash equivalents (based on the trailing twelve (12) months financial results up to 31 March 2022, being the latest available financial results prior to the date of the SPA) and adjusted for any material mergers and acquisitions.*

(4) *EBITDA is based on the trailing twelve (12) months financial results up to 31 March 2022, being the latest available financial results prior to the date of the SPA and adjusted for any material mergers and acquisitions.*

(b) rationale and benefits of the Proposed Acquisition as set out in Section 3 of this Announcement; and

(c) prospects of the Perstorp Group as set out in Section 4 of this Announcement.

## 2.5 Source of funds

The Purchase Price, the Plant Earn-out Amount and the Repayment of Existing Indebtedness will be funded via internally generated funds. As at 31 December 2021, the cash and cash equivalents of PCG and its subsidiaries ("PCG Group") stood at RM16,390 million.

## **2.6 Additional financial commitment**

Barring any unforeseen circumstances, the Company is not expected to incur any additional financial commitment in putting the Perstorp Group on-stream as the Perstorp Group is already operational and is a going-concern business.

## **2.7 Liabilities to be assumed**

Save for the existing liabilities arising from the ordinary course of business of the Perstorp Group, there are no liabilities, including contingent liabilities and guarantees, to be assumed by the PCG Group.

## **3. RATIONALE AND BENEFITS OF THE PROPOSED ACQUISITION**

### **3.1 Strengthening market position and diversification of products which is aligned with PCG's specialty chemicals step out strategy**

The Proposed Acquisition will enable PCG to strengthen its petrochemicals portfolio and selectively diversify into derivatives, specialty chemicals and solutions. PCG will also be able to participate in attractive end-markets such as paints and coatings, construction, automotive, personal care and food, feed and nutrition, and access common end-markets which would provide significant cross-selling opportunities and upside potential. PCG's existing supply of chemical/intermediates feedstock (for example olefins, methanol, n-butanol, acetic acid and syngas, among others) and industrial utilities will further support backward integration and create additional upside potential.

The Perstorp Group currently derives more than 80% of its revenue from the 18 preferred chemical segments identified by PCG including surfactants, specialty polymers, specialty films, plastic additives, coatings, preservatives and biocides, and pre/pro biotics.

All of the preferred chemical segments that the Perstorp Group is involved in have a combined global market size (total addressable market) of United States Dollars ("USD") 280 billion as of the year 2021 with an estimated compound annual growth rate ("CAGR") for the years 2021 to 2030 ranging from 3.8% to 6.0%. Meanwhile, the corresponding Asian market size is USD129 billion as of the year 2021, with an estimated CAGR for the years 2021 to 2030 of 4.2% to 6.9% respectively<sup>2</sup>.

### **3.2 Technology and know-how**

PCG will benefit from the research and development team of the Perstorp Group as its customer facing solution provider emphasis will enable PCG to accelerate its desire to be the preferred chemical company providing innovative customer solutions. The Perstorp Group's unique combination of expertise in the development of proprietary processes and its ability to scale utilising its proprietary processes, chemistry, and implantation methods will greatly enhance PCG's current capabilities, thus reducing PCG's reliance on third party licensed technology.

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<sup>2</sup> Source: Market validation study by a third party consultant appointed by the Company.

### **3.3 Sustainability**

PCG will benefit from the Perstorp Group's finite material neutral aspirations for sustainability. By committing to use materials from renewable resources or recycled streams and thus lowering emissions, the Perstorp Group's products help industrial players reduce their emissions significantly. The Perstorp Group continues to seek ways to reduce emissions such as by developing a process to convert waste stream carbon dioxide to methanol to reduce carbon dioxide emissions. Such sustainability initiatives can be adopted and implemented more broadly within the PCG Group.

### **3.4 Customer centric solutions provider**

The Perstorp Group has a diversified customer portfolio of more than 2,600 customers globally. Its top 10 customers represent 19% of the sales for the financial year ended ("FYE") 31 December 2021 and most top customers have relationships with the Perstorp Group that have lasted for more than 30 years.

The Perstorp Group's customers are leading global and regional chemical companies that value the Perstorp Group's global scale, innovation, reliability and strong market reputation.

### **3.5 Talented people**

The PCG Group will benefit from the Perstorp Group's experienced and culturally diverse and inclusive workforce that is well placed to continue driving the business towards high margin downstream specialties.

### **3.6 Growth opportunities**

The Perstorp Group focuses on resins and coatings, engineered fluids and animal nutrition, which represent faster growing market segments within the industry.

The Perstorp Group is well-positioned for significant growth in green products and overall sustainable chemistry, and has been bringing innovative, sustainable and safe solutions to the market, with significant opportunities for future growth in Asia. The set-up of a new pentaerythritol plant in Sayakha, India is expected to help secure a long-term market presence in India while meeting the growing demand for pentaerythritol in Asia.

Such growth potential may be further complemented through inorganic expansion such as bolt-on acquisitions to enable the Perstorp Group to expand into newer chemistries.

## **4. PROSPECTS OF THE PERSTORP GROUP**

After the completion of the Proposed Acquisition, PCG's position in the specialty chemicals industry will be further reinforced given the Perstorp Group's global market leading position in the specialty chemicals business.

Premised on the prospects of the Perstorp Group as set out in Sections 4.1 and 4.2 of this Announcement, the Board is of the opinion that the Proposed Acquisition is expected to contribute positively to the future earnings of the PCG Group and support its long-term strategies and objectives, hence enhancing value for the shareholders of PCG in the future.

#### **4.1 The Perstorp Group's profitability and resilient financial performance**

The Perstorp Group has exhibited the ability to weather and defend itself against industry downtrends and grows its customer base via effective pricing strategies which have helped to preserve margin contributions.

The Perstorp Group achieved a CAGR of 9.7% for EBITDA for the years 2017 to 2021 and such upward EBITDA trajectory is expected to continue in the near to medium term. The Perstorp Group achieved a revenue of SEK13.5 billion (equivalent to approximately RM6.5 billion<sup>3</sup>) and EBITDA margin of 18.6% for the FYE 31 December 2021.

#### **4.2 The Perstorp Group is a market leader in attractive and growing markets**

The Perstorp Group is a leading niche specialty chemicals player that develops sustainable solutions for resins and coatings, engineered fluids and animal nutrition. The Perstorp Group is highly regarded among its customers for its product quality and customisation, supply reliability, customer centricity and sustainable products and is recognised for its proprietary oxo and polyol chemistries.

The Perstorp Group is also the market leader in most of its low-volume high-value specialty products that serve niche, growing markets due to its favourable product performance, quality, technological advantage, customer service, and geographical footprint with high market shares in concentrated markets enabling attractive margins.

### **5. RISKS OF THE PROPOSED ACQUISITION**

The risk factors associated with the Proposed Acquisition, which are by no means exhaustive, are set out below:

#### **5.1 Investment risk**

There can be no assurance that the anticipated benefits of the Proposed Acquisition will be realised or that the PCG Group will be able to generate sufficient returns from its investment to offset the costs of the investment, or whether the expected financial performance of the Perstorp Group will be achieved post-completion of the Proposed Acquisition. However, the PCG Group is an experienced player in the chemicals industry with existing manufacturing operations in Europe (i.e. Germany and the Netherlands) and Asia. The Company has sought to mitigate this risk by adopting prudent investment criteria in evaluating the Proposed Acquisition including a multi-disciplinary assessment of the Perstorp Group's business, discussions with the management of Perstorp and plant site visits. The Company has also engaged external advisers to undertake due diligence on the business operations of the Perstorp Group.

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<sup>3</sup> *Converted using an exchange rate of SEK1.0000 : RM0.4831, being the average middle rate for the 12-month period from 1 January 2021 to 31 December 2021 quoted by Bloomberg.*

## **5.2 Non-completion risks of the Proposed Acquisition**

The completion of the Proposed Acquisition is conditional upon the conditions precedent as set out in **Appendix I** of this Announcement being fulfilled or waived including obtaining the Clearances (as defined in **Section 8** of this Announcement) from the relevant authorities. There can be no assurance that such Clearances will be obtained. Should any of the conditions precedent not be fulfilled or waived, the SPA may be terminated and the Proposed Acquisition will not be completed. Nevertheless, the Company anticipates that this risk can be mitigated by consulting the relevant professionals and proactively engaging the relevant authorities to obtain within the stipulated timeframe all necessary Clearances.

## **5.3 General economic, political and regulatory uncertainties**

The performance of the Perstorp Group may be impacted by changes in political, economic and regulatory conditions in the jurisdictions where it operates, such as changes in political leadership, judicial decisions, introduction of new laws and regulations, war, economic downturn, changes in interest rates and foreign exchange regulations. As the Perstorp Group operates in a highly regulated environment, changes in laws and regulations such as environmental or labour laws could have a significant impact on its business.

The Russia-Ukraine conflict which began in February 2022 has the potential to escalate further and this could result in elevated geopolitical instability, trade restrictions, sanctions, disruptions to global supply chains, potential adverse impact on markets and a downturn in the global economy.

In mitigating such risk, the PCG Group will take a proactive approach in monitoring key developments and where needed, review its business strategies and strategic priorities to respond to significant changes. Based on the Company's preliminary assessment, the impact of the Russia-Ukraine conflict on the Perstorp Group is expected not to be material.

## **5.4 Integration risk**

The Proposed Acquisition may potentially expose the PCG Group to risk relating to the integration of the Perstorp Group's business such as culture and behaviour, and complications in the integration of information technology and other operational systems. However, based on the Company's preliminary assessment, such risk is expected not to be material as the Company intends to preserve and grow the existing business lines of the Perstorp Group and there is no significant overlap between the geographical presence of the Perstorp Group and the PCG Group. In addition, the PCG Group will put in place an integration plan post-completion of the Proposed Acquisition to harmonise ecosystems of the Perstorp Group and the PCG Group.

## **5.5 Dependence on key personnel of the Perstorp Group**

The business performance of the Perstorp Group is dependent on, among others, the skills, abilities, experience and competencies of its key management. The loss of any key management without suitable and timely replacement may affect the business performance of the Perstorp Group.

The Company intends to implement a suitable retention programme post-completion of the Proposed Acquisition to minimise disruption to the day-to-day operations and business resulting from the loss of key management of the Perstorp Group.

## **5.6 Business and operational risks**

The Company expects to assume the liabilities arising from the ordinary course of business of the Perstorp Group including pensions and benefits, past acquisitions and environmental obligations pursuant to the Proposed Acquisition. The Company has assessed these exposures and has sought to address such risks in, among others, the valuation and transaction terms for the Proposed Acquisition.

## **5.7 Foreign exchange risk**

The financial results of the Perstorp Group are denominated in foreign currency. As the financial results of the PCG Group are reported in RM and the Perstorp Group will form part of the PCG Group following the Proposed Acquisition, any adverse fluctuation of the relevant foreign currency against RM may have a material impact on the PCG Group's financial performance.

## **5.8 Regulations on taxation**

The performance of the Perstorp Group may be impacted by changes in the taxation regime of the jurisdictions in which the Perstorp Group conducts its business which may result in increased tax expenses for the Perstorp Group's and the PCG Group's businesses.

The PCG Group may also be subject to higher taxes once the current tax exemption on foreign sourced dividends received by Malaysian tax resident companies expires in 31 December 2026. However, based on the Company's current assessment, such change does not have a material impact on the Proposed Acquisition.

## **5.9 Goodwill and impairment risk**

The Company expects to recognise goodwill arising from the Proposed Acquisition, the amount of which depends on the fair value of the Perstorp Group upon completion of the Proposed Acquisition. The identifiable assets and liabilities of the Perstorp Group will initially be recorded in PCIBV's books at its provisional fair values as at the acquisition date pending the conclusion of the purchase price allocation ("**PPA**") exercise as required by Malaysian Financial Reporting Standards ("**MFRS**") or International Financial Reporting Standards ("**IFRS**") 3 – Business Combinations. Although a preliminary assessment has been conducted, the final outcome of the PPA exercise cannot be ascertained at this juncture. Any fair value adjustment to the assets and liabilities arising and the effect of the amortisation of intangible assets identified from the Proposed Acquisition may affect the financial position and performance of the PCG Group. In addition, any impairment on the carrying amount of intangible assets (including any goodwill arising from the Proposed Acquisition) pursuant to impairment tests will also affect the financial position and performance of the PCG Group.

The PCG Group will monitor the financial performance of the Perstorp Group and work with the management of Perstorp to drive the committed business plan towards the achievement of the financial targets of the Perstorp Group.

## **6. POLICIES ON FOREIGN INVESTMENT AND REPATRIATION OF PROFITS OF SWEDEN**

### **6.1 Foreign investment**

Sweden does not have restrictions on foreign investment, save for businesses that come within the ambit of the Swedish Security Protection Act (Sw. *Säkerhetskyddslag* (2018:585)) ("**SSPA**") such as critical infrastructure or other activities of interest for the security of Sweden. Based on information provided by the management of Perstorp, the Perstorp Group is engaged in the business of the manufacture and distribution of chemical solutions which does not fall within the ambit of the SSPA. Accordingly, foreign investors are permitted to own the entire equity interest in Perstorp and no investment approval is required from any Swedish regulator.

### **6.2 Repatriation of profits**

There are no exchange control restrictions in Sweden and as such, there are no restrictions on the repatriation of capital, profits or dividends derived from investments in a Swedish company to jurisdictions outside of Sweden, save where prohibited by domestic or international sanctions. However, the ability for a Swedish company to make any payments of dividends or other distributions to its shareholders is subject to the Swedish Companies Act (Sw. *Aktiebolagslag* (2005:551)) ("**SCA**"). The SCA includes, among others, the requirement that dividends be paid only from profits or certain other non-restricted equity of a Swedish company and that any reduction in the capital of a Swedish company requires a vote of the shareholders and a notice period in order for creditors to be able to object (except that such notice to creditors is not required where the reduction is to cover a loss incurred by the company).

## **7. EFFECTS OF THE PROPOSED ACQUISITION**

### **7.1 Share capital and substantial shareholders' shareholding**

The Proposed Acquisition will not have any effect on the share capital and shareholding of the substantial shareholders of PCG as the Proposed Acquisition does not involve any issuance of new ordinary shares in PCG ("**PCG Shares**").

## 7.2 Net assets (“NA”) and gearing

For illustrative purposes, based on the latest audited consolidated statement of financial position of the Company as at 31 December 2021 and on the assumption that the Proposed Acquisition had been effected on that date, the effects of the Proposed Acquisition<sup>(1)</sup> on the NA and gearing of the PCG Group are as follows:

	Audited as at 31 December 2021 RM million	<sup>(2)(3)</sup> After Proposed Acquisition RM million
Share capital	8,871	8,871
Reserves	26,134	<sup>(4)</sup> 25,994
<b>NA attributable to owners of the Company</b>	<b>35,005</b>	<b>34,865</b>
Non-controlling interest	535	<sup>(5)</sup> 626
<b>Total equity</b>	<b>35,540</b>	<b>35,491</b>
Number of PCG Shares in issue (million)	8,000	8,000
NA per PCG Share (RM) <sup>(6)</sup>	4.38	4.36
Total interest-bearing borrowings <sup>(7)</sup>	2,388	2,388
Gearing (times) <sup>(8)</sup>	0.06	0.06

### Notes:

- (1) Unless otherwise stated, the effects have been arrived at using an exchange rate of SEK1.0000 : RM0.4604 and EUR1.0000 : RM4.7195, being the closing middle rates on 31 December 2021 quoted by Bloomberg.
- (2) Financial information of the Perstorp Group have been consolidated by extracting the audited consolidated financial statements of Perstorp for the FYE 31 December 2021 which is prepared in accordance with the Annual Accounts Act, the Swedish Financial Reporting Board’s recommendation concerning Supplementary Accounting Rules for Groups, IFRS and International Financial Reporting Interpretations Committee’s interpretations as approved by the European Commission, and excluding the investment in Vencorex Holding SAS (“Vencorex”), which will be disposed of by Perstorp prior to the completion of the Proposed Acquisition.
- (3) The effects of the Proposed Acquisition have not accounted for the effects arising from adoption of IFRS by Perstorp’s subsidiaries and alignment to PCG’s accounting policies by the Perstorp Group.
- (4) Includes estimated gross transaction costs relating to the Proposed Acquisition of approximately RM140.0 million based on the information available as at the LPD.
- (5) Subject to changes to goodwill/gain on bargain purchase which may arise from the PPA exercise based on the established fair value of the assets acquired, including the fair value of the identifiable intangible assets and liabilities assumed as of the acquisition date in accordance with MFRS 3/IFRS 3 - Business Combinations. The excess of the Purchase Price over the fair value of the NA acquired is allocated to goodwill, or vice versa be reflected as gain on bargain purchase. In accordance with paragraph 45 of MFRS 3/IFRS 3 - Business Combinations, the acquirer has a measurement period of not exceeding one (1) year from the date of acquisition. The acquirer may adjust the provisional amounts recognised for a business combination to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date.
- (6) Computed based on NA attributable to owners of the Company divided by total number of PCG Shares in issue.

- (7) Pursuant to the Repayment of Existing Indebtedness, all outstanding and unpaid amounts owing by the Perstorp Group as of the closing date of the SPA pursuant to, or in connection with, certain existing financing agreements of the Perstorp Group will be repaid by PCIBV.
- (8) Computed based on total interest-bearing borrowings divided by the sum of total interest-bearing borrowings and total equity.

### 7.3 Earnings and earnings per PCG Share

For illustrative purposes, based on the latest audited consolidated financial statements of the Company for the FYE 31 December 2021 and on the assumption that the Proposed Acquisition had been effected on 1 January 2021, being the beginning of the FYE 31 December 2021, the effects of the Proposed Acquisition<sup>(1)</sup> on earnings of the PCG Group and earnings per PCG Share are as follows:

	<u>RM million</u>
Audited consolidated profit after tax and non-controlling interest ("PATANCI") of PCG for the FYE 31 December 2021	7,345
Add: Audited consolidated PATANCI of Perstorp for the FYE 31 December 2021 <sup>(2)(3)</sup>	447
Less: Estimated gross transaction costs relating to the Proposed Acquisition <sup>(4)</sup>	(140)
<b>Consolidated PATANCI of PCG after the Proposed Acquisition</b>	<b><u>7,652</u></b>
Weighted average number of PCG Shares in issue (million)	8,000
Basic earnings per PCG Share <sup>(5)</sup> (sen):	
• Based on the audited consolidated PATANCI of PCG for the FYE 31 December 2021	91.8
• Based on the consolidated PATANCI of PCG after the Proposed Acquisition	95.7

#### Notes:

- (1) Unless otherwise stated, the effects have been arrived at using an exchange rate of SEK1.0000 : RM0.4831 and USD1.0000 : RM4.1457, being the average middle rates for the FYE 31 December 2021 quoted by Bloomberg.
- (2) Financial results of the Perstorp Group have been consolidated by extracting the audited consolidated financial statements of Perstorp for the FYE 31 December 2021 which is prepared in accordance with the Annual Accounts Act, the Swedish Financial Reporting Board's recommendation concerning Supplementary Accounting Rules for Groups, IFRS and International Financial Reporting Interpretations Committee's interpretations as approved by the European Commission.
- (3) The effects of the Proposed Acquisition have not accounted for the effects arising from adoption of IFRS for Perstorp's subsidiaries and alignment to PCG's accounting policies by the Perstorp Group.
- (4) Includes estimated gross transaction costs relating to the Proposed Acquisition of approximately RM140.0 million based on information available as at the LPD.
- (5) Computed based on the consolidated PATANCI of PCG divided by weighted average number of PCG Shares in issue during the FYE 31 December 2021.

**8. APPROVALS REQUIRED**

The Proposed Acquisition is subject to the following being obtained:

- (a) approval of the shareholders of PCG for the Proposed Acquisition at an extraordinary general meeting of the Company to be convened (“**EGM**”); and
- (b) antitrust clearances in certain jurisdictions (“**Clearances**”).

Barring any unforeseen circumstances, the applications for the Clearances are expected to be made within 20 business days following the date of the SPA.

**9. INTEREST OF THE DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM**

None of the directors and/or major shareholders of PCG as well as persons connected to them have any interest, whether direct or indirect, in the Proposed Acquisition.

**10. DIRECTORS' STATEMENT**

The Board, having considered all aspects of the Proposed Acquisition including the basis and justification for the Base Purchase Price, rationale and benefits of the Proposed Acquisition, effects of the Proposed Acquisition as well as the prospects of the Perstorp Group, and the risks involved, is of the opinion that the Proposed Acquisition is in the best interest of PCG.

**11. PERCENTAGE RATIO**

Pursuant to Paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the highest percentage ratio applicable to the Proposed Acquisition is 32.7%, computed based on the aggregate value of the consideration given in relation to the Proposed Acquisition compared with the NA attributable to owners of PCG as at 31 December 2021.

**12. ESTIMATED TIME FRAME FOR COMPLETION**

Barring unforeseen circumstances, the Proposed Acquisition is expected to be completed by the second half of 2022.

**13. ADVISERS**

Piper Sandler is the Lead Financial Adviser to the Company for the Proposed Acquisition.

Maybank IB is the Principal Adviser to the Company for the Proposed Acquisition.

**14. DOCUMENT AVAILABLE FOR INSPECTION**

The SPA is available for inspection at the registered office of PCG at Tower 1, PETRONAS Twin Towers, Kuala Lumpur City Centre, 50088 Wilayah Persekutuan Kuala Lumpur during business hours from Monday to Friday (except public holidays) for a period of three (3) months from the date of this Announcement.

**This Announcement is dated 17 May 2022.**

## SALIENT TERMS ON THE SPA

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### 1. AGREEMENT TO PURCHASE AND TO SELL

Subject to the terms and conditions of the SPA, the Seller has agreed to sell the Sale Shares to PCIBV and PCIBV has agreed to purchase the Sale Shares from the Seller. The Sale Shares shall be sold together with all rights as at the date of the SPA or thereafter attaching, including all rights to any dividend or other distribution declared, made or paid after 31 December 2021.

### 2. PURCHASE PRICE

2.1 The Purchase Price for the Sale Shares will be an amount equal to:

- (a) Base Purchase Price;
- (b) increased by an amount equal to the product of: (x) an agreed percentage of the Base Purchase Price by (y) a fraction having (I) for numerator, the number of days actually elapsed from 31 December 2021 (exclusive) through the date of closing of the SPA ("**Closing Date**") (inclusive) and (II) for denominator, 365;
- (c) less the positive difference between the amount of any leakage (i.e. payments or distributions in breach of the locked-box undertakings) on a EUR for EUR basis and any tax benefit of the Perstorp Group directly attributable to (and that would not have arisen but for) such leakage (if any), and the Leakage Interest Amount; and
- (d) less any pre-payment fees, break fees, penalties, make whole payments, advisory, banking or transaction fees, or any similar amounts payable in connection with the repayment of Existing Indebtedness, including any fees payable in connection with the associated release of security ("**Debt Payment Costs**").

"**Leakage Interest Amount**" means, in respect of a leakage, an amount equal to the product of: (x) 1% of the positive difference between the amount of such leakage and the amount equal to any tax benefit of the Perstorp Group directly attributable to (and that would not have arisen but for) such leakage (if any), by (y) a fraction having (I) for numerator, the number of days actually elapsed from the date of such leakage (exclusive) through the date on which the leakage is repaid (inclusive) and (II) for denominator, 365.

"**Existing Indebtedness**" means all outstanding and unpaid amounts owing as of the Closing Date (in principal, interest, penalties, commissions, fees and any other sums or by way of cash collateral for contingent obligations) due by the Perstorp Group pursuant to, or in connection with, certain of the existing financing agreements of the Perstorp Group ("**Existing Financing**") (excluding any Debt Payment Costs) as determined in accordance with the terms of the Existing Financing. For the avoidance of doubt, Existing Indebtedness shall not include any inter-company indebtedness among the companies within the Perstorp Group.

2.2 The Purchase Price shall be final and binding and shall not be subject to any adjustment, save for the following:

- (a) an amount equal to the consideration received by Perstorp either in cash or in the form of a receivable, in respect of the disposal of the securities issued by, or loans granted to, Vencorex or its subsidiaries and held by the Perstorp Group ("**Vencorex Consideration**");
- (b) PCIBV pays the Seller the Plant Earn-out Amount for the plant in India;
- (c) the Seller breaches the locked-box undertakings; and

**SALIENT TERMS ON THE SPA (Cont'd)**

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- (d) the Seller makes any partial repayment of the Purchase Price to PCIBV for the amount of losses suffered by PCIBV as a direct result of any breach of any representation or warranty of the Seller under the SPA.

In respect of the earn-out amount in Paragraph 2.2(b) of this Appendix, EUR22,500,000 is payable in the event that the plant achieves mechanical completion and obtains a 99-year lease in respect of the site before 31 January 2024 and a further EUR22,500,000 is payable in the event that the plant obtains the required permits to commence operations before 31 July 2024.

- 2.3 The liability of the Seller for a breach of the locked-box undertakings will terminate on the date which is 9 months after the Closing Date. The liability of the Seller for a breach of any representation and warranty will terminate on the date which is 18 months after the Closing Date.

**3. PARENT GUARANTEE**

The Company has provided a parent guarantee in favour of the Seller to guarantee PCIBV's payment obligations under the SPA and other ancillary transaction documents.

**4. CONDITIONS PRECEDENT**

- 4.1 The Proposed Acquisition is conditional upon the satisfaction or waiver of the following conditions precedent:

- (a) Clearances having been obtained and shall be in full force and effect; and
- (b) the approval of the shareholders of the Company having been obtained for the Proposed Acquisition ("**Shareholder Approval Condition**").

- 4.2 In respect of the Shareholder Approval Condition, Petroliam Nasional Berhad has provided an undertaking to vote in favour of the Proposed Acquisition at the EGM.

**5. REPAYMENT OF EXISTING INDEBTEDNESS**

- 5.1 On closing, PCIBV shall repay and discharge the full amount of the Existing Indebtedness and the Debt Payment Costs on behalf of the Perstorp Group, with value date on the Closing Date.

- 5.2 The Seller and PCIBV shall also work in good faith and use reasonable efforts to ensure that the releases of existing encumbrances are obtained on or prior to Closing Date.

**6. CARVE-OUT OF VENCOREX**

Perstorp will dispose of its entire 9.2% equity interest in Vencorex ("**Vencorex Securities**") on or prior to the closing of the transaction.

If the Vencorex Securities are transferred to the Seller, the Vencorex Consideration will be left outstanding as a receivable of the Company against the Seller and will be set-off against a portion of the Purchase Price equal to the Vencorex Consideration. If the Vencorex Securities are transferred to the existing majority shareholder of Vencorex or its affiliates, the Vencorex Consideration will be paid in cash to the Seller as part of the Purchase Price.

**SALIENT TERMS ON THE SPA (Cont'd)**

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**7. CLOSING**

Closing shall be held at the offices of the Seller, 53, Boulevard Royal, L-2449, Luxembourg, Grand Duchy of Luxembourg, at 9.00 a.m. on the Closing Date which is 7 business days following the satisfaction or waiver of all of the conditions precedent, or at such other location, time of day or date as PCIBV and the Seller may agree in writing.

**8. TERMINATION**

The SPA may be terminated at any time prior to the closing of the SPA:

- (a) by the written agreement of PCIBV and the Seller;
- (b) by the Seller or by PCIBV in the event of any breach of obligations on closing of the SPA; or
- (c) by either the Seller or PCIBV, on or after the business day following the date falling 9 months from the date of the SPA ("**Long Stop Date**"), if the conditions precedent have not been satisfied on or prior to the Long Stop Date, unless such eventuality is due to the breach by the party seeking to terminate the SPA.

In the event of termination of the SPA under Paragraph 8(c) of this Appendix only as a result of the Shareholder Approval Condition failing to be satisfied on or prior to the Long Stop Date, PCIBV is required to pay to the Seller an amount equal to EUR140,000,000.

**9. GOVERNING LAW**

The SPA shall be governed by, and interpreted and enforced in accordance with, the laws of the Grand Duchy of Luxembourg.

## INFORMATION ON PERSTORP

### 1. DIRECTORS

As at the LPD, the directors of Perstorp are as follows:

<u>Name</u>	<u>Nationality</u>	<u>Designation</u>
Bertilsson, Tore Bertil	Sweden	Chairman of the Board of Directors
Secher, Jan Joel Aron	Switzerland	Managing Director
Ackert, Gerry Mikael Benjamin	Sweden	Director
Fahlén, Lars Jesper	Sweden	Director
Fouletier, Fabrice	France	Director
Gard, Nils Klas Ingvar	Sweden	Director
Hellenius, Ragnar	Sweden	Director
Markides, Karin Erika	Sweden	Director
Waleniussen Englund, Heidi	Sweden	Director
Fröjd, Tor Anders Simon	Sweden	Deputy member of the Board of Directors
Nilsson, Nils Ronny	Sweden	Deputy member of the Board of Directors

### 2. SUBSIDIARIES AND JOINT VENTURES

2.1 The particulars of the subsidiaries of Perstorp as at the LPD are as follows:

<u>Name of company</u>	<u>Country/ Date of incorporation</u>	<u>Issued and paid-up capital</u>	<u>Effective equity interest</u>	<u>Date commenced operations</u>	<u>Principal activities</u>
<b><u>Subsidiary of Perstorp</u></b>					
Perstorp Financial Services AB	Sweden / 26 May 2008	SEK400,000	100%	17 July 2008	Production and sale of products for the feed and agricultural industries and any other chemical product for other market sectors
<b><u>Subsidiaries of Perstorp Financial Services AB</u></b>					
Perstorp Aktiebolag	Sweden / 28 September 1925	SEK 715,897,200	100%	19 February 1926	Production and sale of products for the feed and agricultural industries and any other chemical product for other market sectors

## INFORMATION ON PERSTORP (Cont'd)

<u>Name of company</u>	<u>Country/ Date of incorporation</u>	<u>Issued and paid-up capital</u>	<u>Effective equity interest</u>	<u>Date commenced operations</u>	<u>Principal activities</u>
Perstorp Holding GmbH	Germany / 10 November 2005	EUR25,000	100%	10 November 2005	Acquisition, holding and management of interests in other companies as well as other assets (e.g. industrial property rights or real estate) for its own account, provision of consulting and other services to companies in which the entity holds an interest, whereby no activities requiring a license or permit are carried out
Perstorp Holding B.V.	Netherlands / 27 May 1987	EUR19,000	100%	27 May 1987	Purchasing, managing, renting, subletting and selling of owned real estate
Perstorp Services AB	Sweden / 19 November 2015	SEK100,000	100%	24 November 2015	Conducting business regarding mainly chemical products, binders, plastics and products in combination with plastics, products for the electronics industry, automotive, engineering and construction industries
<b><u>Subsidiaries of Perstorp AB</u></b>					
Perstorp Specialty Chemicals AB	Sweden / 27 June 1984	SEK 83,000,000	100%	31 August 1984	Undertaking development, manufacturing of and trade in polyalcohols, formalin and formalin derivatives, other formalin-based products, catalysts for formalin production and for environmental applications, and grant, transfer and acquire licenses in respect of products thereof and other related activities
Perstorp Fastighets AB	Sweden / 11 May 1999	SEK100,000	100%	25 May 1999	Purchasing, managing, renting, subletting and selling of owned real estate

## INFORMATION ON PERSTORP (Cont'd)

<b>Name of company</b>	<b>Country/ Date of incorporation</b>	<b>Issued and paid-up capital</b>	<b>Effective equity interest</b>	<b>Date commenced operations</b>	<b>Principal activities</b>
Perstorp Holding (U.S.) Inc.	USA / 17 July 2008	USD1	100%	17 July 2008	Holding activities
Perstorp Quimica do Brasil Ltda	Brazil / 3 October 2003	BRL 3,251,459	100%	27 August 2003	Marketing, importing and exporting composts for animal nutrition and chemical products
Perstorp S.p.A.	Italy / 21 July 1981	EUR 2,040,000	100%	21 July 1981	Production of chemical products
Perstorp Chemicals Asia Pte Ltd	Singapore / 15 September 1999	SGD100,000	100%	15 September 1999	Wholesale trade of a variety of goods without a dominant product
Perstorp Japan Co. Ltd.	Japan / 1 April 1988	JPY 10,000,000	100%	1 April 1988	Trading and import/export of chemical products
Shandong Fufeng Perstorp Chemical Co., Ltd. (山东富丰柏斯托化工有限公司)	China / 29 November 2005	RMB 172,084,016	68.3%	29 November 2005	Production of chemical products
Perstorp Sales France	France / 5 July 2002	EUR50,000	100%	24 June 2002	Trading and import/export of chemical products
Perstorp Iberica S.L., sociedad unipersonal	Spain / 16 June 2011	EUR120,000	100%	16 June 2011	Production and sale of products for the feed and agricultural industries and any other chemical product for other market sectors
Perstorp Industries India Private Limited	India / 21 April 2017	INR 3,079,782,840	100%	21 April 2017	Manufacturer of and dealing in chemicals and chemical compounds (organic and inorganic) in all forms

## INFORMATION ON PERSTORP (Cont'd)

<u>Name of company</u>	<u>Country/ Date of incorporation</u>	<u>Issued and paid-up capital</u>	<u>Effective equity interest</u>	<u>Date commenced operations</u>	<u>Principal activities</u>
Perstorp India Private Limited	India / 13 February 2020	INR10,000	100%	21 July 2020	Manufacturer of and dealing in chemicals and chemical compounds (organic and inorganic) in all forms
Perstorp Equipment S.r.l.	Italy / 3 September 2018	EUR10,000	100%	17 May 2019	Wholesale of chemical products
Perstorp Specialty Fluids AB	Sweden / 22 May 2018	SEK50,000	100%	31 May 2018	Engaging in business activities with chemical products, de-icing agents and its components and oil drilling fluids
Perstorp Formulas AB	Sweden / 30 October 2018	SEK50,000	100%	6 November 2018	Managing assets and conduct non-licensed financing activities and related activities
Perstorp Services UK Ltd	United Kingdom / 19 October 2018	GBP1	100%	19 October 2018	Agents involved in the sale of fuels, ores, metals and industrial chemicals
<b><u>Subsidiaries of Perstorp Specialty Chemicals AB</u></b>					
Perstorp Oxo AB	Sweden / 20 February 1942	SEK 36,000,000	100%	13 March 1942	Manufacture and sell chemical products and operate other compatible operations
Perstorp (Shanghai) Chemical Trading Co., Ltd. (柏斯托 (上海) 化工产品贸易有限公司)	China / 12 November 2008	RMB 5,000,000	100%	12 November 2008	Wholesale of chemical equipment and chemical products and feed additives

## INFORMATION ON PERSTORP (Cont'd)

<b>Name of company</b>	<b>Country/ Date of incorporation</b>	<b>Issued and paid-up capital</b>	<b>Effective equity interest</b>	<b>Date commenced operations</b>	<b>Principal activities</b>
<b><u>Subsidiary of Perstorp Holding (U.S.) Inc.</u></b>					
Perstorp Polyols, Inc.	USA / 25 February 1983	Nil	100%	25 February 1983	Operating company where it primarily develops and manufactures sodium formate, trimethylolpropane, pentaerythritol and di- pentaerythritol
<b><u>Subsidiary of Perstorp Holding GmbH</u></b>					
Perstorp Chemicals GmbH	Germany / 30 May 1983	DEM 13,500,000	100%	30 May 1983	Manufacture and distribution of chemical products, in particular organic intermediates, and the distribution of other Perstorp products
<b><u>Subsidiary of Perstorp Chemicals GmbH</u></b>					
Perstorp Service GmbH	Germany / 1 November 2002	EUR25,000	100%	1 November 2002	Distribution of chemical products, provision of other services in the field of chemical industry and representation of third companies
<b><u>Subsidiaries of Perstorp Holding B.V.</u></b>					
Perstorp Specialty Chemicals Holding B.V.	Netherlands / 29 April 1999	EUR 15,258,000	100%	6 May 1999	Holding activities
Perstorp Specialty Chemicals B.V.	Netherlands / 22 December 1998	EUR19,000	100%	29 December 1998	Hold and lease registered property, the production, trade and sale of formaldehyde and other chemical products
Perstorp Waspik B.V.	Netherlands / 22 February 1978	EUR19,000	100%	24 October 1977	Manufacture and wholesale veterinary products and feed additives, and manufacture, produce and wholesale trade in acid feed additives segments

## INFORMATION ON PERSTORP (Cont'd)

<u>Name of company</u>	<u>Country/ Date of incorporation</u>	<u>Issued and paid-up capital</u>	<u>Effective equity interest</u>	<u>Date commenced operations</u>	<u>Principal activities</u>
<b>Subsidiaries of Perstorp Specialty Chemicals Holding B.V.</b>					
Perstorp Chemicals India Private Ltd.	India / 3 April 1997	INR 164,775,970	100%	3 April 1997	Manufacture of and deal in chemicals and chemical compounds (organic and inorganic) in all forms
Perstorp Chemicals Korea Co. Ltd.	South Korea / 5 May 2003	KRW8,000	100%	5 May 2003	Chemical wholesale and retail

**Note:**Currencies

BRL	:	Brazilian Real
DEM	:	Deutschmark
GBP	:	Pound Sterling
INR	:	Indian Rupee
JPY	:	Japanese Yen
KRW	:	Korean Won
RMB	:	Chinese Yuan
SGD	:	Singapore Dollar

2.2 The particulars of the joint ventures of Perstorp as at the LPD are as follows:

<u>Name of company</u>	<u>Country/ Date of incorporation</u>	<u>Issued and paid-up capital</u>	<u>Effective equity interest</u>	<u>Principal activities</u>
PetroPort Holding AB	Sweden / 13 November 2010	SEK50,000	50%	Port operations for industrial purposes, goods handling and other compatible activities
Industrins Räddningstjänst i Stenungsund AB	Sweden / 3 July 2018	SEK200,000	25%	Industrial rescue services, fire inspection work, fire training and compatible tasks on assignment
PetroPort AB	Sweden / 3 December 2008	SEK100,000	50%	Port operations for industrial purposes, goods handling and other compatible activities

**INFORMATION ON PERSTORP (Cont'd)**
**3. SUMMARY FINANCIAL INFORMATION OF THE PERSTORP GROUP**

The summary financial information of the Perstorp Group based on its audited consolidated financial statements for the past three (3) FYEs 31 December 2019, 31 December 2020 and 31 December 2021 as well as its unaudited consolidated financial statements for the three (3)-month financial period ended ("FPE") 31 March 2021 and 31 March 2022 is as follows:

	Audited						Unaudited			
	FYE 31 December						3-month FPE 31 March			
	2019 <sup>(1)</sup>		2020		2021		2021		2022	
	SEK million	RM million <sup>(4)</sup>	SEK million	RM million <sup>(4)</sup>	SEK million	RM million <sup>(4)</sup>	SEK million	RM million <sup>(4)</sup>	SEK million	RM million <sup>(4)</sup>
Revenue	11,641	5,101	9,194	4,207	13,537	6,540	2,865	1,388	4,408	1,978
(Loss)/Profit before tax	(1,046)	(458)	143	65	1,264	611	69	33	460	206
(Loss)/Profit after tax	(1,268)	(556)	64	29	979	473	43	21	354	159
NA attributable to owners of Perstorp	1,029	449	1,256	614	2,092	963	1,217	578	2,471	1,105
Non-controlling interest	129	56	125	61	198	91	143	68	209	93
Total equity	1,158	505	1,381	675	2,290	1,054	1,360	646	2,680	1,198
Total borrowings (including accrued interest expense)	8,676	3,789	8,049	3,934	8,521	3,923	<sup>(2)</sup> 7,959	3,780	<sup>(2)</sup> 7,641	3,418
Gearing ratio (times) <sup>(3)</sup>	0.88	0.88	0.85	0.85	0.79	0.79	0.85	0.85	0.74	0.74

## INFORMATION ON PERSTORP (Cont'd)

### Notes:

- (1) Excludes the discontinued operation of Caprolactone business that was divested during the year.
- (2) Perstorp's interim report for the 3-month FPE 31 March discloses assets and liabilities figures on an aggregate basis. The information follows the presentation of Perstorp's interim report relating to interest-bearing liabilities less financial interest-bearing receivables.
- (3) Computed based on total interest-bearing borrowings divided by the sum of total interest-bearing borrowings and total equity.
- (4) Converted based on the following exchange rates quoted by Bloomberg:

FYE/FPE	Income and expenses using the average middle rate for the FYE/FPE	Assets, equities and liabilities using the closing rate for the FYE/FPE
	SEK/RM	SEK/RM
31 December 2019	1.0000 : 0.4382	1.0000 : 0.4367
31 December 2020	1.0000 : 0.4576	1.0000 : 0.4887
31 December 2021	1.0000 : 0.4831	1.0000 : 0.4604
31 March 2021	1.0000 : 0.4843	1.0000 : 0.4749
31 March 2022	1.0000 : 0.4488	1.0000 : 0.4473

### Commentaries on financial performance

#### 3-month FPE 31 March 2022 vs. 3-month FPE 31 March 2021

The Perstorp Group's revenue of SEK4.4 billion in the 3-month FPE 31 March 2022 was SEK1.5 billion or 54% higher than the revenue of SEK2.9 billion in the 3-month FPE 31 March 2021. This was mainly driven by an increase of sales price to compensate for higher variable costs and the continued favourable market dynamics for the Perstorp Group's products.

The Perstorp Group's profit before tax ("PBT") increased by SEK391 million or 567% from SEK69 million in the 3-month FPE 31 March 2021 to SEK460 million in the 3-month FPE 31 March 2022. This was mainly due to higher margins of all businesses in advanced chemicals and solutions.

#### FYE 31 December 2021 vs FYE 31 December 2020

The Perstorp Group's revenue of SEK13.5 billion in the FYE 31 December 2021 was SEK4.3 billion or 47% higher than the revenue of SEK9.2 billion in the FYE 31 December 2020. This was mainly driven by increase of sales price due to favourable market dynamics for both intermediates and specialties product segments, combined with the Perstorp Group's active customer outreach and strategic pricing.

The Perstorp Group's PBT increased by SEK1.1 billion or 784% from SEK143 million in the FYE 31 December 2020 to SEK1.3 billion in the FYE 31 December 2021. This was mainly due to higher gross profit as the Perstorp Group was able to improve margins with higher sales prices despite the increase in variable costs.

**INFORMATION ON PERSTORP (Cont'd)**

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**FYE 31 December 2020 vs FYE 31 December 2019**

The Perstorp Group's revenue of SEK9.2 billion in the FYE 31 December 2020 was SEK2.4 billion or 21% lower than SEK11.6 billion in the FYE 31 December 2019 mainly due to lower selling prices but also to some extent price competition in certain product lines and production disturbances in the Stenungsund site.

The Perstorp Group's PBT of SEK143 million in the FYE 31 December 2020 was SEK1.2 billion or 114% higher than loss before tax of SEK1.0 billion in the FYE 31 December 2019. This was mainly due to lower finance costs after a refinancing exercise (completed in the first quarter 2019), offset by lower gross profit attributable to lower sales volumes and unit margins.