



# INTERIM REPORT

JANUARY-MARCH 2023  
PERMASCAND TOP HOLDING AB



## Operational advances in a cautious market

Comparative figures in parentheses relating to earnings and cash flow items pertain to the year-earlier period. Comparative figures for balance sheet items pertain to closing balances at the end of the preceding year.

### First quarter 2023 (Q1 2022)

- Order intake decreased 84 per cent year-on-year to SEK 31 million (191)
- Sales decreased 20 per cent to SEK 111 million (139)
- Operating profit totalled SEK 8 million (31), corresponding to 8 per cent (22) of revenue
- Adjusted operating profit totalled SEK 8 million (31)
- Profit after tax totalled SEK 6 million (24)
- Earnings per share amounted to SEK 0.10 (0.40)
- Cash flow from operating activities totalled SEK -37 million (22)

### Events during the first quarter of 2023

- On 14 March, Permascand announced that the company had appointed Nariman Askarieh as interim Global Chief Commercial Officer (CCO).

### KEY PERFORMANCE INDICATORS

SEK m	JAN-MAR 2023	JAN-MAR 2022	Δ%	JAN-DEC 2022
Order intake *)	31	191	-84%	445
Order backlog	276	509	-46%	350
Sales	111	139	-20%	569
Operating profit	8	31	-73%	105
Adjusted operating profit	8	31	-73%	95
Profit/loss after tax	6	24	-74%	81
Earnings per share before dilution (SEK)	0.10	0.40	-74%	1.37
Earnings per share after dilution (SEK)	0.10	0.40	-74%	1.37
Cash flow from operating activities	-37	22	-268%	113
Equity/assets ratio (%)	74%	59%	24%	68%
Net debt/EBITDA	-0.10	-0.11	-7%	-0.49

\* Total order intake for the full-year 2022 was SEK 509 million (377). The impairment of previous orders had an impact of SEK -63 million, yielding a net value of SEK 446 million

## Operational advances in a cautious market



*"We have ongoing constructive customer dialogues and expect that the investment decisions that customers have postponed will lead to order intake in the future."*

This quarter, we focused on strengthening our operational capacity for the future. The shift in our revenue mix is increasingly evident driven by continued strong development in Industrial Solutions while Electrification & Renewables continues to grow. The trend is positive, but our growing segments did not manage to reach levels that compensate for Water Treatment, which is performing at a lower level than historically. Even though our activity levels remained high and our customer dialogues intense, the quarter was characterized by a turbulent global situation where customers are cautious in their investment decisions.

We made several operational advances during the quarter, and we are continuing to invest for growth. This includes issues such as continued automation of parts of production for electrodes and electrochemical cells, new coating technology, and continued work on the completion of our technology and innovation center to strengthen our position in the field of hydrogen. These efforts in products and product development, combined with the cutting-edge competence we recruited during the year, will be key to ensuring a leading position and increasing efficiency in our processes and working methods for the future. The investments increased our workforce by 10 per cent, mainly in sales and research and development, and led to costs increasing SEK 9 million compared with the year-earlier period.

We can confirm that several customers have been cautious about placing orders with regard to conditions in the world market and therefore postponed their orders. Order intake for the first quarter totalled SEK 31 million, attributable primarily to Electrification & Renewables, a segment with great potential.

Sales totalled SEK 111 million, down 20 per cent from the year-earlier quarter. Primarily, this is an effect of a changed revenue mix, where Industrial Solutions and Electrification & Renewables are continuing to grow, though not to the degree that they will yet compensate for the weak market performance in Water Treatment.

Gross profit for the quarter totalled SEK 32 million, corresponding to a gross margin of 29 per cent. During the quarter, we had a production mix consisting of smaller production series and Greenfield orders, which were sold with lower profitability than in normal aftermarket business. We are also experiencing continued price pressure within Water Treatment. Our flexible and scalable production ensures positive margins even at lower production volumes.

### Electrification & Renewables

Both the order intake and revenue increased compared to the year-earlier period, albeit from lower levels. The activity level remains high and we are making continual progress within the development and partnership agreements we have entered in the segment. The segment was characterized by intense business development and partnership with new customers – particularly in green hydrogen and lithium extraction. As part of our Technology and Innovation Centre for green hydrogen, we

are adding personnel and equipment, and are entering into several international partnerships with universities, research institutions, customers and partners. Completion of the Centre is planned for 2023.

### Industrial Solutions

Industrial Solutions continued to perform strongly, and during the quarter, we achieved nearly record-high revenue from delivering on the robust order intake from earlier quarters, mainly due to delivering of greenfield orders. We continue to see growing interest from both new and existing customers, driven by the green transition. Still, we are feeling the effects of the short-term world market situation.

### Water Treatment

As previously communicated, we have been experiencing a weaker and more volatile market in Water Treatment driven by customer inventory build-up. During the quarter, we experienced challenges in leveraging economies of scale in our production as a result of smaller production series and production of new products. Combined with the price pressure in the market, it weighed down our gross margin for the quarter. Efforts are progressing to strengthen our offering in industrial water treatment, which is a field where we see potential for growth and aftermarket business.

### Outlook

Even if it is relatively difficult to predict how global conditions will impact our customers' willingness to invest going forward, we can confirm that we have a stronger quarter ahead of us. It is reassuring that we have Industrial Solutions, a stable and profitable business, and Electrification & Renewables which represents a promising area for the future that we are investing in with our own cash flows. We have ongoing constructive customer dialogues and expect that the postponed investment decisions will lead to order intake in the future. Moreover, we are experiencing continued high levels of customer activity. We are noting increasing demand both in Electrification & Renewables and in Industrial Solutions which is expected to lead to orders that will compensate for the slowdown in Water Treatment, where the installation cycle in ballast water treatment has peaked. These orders include the first commercial order within hydrogen business, which is expected to come in before the year is finished.

We are sure that customers' willingness to invest returns, and we see no reason to revise our view of our continued journey of growth. Permascand is well positioned in the global green transition thanks to our technology. With continued investments for the future and operational advances in the quarter, we have favorable conditions for long-term, sustainable, and profitable growth.

Peter Lundström, CEO Permascand

# Permascand in brief

Permascand is an independent technology-driven manufacturer of electrochemical solutions. With its proprietary catalyst-coated electrodes for electrolysis, Permascand provides products that facilitate energy savings and promote the transition to green energy.

With a customer-oriented focus, Permascand has supplied electrodes, electrochemical cells and aftermarket services for a variety of industries for more than 50 years. The Permascand share is listed on Nasdaq First North Premier Growth Market under the symbol PSCAND.

The Group's operations are divided into three business segments: Electrification & Renewables, Industrial Solutions and Water Treatment. Permascand's contribution to everyday life is electrochemical technology that is placed very early on in the value chain for industries that focus on green technology.

## FINANCIAL TARGETS AND DIVIDEND POLICY

Growth	Permascand's goal over the medium term is to achieve average organic growth of at least 25 per cent per year.
Profitability	Permascand's goal over the medium term is to deliver an operating margin of more than 25 per cent.
Capital structure	Permascand's net debt in relation to EBITDA shall not exceed 2.0x. This level may be temporarily exceeded in connection with acquisitions.
Dividend policy	Permascand's Board of Directors intends to use generated cash flow for continued growth and does not expect to propose a dividend in the short term. The Board of Directors will, however, evaluate the possibility of a dividend on an annual basis, taking into account the company's business conditions, growth opportunities and financial position.

## About Permascand

Permascand has its head office in Ljungaverk, Sweden, where the company also conducts research and development operations, tech development and production. In addition, Permascand has offices in Stockholm and Gothenburg, Sweden, and Vancouver, Canada.

For further information, please visit: [permascand.com](https://permascand.com)

The Certified Adviser is FNCA Sweden AB, [info@fnca.se](mailto:info@fnca.se), +46 (0) 8528 00 399.

Vision

The leading independent global supplier of key components for electrochemical applications to support the green transition.

Mission

To deliver innovative, competitive products and services by offering superior support and manufacturing capabilities to our partners.



## Sustainability

Sustainability is at the heart of Permascand's operations and permeates everything the company does. Permascand's products promote the green transition. The company uses its expertise to provide electrochemical solutions that meet the needs of current generations without compromising the ability of future generations to meet their needs. Hence, the global focus on sustainability and reducing environmental impact is a factor that is expected to contribute, to an even greater extent, to demand for Permascand's products.

Permascand has undertaken to account for economic, environmental and societal needs in its production cycle, in manufacturing, and in purchasing materials and services.

The company's business concept is centred on the following UN Sustainable Development Goals:

(9), (12), (13) and (14). Several of Permascand's products are key drivers in the global transition to a more sustainable future through:

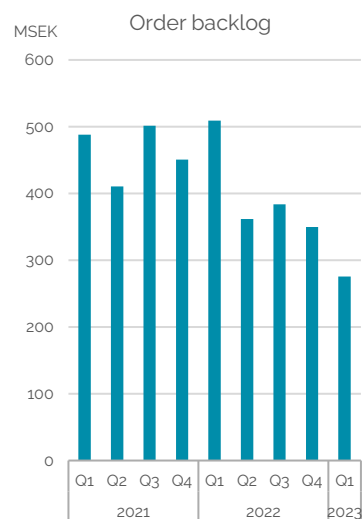
- Reducing energy consumption in several industrial processes.
- Providing technology for the efficient extraction of lithium, copper and nickel, all vital substances for the global transition to renewable energy.
- Creating conditions for the electricity infrastructure needed for the transition away from the fossil-fuel economy.
- Applying materials knowledge in niche areas for electricity transmission technology.
- Providing technology for reducing energy consumption and the manufacturing costs for hydrogen gas.
- Preserving marine ecosystems in the form of ballast water purification systems. Electrolysis is employed to produce an active substance that is used to disinfect the water and to thereby protect biodiversity.



### Permascand's contribution to UN Sustainable Development Goals



## Financial performance during the first quarter of 2023



### Order intake

Order intake in the first quarter totalled SEK 31 million (191), of which SEK 22 million (17) comprised orders in Electrification & Renewables. In the comparison period, Permascand received two orders in the Industrial Solutions segment pertaining to deliveries to a greenfield project with an order value of SEK 100 million. In total, order intake in the segment decreased to SEK 8 million (138). In the Water Treatment segment as well, order intake in the quarter was lower year-on-year, totalling SEK 1 million (36). At the end of the period, the value of the order backlog was SEK 276 million (446).

### Sales

Sales totalled SEK 111 million (139), a decrease of 20 per cent compared with the year-earlier period. In Electrification & Renewables, sales increased to SEK 12 million (5) but remain at relatively low levels. In Industrial Solutions, sales increased and totalled SEK 68 million (35) and was thereby the company's largest segment in the quarter.

In Water Treatment, sales decreased 69 per cent, totalling SEK 31 million (99). The large amount of sales in the comparison period was a post-pandemic effect in ballast water purification since major deliveries that had been postponed were now being delivered.

### Gross profit

Gross profit totalled SEK 32 million (52), corresponding to a gross margin of 29 per cent (37). The lower gross margin as against the comparison period was primarily the result of lower sales levels, prices and product mix. In the comparison period, production could be carried out in a cost-efficient manner as a result of large volumes of ballast water cells and the company's automated production processes yielding economies of scale. During this quarter the mix of different products has been greater with smaller series in terms of volume, which affected the margin negatively. The price impact on the gross margin results from price pressure in the water segment, but in the quarter also as a result of deliveries of orders for new installations in the Industrial segment.

### Operating profit/loss

Operating profit for the period totalled SEK 8 million (31), corresponding to an operating margin of 8 per cent (22). The lower level of operating profit is a direct result of lower gross profit and an increased cost base resulting from cost increases related to providing for future customer projects and technological development. In line with the company's strategy, costs for quality, sales, and

research and development have increased by approximately SEK 9 million since the comparison period.

The restatement of currencies in the quarter had a negative impact of SEK 1 million (0) on operating profit, which is recognised in other operating income and operating costs. Other operating income does not include other income such as contributions received and divestment of scrap or non-current assets.

### Profit/loss for the period and earnings per share

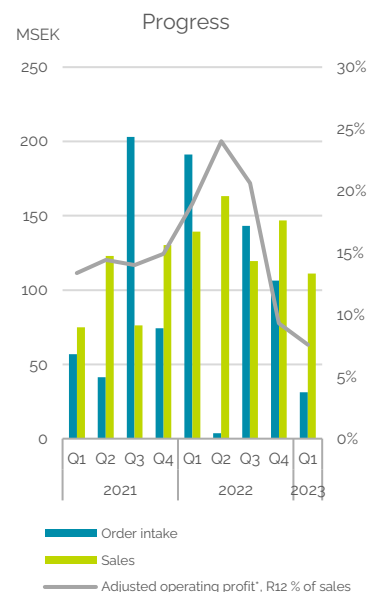
Profit before tax totalled SEK 8 million (30). The net of financial income and expenses amounted to SEK -1 million (-1) and consisted of interest expense. Tax totalled SEK -2 million (-6). The profit for the period decreased to SEK 6 million (24) and earnings per share were SEK 0.10 (0.40).

### Cash flow

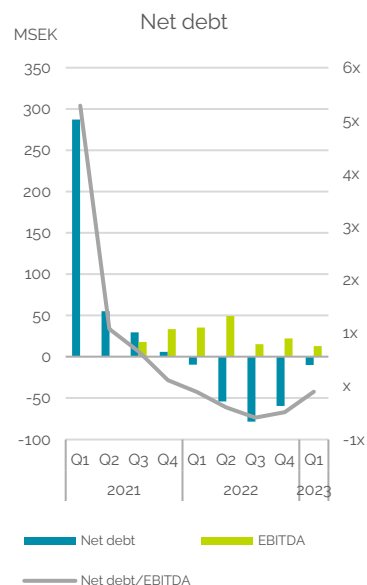
Cash flow from operating activities amounted to SEK -37 million (22), of which cash flow from changes in working capital accounts for SEK -45 million (-4). The main impact on the change in working capital comes from reduced liabilities in the form of advances from customers, as well as an increased inventory where materials for deliveries in the coming quarter have increased the inventory value to SEK 141 million from SEK 124 million at the beginning of the year. Investments in non-current assets for the period amounted to SEK -12 million (-6), the majority of which concerns coating plants and technology lab. An increased use of overdraft facilities meant that cash flow from financing activities amounted to SEK 6 million (-3). In total, the cash flow for the quarter amounts to SEK -43 million (13).

### Uncertainty linked to Russia's invasion of Ukraine

Russia's invasion of Ukraine has resulted in market uncertainty and global supply chain disruption. Permascand does not have any direct business exposure to Russia or Ukraine, but is impacted through limitations on global access to raw materials. Management is monitoring the course of events closely in order to act quickly if conditions change.



## Financial position 31 March



Total assets at the end of March amounted to SEK 502 million (533 at the beginning of the year). The assets largely comprised non-current assets in the form of robot cells for automation, coating facilities, and inventory and current receivables (primarily trade receivables). Cash and cash equivalents totalled SEK 28 million (71).

Equity continued to strengthen as the result of positive earnings, totalling SEK 370 million (364). The company's equity/assets ratio remained strong at 74 per cent (68). A more detailed explanation of the change in equity is available in the Condensed consolidated statement of changes in equity on page 14.

Apart from interest-bearing liabilities, the company has operating liabilities, the majority of which comprise trade payables and advance payments from customers.

### Working capital

Operating assets are primarily inventories and trade receivables, and the majority of operating liabilities are trade payables and prepayments from customers. Net working capital amounted to SEK 125 million, or 23 per cent in relation to sales during the last 12 months. Working capital has increased since the beginning of the year as a result of higher amounts of stock and decreased amounts of advance payments from customers.

### Net debt

In recent years, the company has had strong cash flow and very low levels of borrowings. One consequence of the above is that the Group's net debt is below zero. Since June 2021, when the company conducted a share issue and repaid major bank loans, indebtedness has been low. The remaining interest-bearing liabilities consist primarily of bank borrowings.

On the balance sheet date, loans outstanding totalled SEK 17 million (11 at the beginning of the year) and cash and cash equivalents in banks totalled SEK 28 million (71 at the beginning of the year). The carrying amount of borrowing corresponds to the fair value of the Group's borrowing as the loans have a variable interest rate and the credit spread is not such that the carrying amount deviates materially from the fair value. The credit facilities have the customary covenants.

### Derivatives

Permascand has currency derivatives in the form of swap contracts in EUR and USD. The total market value of the contracts on the balance sheet date was SEK -0.7 million (-1.2 at the beginning of the year).

## Segment reporting – Electrification & Renewables

Permascand has three operating segments: Electrification & Renewables, Industrial Solutions and Water Treatment, which also correspond to the Group's business areas. The respective segments are described below. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker..

Permascand's Electrification & Renewables segment offers products in rapidly growing markets for green technology. This pertains to products in which electrochemical cells are used in processes for the extraction of metals – primarily copper, nickel and cobalt – and for substances such as lithium and hydrogen gas, which create conditions for renewable energy, energy storage and fossil-free fuels.

### Sales and earnings

Order intake for the first quarter totalled SEK 22 million (17), on a par with the comparison period. At the end of the quarter, the value of the order backlog was SEK 85 million, compared to SEK 75 million at the beginning of the year. Activity in the segment is high, with several qualifications and development projects in progress.

One example is the partnership with RES, an independent developer of renewable energy and energy storage, which was developed further during the quarter. We have a declaration of intent with RES linked to a project – one of Sweden's largest industrial initiatives – that aims to jointly develop a commercial

research hub at a new production facility for green hydrogen for which RES is pursuing development and establishment in Ånge Municipality. Another is Verdagy, where we are developing new hydrogen technology.

Thanks to successful demonstration tests in hydrogen, several customers intend to significantly scale up operations and place orders already in an initial stage. This means that we expect the first commercial order in 2023.

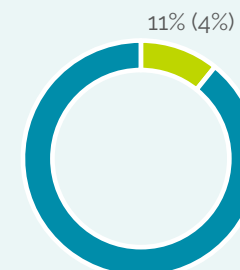
Revenue for the quarter totalled SEK 12 million (5). Of total sales, Electrification & Renewables comprised 11 per cent (4%).

The gross margin in the segment totalled 19 per cent (38%). The margin was impacted by production still taking place in small series, which requires relatively large adjustments to production. The gross margin in the segment is also expected to increase in pace with larger orders being received, which will make production in larger series possible.

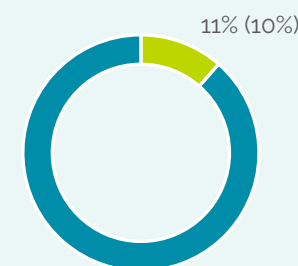
Order intake and sales in the segment were dominated by business related to development projects that will lead to future large commercial orders.

SEK m	JAN-MAR 2023	JAN-MAR 2022	JAN-DEC 2022
Order backlog	85	112	75
Order intake	22	17	26
Sales	12	5	54
Gross profit	2	2	10
Gross margin	19%	38%	18%

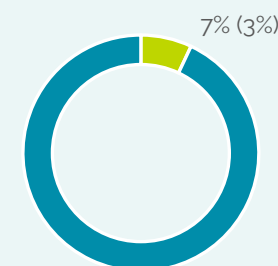
### Share of Group Sales Q1 2023 (Q1 2022)



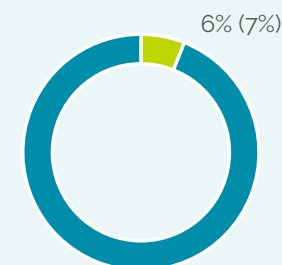
### Share of Group Sales LTM



### Share of Gross Margin Q1



### Share of Gross Margin LTM





## Segment reporting – Industrial Solutions

Permascand has three operating segments: Electrification & Renewables, Industrial Solutions and Water Treatment, which also correspond to the Group's business areas. The respective segments are described below. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

Permascand's Industrial Solutions segment specialises in production for customers primarily in the chemicals industry. The products within the segment allow customers to reduce their energy consumption and their investment costs – for better sustainability results. The segment includes electrode fabrication, manufacturing of electrodes and complete chlorate and chloralkali process systems for new and existing plants as well as for recoating of installed products.

### Sales and earnings

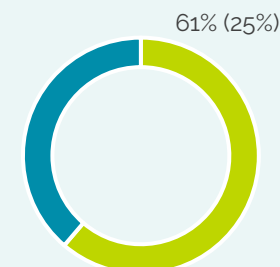
The order intake in Industrial Solutions for the first quarter totalled SEK 8 million (138). The comparison period was remarkably strong as a result of Permascand receiving two customer orders pertaining to deliveries totalling SEK 100 million to a greenfield project. The order intake for this quarter was nevertheless low with regards to the high level of activity and the number of customer inquiries. The level of customer activity was due first and foremost to increased installations, primarily within chlorate, and expanded capacity – which also strengthens our aftermarket business over the long term. At the end of the quarter, the value of the order backlog was SEK 122 million (178).

Revenue increased, totalling SEK 68 million (35), which thus made the segment the company's largest during the quarter in terms of sales with 61 per cent of total sales. The high levels of revenue are a result of deliveries, mostly related to the Greenfield projects.

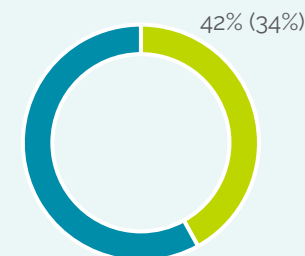
The gross margin totalled 36 per cent, which is somewhat lower than 40 per cent in the comparison period. The reason is that the somewhat lower margins were driven by slightly lower prices for major new installation projects to increase market capacity.

SEK m	JAN-MAR 2023	JAN-MAR 2022	JAN-DEC 2022
Order backlog	122	204	178
Order intake	8	138	258
Sales	68	35	195
Gross profit	25	14	80
Gross margin	36%	40%	41%

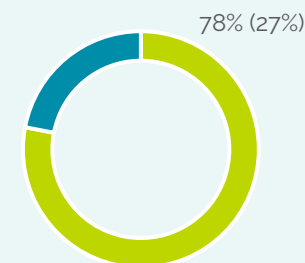
### Share of Group Sales Q1 2023 (Q1 2022)



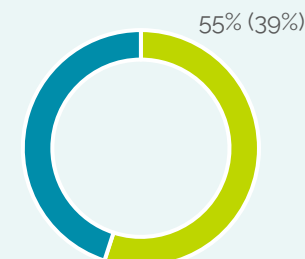
### Share of Group Sales LTM



### Share of Gross Margin Q1



### Share of Gross Margin LTM



## Segment reporting – Water Treatment

*Permascand has three operating segments: Electrification & Renewables, Industrial Solutions and Water Treatment, which also correspond to the Group's business areas. The respective segments are described below. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.*

Permascand's Water Treatment segment offers products for electrochemical disinfection of water, primarily for the marine sector, and purification of ballast water for ships as well as standard systems with other areas of application. Demand is driven primarily by tightened international requirements for purification of ballast water from the International Maritime Organization (IMO) and the US Coast Guard (USCG). The technology behind the company's ballast water purification product has been approved by the IMO and USCG, and is built on Permascand's electrochemical cells, which purify ballast water of marine organisms upon contact and thereby prevent invasive species from spreading into alien environments.

A small but growing part of the segment is water purification both in industry and in public water supply, where stricter regulatory requirements and expectations regarding sustainability mean that companies around the world are increasingly demanding efficient methods for treating water in these areas as well.

### Sales and earnings

Water Treatment reported a low order intake of SEK 1 million (36)

SEK m	JAN-MAR 2023	JAN-MAR 2022	JAN-DEC 2022
Order backlog	68	193	97
Order intake	1	36	160
Sales	31	99	320
Gross profit	5	36	95
Gross margin	15%	36%	30%

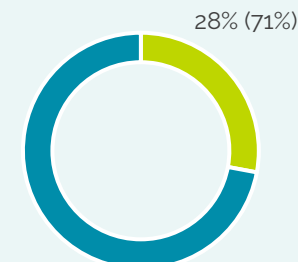
in the quarter. Order backlog totalled SEK 68 million compared with SEK 97 million at the beginning of the year. Contributing factors to the smaller order backlog include a temporarily flagging market as well as shorter lead times and faster deliveries than previously.

Revenue fell to SEK 31 million (99). In the comparison period, the company noted a large increase in deliveries and revenue as a result of the market regaining momentum after the pandemic.

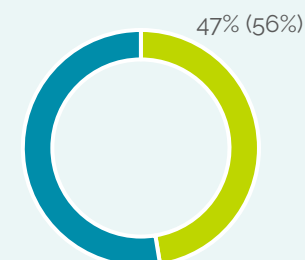
The gross margin totalled 15 per cent, which is a decrease from 36 per cent in the year-earlier period. The lower margin is both an effect of price pressure in the market for ballast water purification as well as an effect of lower production series, decreased economies of scale, and the introduction of new products. Permascand is strategically engaged in retaining market share and has the possibility of subsequent aftermarket business in ballast water purification and has therefore deliberately followed market pricing. It is estimated that the aftermarket business will achieve meaningful volumes after 2026, when the systems installed in 2018 and earlier are expected to require recoating.

Of total sales in the quarter, Water Treatment comprised 28 per cent (71).

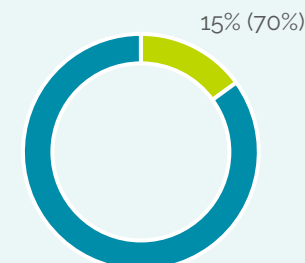
### Share of Group Sales Q1 2023 (Q1 2022)



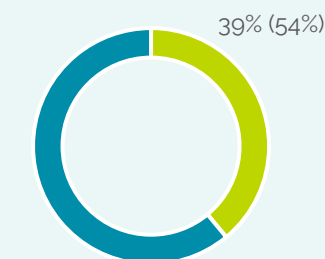
### Share of Group Sales LTM



### Share of Gross Margin Q1



### Share of Gross Margin LTM



## Other

### FINANCIAL CALENDAR

- **Q2 2023**  
16 August 2023
- **Q3 2023**  
9 November 2023
- **Q4 2023**  
24 February 2024

*This information is such that Permascand Top Holding AB (publ) is obligated to disclose in accordance with the EU Market Abuse Regulation. The information was submitted for disclosure on 10 May 2023 at 7:45 a.m. CEST.*

### Employees

On the balance sheet date, the Group had 126 employees, of whom 44 per cent were under collective bargaining agreements and 56 per cent were salaried employees.

### Significant events after the end of the reporting period

No significant events took place after the end of the reporting period.

### Material risks and uncertainties

Permascand is a company that is active in a global market. With operations in different parts of the world, Permascand is exposed to various risks and uncertainties such as raw material price risk, market risks, operational and legal risks, and financial risks pertaining to factors such as exchange rate fluctuations, interest rates, liquidity and financing opportunities.

For further information on risks and risk management, refer to the Group's Annual Report, which is available on Permascand's website: [www.permascand.com](http://www.permascand.com).

### The share

Permascand Top Holding's ordinary share has been listed on Nasdaq First North Premier Growth Market since 4 June 2021. The ticker symbol is PSCAND. The ISIN is SE0015962048.

As of 31 March, the share capital totalled SEK 2.2 million with a quota value of SEK 0.037. The total number of shares registered is 59,313,529. The share price on 31 March 2023 was SEK 17.10 per share, corresponding to a total market value of SEK 1,024 million. Permascand's shareholder register with its ten largest shareholders is presented on the company's website.

### Review

This interim report has not been reviewed by the company's auditors.

### Permascand Top Holding AB

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Website: [www.permascand.com](http://www.permascand.com)

### Additional information

Linda Ekman, CFO  
[linda.ekman@permascand.com](mailto:linda.ekman@permascand.com)

## Presentation of interim report

A teleconference and webcast will be held on 10 May 2023 at 10:30 a.m. CEST.

Register via this link to participate via the teleconference: <https://conference.financialhearings.com/teleconference/?id=200746>

After registration, you will receive a telephone number and login ID for the teleconference. There will be opportunities to ask questions verbally via the teleconference.

Use this link to follow the webcast: <https://ir.financialhearings.com/permascand-top-holding-q1-2023>

## Consolidated statement of comprehensive income

SEK m	Note	JAN-MAR 2023	JAN-MAR 2022	JAN-DEC 2022
Sales	2	111	139	569
Cost of goods sold		-79	-88	-384
<b>Gross profit</b>		<b>32</b>	<b>52</b>	<b>185</b>
Sales expenses		-5	-3	-18
Administrative expenses	3	-12	-11	-50
Research and development expenses		-8	-6	-28
Other operating income/expenses		1	0	17
<b>Operating income</b>		<b>8</b>	<b>31</b>	<b>105</b>
Net financial items		-1	-1	-4
<b>Profit/loss before tax</b>		<b>8</b>	<b>30</b>	<b>100</b>
Income tax		-2	-6	-19
<b>Net profit /loss for the period</b>		<b>6</b>	<b>24</b>	<b>81</b>
<b>Other comprehensive income</b>				
<i>Items that are or may be reclassified subsequently to profit or loss</i>				
Change in fair value of cash flow hedging		1	0	-1
Tax attributable to changed value of cash flow hedging		0	0	0
Translation differences on foreign subsidiaries		0	0	0
<b>Total other comprehensive income</b>		<b>0</b>	<b>0</b>	<b>-1</b>
<b>Total comprehensive income for the period</b>		<b>6</b>	<b>24</b>	<b>81</b>
<b>Comprehensive income for the period attributable to Parent Company shareholders</b>		<b>6</b>	<b>24</b>	<b>81</b>
<b>Earnings per share, calculated on profit for the period attributable to Parent Company shareholders</b>				
Earnings per share before and after dilution, SEK		0,10	0,40	1,37
Average no. of shares before dilution		59 313 529	59 313 529	55 616 036
Average number of shares after dilution		59 313 529	59 313 529	55 616 036

*Rounding may apply in tables and calculations, which means the total amounts stated will not always reflect the exact sum of the original amounts.*



## Condensed consolidated balance sheet

SEK m	Note	31 MAR 2023	31 MAR 2022	31 DEC 2022
<b>Assets</b>				
<b>Fixed assets</b>				
<i>Intangible fixed assets</i>				
Goodwill		56	56	56
Other intellectual property rights		16	17	16
Property plant and equipment		182	148	175
Right-of-use assets		2	2	2
Financial assets		0	0	0
<b>Total non-current assets</b>		<b>255</b>	<b>223</b>	<b>248</b>
<b>Current assets</b>				
Inventories		141	147	124
Current receivables		78	100	90
Cash and cash equivalents		28	48	71
<b>Total current assets</b>		<b>247</b>	<b>296</b>	<b>285</b>
<b>Total assets</b>		<b>502</b>	<b>519</b>	<b>533</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>		<b>370</b>	<b>307</b>	<b>364</b>
<b>Non-current liabilities</b>				
Liabilities to credit institutions		14	33	7
Deferred tax liabilities		13	11	13
Lease liabilities		0	1	0
<b>Total non-current liabilities</b>		<b>28</b>	<b>45</b>	<b>20</b>
<b>Current liabilities</b>				
Liabilities to credit institutions		2	4	3
Lease liabilities		1	1	1
Other current liabilities		100	161	145
<b>Total current liabilities</b>		<b>104</b>	<b>167</b>	<b>150</b>
<b>TOTAL LIABILITIES</b>		<b>132</b>	<b>211</b>	<b>170</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>502</b>	<b>519</b>	<b>533</b>

## Condensed consolidated statement of changes in equity

SEK m	Note	31 MAR 2023	31 MAR 2022	31 DEC 2022
<b>Opening balance</b>		<b>364</b>	<b>283</b>	<b>283</b>
Net profit /loss for the period		6	24	81
Other comprehensive income		0	0	-1
<b>Total comprehensive income</b>		<b>6</b>	<b>24</b>	<b>81</b>
New share issue		0	0	0
Cost of new share issue		0	0	0
Warrant premiums received		0	0	0
<b>Total transactions with shareholders</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>Equity attributable to Parent Company shareholders</b>		<b>370</b>	<b>307</b>	<b>364</b>
<b>Closing balance</b>		<b>370</b>	<b>307</b>	<b>364</b>

## Condensed consolidated cash flow statement

SEK m	Note	JAN-MAR 2023	JAN-MAR 2022	JAN-DEC 2022
Operating income		8	31	105
Depreciation and amortisation of tangible and intangible assets		5	4	17
Other items not affecting cash flow		0	1	2
Interest paid		-1	-1	-3
Income tax paid		-5	-9	-10
<b>Cash flow from operating activities before changes in working capital</b>		<b>7</b>	<b>26</b>	<b>112</b>
Cash flow from change in working capital		-45	-4	2
<b>Cash flow from operating activities</b>		<b>-37</b>	<b>22</b>	<b>113</b>
Investments in tangible and intangible assets		-12	-6	-45
<b>Cash flow from investing activities</b>		<b>-12</b>	<b>-6</b>	<b>-45</b>
Increase/decrease in current borrowings		6	-2	-7
Repayment of non-current liabilities		0	-1	-24
Lease payments		0	0	-2
<b>Cash flow from financing activities</b>		<b>6</b>	<b>-3</b>	<b>-33</b>
<b>Cash flow for the period</b>		<b>-43</b>	<b>13</b>	<b>35</b>
Cash and cash equivalents at the beginning of period		71	36	36
Exchange-rate differences in cash and cash equivalents		0	0	0
Cash and cash equivalents at the end of period		28	48	71

## Condensed Parent Company income statement

SEK m	Note	JAN-MAR 2023	JAN-MAR 2022	JAN-DEC 2022
Sales		2	1	5
Administrative expenses		-4	-3	-14
<b>Operating profit (EBIT)</b>		<b>-2</b>	<b>-2</b>	<b>-10</b>
Inter-company interest income		0	6	0
Interest expenses		-1	0	-2
<b>Income after financial items</b>		<b>-3</b>	<b>4</b>	<b>-12</b>
Received Group contributions		0	0	34
<b>Profit before tax (EBT)</b>		<b>-3</b>	<b>4</b>	<b>22</b>
Income tax		0	0	-3
<b>Net profit /loss for the period</b>		<b>-3</b>	<b>4</b>	<b>19</b>

*The Parent Company has no items that are recognised as other comprehensive income. Total comprehensive income is therefore the same as net profit for the year.*



## Condensed Parent Company balance sheet

SEK m	Note	31 MAR 2023	31 MAR 2022	31 DEC 2022
<b>Assets</b>				
<b>Non-current assets</b>				
Shares in subsidiaries		690	0	690
Non-current receivables from Group companies		22	732	22
<b>Total non-current assets</b>		<b>711</b>	<b>732</b>	<b>711</b>
<b>Current assets</b>				
Current receivables from Group companies		67	77	67
Current receivables		2	0	2
Cash and cash equivalents		0	10	4
<b>Total current assets</b>		<b>70</b>	<b>88</b>	<b>72</b>
<b>Total assets</b>		<b>781</b>	<b>819</b>	<b>784</b>
<b>EQUITY AND LIABILITIES</b>				
Restricted equity		2	2	2
Non-restricted equity		769	811	772
<b>Total equity</b>		<b>771</b>	<b>813</b>	<b>774</b>
<b>Current liabilities</b>		<b>10</b>	<b>6</b>	<b>10</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>781</b>	<b>819</b>	<b>784</b>

*The Parent Company has no items that are recognised as other comprehensive income. Total comprehensive income is therefore the same as net profit for the year.*

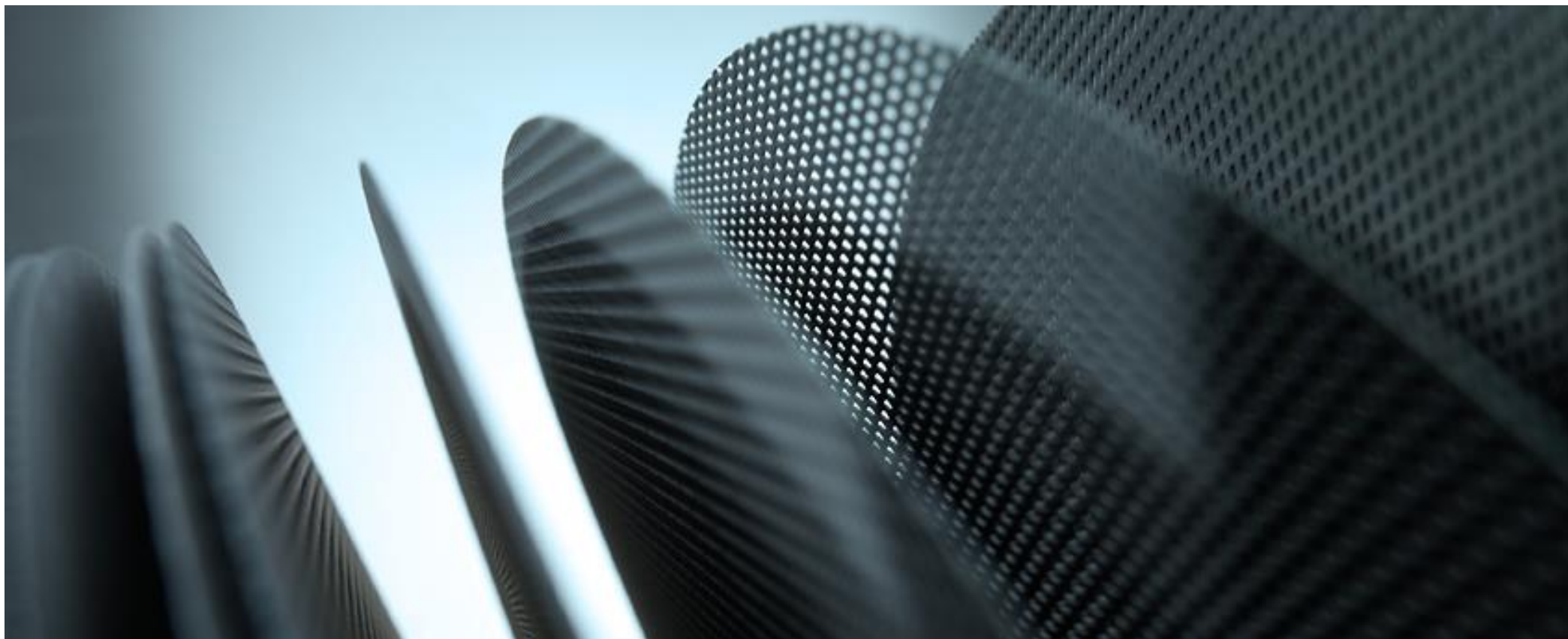
## Notes to the financial statements

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### **Not 1. Accounting policies**

This consolidated interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Annual Accounts Act. Permascand applies International Financial Reporting Standards (IFRS) as adopted by the European Union. The Parent Company financial statements have been prepared in accordance with the Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR2 Accounting for Legal Entities. The accounting

policies applied are consistent with the reporting and measurement principles presented in the 2022 Annual Report. The assessments and assumptions that form the basis of the management's application of accounting policies and the degree of uncertainty remain unchanged compared with the data presented in the 2022 Annual Report. The 2022 Annual Report is available on the company's website.



## Notes to the financial statements

**Not 2. Segments and revenue** The following table explains the distribution of revenue, expenses and gross profit between segment reporting and the Group's total accounting for the period:

JAN-MAR 2023	Industrial Solutions	Electrification & Renewables	Water Treatment	Unallocated Group cost	Total Permascand
<b>Sales</b>	<b>68</b>	<b>12</b>	<b>31</b>		<b>111</b>
Cost of goods sold	-43	-10	-26		-79
Gross profit	25	2	5		32
Gross margin	36%	19%	15%		29%
<b>Operating profit (EBIT)</b>				<b>-24</b>	<b>8</b>
Net financial items				-1	-1
<b>Profit before tax (EBT)</b>					<b>8</b>

JAN-MAR 2022	Industrial Solutions	Electrification & Renewables	Water Treatment	Unallocated Group cost	Total Permascand
<b>Sales</b>	<b>35</b>	<b>5</b>	<b>99</b>		<b>139</b>
Cost of goods sold	-21	-3	-63		-88
Gross profit	14	2	36		52
Gross margin	40%	38%	36%		37%
<b>Operating profit (EBIT)</b>				<b>-20</b>	<b>31</b>
Net financial items				-1	-1
<b>Profit before tax (EBT)</b>					<b>30</b>

JAN-DEC 2022	Industrial Solutions	Electrification & Renewables	Water Treatment	Unallocated Group cost	Total Permascand
<b>Sales</b>	<b>195</b>	<b>54</b>	<b>320</b>		<b>569</b>
Cost of goods sold	-115	-44	-225		-384
Gross profit	80	10	95		185
Gross margin	41%	18%	30%		32%
<b>Operating profit (EBIT)</b>				<b>-80</b>	<b>105</b>
Net financial items				-4	-4
<b>Profit before tax (EBT)</b>					<b>100</b>

The points in time for revenue recognition are allocated according to the following table:

JAN-MAR 2023	Industrial Solutions	Electrification & Renewables	Water Treatment	Total
Over time	68	4	29	101
At a point in time	0	8	2	10
<b>Total</b>	<b>68</b>	<b>12</b>	<b>31</b>	<b>111</b>

JAN-MAR 2022	Industrial Solutions	Electrification & Renewables	Water Treatment	Total
Over time	35	5	99	139
At a point in time	0	0	0	0
<b>Total</b>	<b>35</b>	<b>5</b>	<b>99</b>	<b>139</b>

JAN-DEC 2022	Industrial Solutions	Electrification & Renewables	Water Treatment	Total
Over time	192	36	319	547
At a point in time	3	18	1	22
<b>Total</b>	<b>195</b>	<b>54</b>	<b>320</b>	<b>569</b>

# Notes to the financial statements

## Not 3. Administrative expenses

During the quarter, the company has no items affecting comparability. In the comparison figures, costs related to insurance claims have been handled as items affecting comparability.

## Not 4. Financial instruments

The Group's financial assets consist of trade receivables, cash and cash equivalents, and derivatives. The Group's financial liabilities consist of borrowings and trade payables. All derivatives are measured at fair value and classified according to Level 2, which means that all significant input data required for valuation is observable. As of 31 March, the value of the derivatives amounted to SEK -0.7 million (SEK -1.2 million at the beginning of the year). For forward contracts, fair value is determined on the basis of quoted prices. The market price is calculated on the basis of the current price adjusted for the interest-rate difference between the currencies and the number of days, compared with the contract price to obtain fair value.

The carrying amount of trade receivables, other receivables, cash and cash equivalents, trade payables and other liabilities constitutes a reasonable approximation of fair value. The carrying amount of borrowing corresponds to the fair value of the Group's borrowing as the loans have a variable interest rate and the credit spread is not such that the carrying amount deviates materially from the fair value.

## Not 5. Related-party transactions

No related-party transactions took place during the period.

## Not 6. Parent Company

Permascand Top Holding AB is the Parent Company of the Permascand Group. The Parent Company manages shares in the subsidiaries and conducts Group-wide services. The CEO of the Group is an employee of the Parent Company. The only assets in the Parent Company are its shares in the subsidiaries and Group-wide receivables. The Parent Company's financial position and earnings, as well as its operational risks, are largely associated with the Group's risks and uncertainties. In November, an intra-Group merger was conducted that increased the Parent Company's carrying amount of shares in subsidiaries. Refer to Note 6 in the Parent Company balance sheet.

## Not 7. Seasonal variations

Permascand's sales vary during the year; however, this is not a direct impact of seasonal variations, but rather of one of the prevailing conditions in the market and of customers' investment plans, primarily in the Industrial Solutions segment. In Water Treatment, the Group's largest segment, sales are normally evenly distributed throughout the year.

## Alternative performance measures

Permascand presents certain financial measurements in its interim reports that are not defined under IFRS. The purpose of these measurements is to create better understanding of the performance of the operations.

Permascand uses the alternative performance measures "net debt" and "equity/assets ratio", which are deemed to be useful as a supplement to other key performance indicators in order to assess the possibility of a dividend and to assess the Group's possibilities of compliance with its financial commitments. Moreover, Permascand uses the key performance indicators "adjusted operating profit", "operating profit as a percentage of sales" and "EBITDA", which are measurements that are relevant to investors who wish to understand earnings generation excluding items affecting comparability. "Return on equity" and "Return on assets" are earnings set in relation to key balance sheet items. For definitions of key performance indicators, refer to page 25.

### Adjusted operating profit

SEK m	JAN-MAR 2023	JAN-MAR 2022	JAN-DEC 2022
Operating income	8	31	105
Items affecting comparability	0	0	-9
<b>Adjusted operating profit</b>	<b>8</b>	<b>31</b>	<b>95</b>

### Operating margin

SEK m	JAN-MAR 2023	JAN-MAR 2022	JAN-DEC 2022
Operating income	8	31	105
Sales	111	139	569
<b>%</b>	<b>8%</b>	<b>22%</b>	<b>18%</b>

### Adjusted operating margin

SEK m	JAN-MAR 2023	JAN-MAR 2022	JAN-DEC 2022
Adjusted operating profit	8	31	95
Sales	111	139	569
<b>%</b>	<b>8%</b>	<b>22%</b>	<b>17%</b>



## Alternative performance measures cont.

### EBITDA

SEK m	JAN-MAR 2023	JAN-MAR 2022	JAN-DEC 2022
Net profit /loss for the period	6	24	81
Income tax	2	6	19
Net financial items	1	1	4
Depreciation	5	4	17
<b>EBITDA</b>	<b>13</b>	<b>35</b>	<b>122</b>

### Net debt

SEK m	31 MAR 2023	31 MAR 2022	31 DEC 2022
Non-current liabilities to credit institutions	14	33	7
Non-current lease liability	0	1	0
Current liabilities to credit institutions	2	4	3
Current lease liability	1	1	1
Cash and cash equivalents	-28	-48	-71
<b>Net debt</b>	<b>-10</b>	<b>-9</b>	<b>-59</b>

### Equity/assets ratio

SEK m	31 MAR 2023	31 MAR 2022	31 DEC 2022
Equity	370	307	364
Total assets	502	519	533
<b>Equity/assets ratio, %</b>	<b>74%</b>	<b>59%</b>	<b>68%</b>

### Net debt/EBITDA

SEK m	31 MAR 2023	31 MAR 2022	31 DEC 2022
EBITDA, LTM	100	88	122
Net debt	-10	-9	-59
<b>Net debt/EBITDA</b>	<b>-0,10</b>	<b>-0,11</b>	<b>-0,49</b>

### Return on equity

SEK m	31 MAR 2023	31 MAR 2022	31 DEC 2022
Earnings for the period, LTM	63	50	81
Opening equity	307	-22	283
Closing equity	370	307	364
Average equity, LTM	339	142	323
<b>Return on equity, %</b>	<b>18,7%</b>	<b>34,9%</b>	<b>25,1%</b>

### Return on assets

SEK m	31 MAR 2023	31 MAR 2022	31 DEC 2022
Operating profit, LTM	82	72	105
Financial income, LTM	0	0	0
Opening total assets	519	408	455
Closing total assets	502	519	533
Average total assets, LTM	510	463	494
<b>Return on assets, %</b>	<b>16,1%</b>	<b>15,6%</b>	<b>21,2%</b>

## Consolidated quarterly data

	2023	2022				2021			
SEK m	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Order intake	31	107	143	4	191	74	202	41	57
<b>Income statement</b>									
Sales	111	147	120	163	139	130	76	123	75
Gross profit	32	45	26	62	52	47	27	31	18
Operating income	8	18	11	45	31	30	14	-3	-3
Adjusted operating profit	8	14	6	45	31	32	14	12	2
EBITDA	13	22	15	49	35	34	18	1	1
Profit/loss before tax	8	17	10	44	30	28	13	-7	-7
Gross profit/loss, % of sales	29%	31%	22%	38%	37%	36%	35%	25%	24%
Operating profit/loss, % of sales	8%	12%	9%	28%	22%	23%	18%	-2%	-4%
Adjusted operating profit*, % of sales	8%	9%	5%	28%	22%	25%	18%	9%	3%
<b>Balance sheet</b>									
Property plant and equipment	182	175	167	157	148	146	145	146	143
Tangible assets	502	533	551	562	519	455	438	440	408
Cash and cash equivalents	28	71	91	68	48	36	24	16	13
Non-current interest-bearing liabilities	15	7	9	9	34	36	47	64	293
<b>Cash flow</b>									
Operating activities	-37	-5	39	58	22	33	32	-39	-14
Investing activities	-12	-13	-13	-13	-6	-9	-6	-7	-2
Financing activities	6	-2	-2	-25	-3	-12	-18	49	10
Cash flow for the period	-43	-20	23	20	13	12	8	3	-6
<b>Capital structure</b>									
Net debt	-10	-59	-79	-54	-9	6	30	55	287
<b>Per share data, SEK</b>									
Earnings per share before and after dilution	0.10	0.25	0.13	0.58	0.40	0.35	0.18	-0.10	-0.11
Number of shares before dilution	59 313 529	59 313 529	59 313 529	59 313 529	59 313 529	59 313 529	59 313 529	53 204 932	50 490 000
Number of shares after dilution	59 313 529	59 313 529	59 313 529	59 313 529	59 313 529	59 313 529	59 318 361	53 206 569	50 490 000

## Definitions of key performance indicators

KEY PERFORMANCE INDICATOR	DEFINITION	PURPOSE
Return on equity	Profit for the period, last 12 months (LTM), divided by average equity	Return on equity is used to analyse profitability over time, given the resources attributable to the Parent Company's owners.
Return on assets	Operating profit plus financial income, last 12 months (LTM), divided by average total assets	Return on assets is used to analyse profitability, based on how much capital is used.
Gross profit	Net sales less cost of goods sold	Gross profit is used to measure the Group's profitability before sales expenses, administrative expenses and research and development expenses.
Gross margin	Gross profit divided by net sales	Gross margin is used to measure the Group's production profitability.
EBITDA	Operating profit before depreciation and amortisation of tangible and intangible assets	EBITDA gives an overview of the Group's operational profitability.
Adjusted operating profit	Operating profit excluding items affecting comparability. Items affecting comparability refer to income and expenses that affect comparability insofar as they do not recur with the same regularity as other items.	Adjusted operating profit is used to measure the Group's profitability and to increase comparability between different time periods.
Adjusted operating margin	Adjusted operating profit divided by net sales	Adjusted operating margin gives an overview of profitability relative to total revenue, adjusted for items affecting comparability.
Items affecting comparability	Income and expenses that affect comparability insofar as they do not recur with the same regularity as other items	Break off items that affect comparability with normal operations.
Net debt	Interest-bearing current and non-current liabilities less cash and cash equivalents	Net debt is used to assess the Group's financial position, opportunities for strategic investments, dividend and to fulfil its financial commitments.
Net working capital	Current assets less current liabilities	Net working capital is used to measure the company's ability to meet short-term capital requirements.
Net working capital/net sales	Net working capital divided by net sales during the last 12 months	Net working capital/net sales is used to measure the company's financial position in relation to revenue over a 12-month period.
Earnings per share	Earnings for the period divided by the average number of shares for the period	Earnings per share provides a measurement of each ordinary share's portion of the company's earnings.
Operating margin	Operating profit divided by net sales	Operating margin gives an overview of profitability relative to total revenue.
Equity/assets ratio	Equity divided by total assets	The equity/assets ratio is used to assess the Group's financial position, opportunities for strategic investments, dividends and to fulfil its financial commitments.

## Glossary

WORD/TERM	DEFINITION
<b>Ballast water</b>	Water pumped into not fully loaded ships to provide stability for the ship. Various living organisms follow along with the ballast water and are spread globally, and may have a negative impact on the environment when released in new locations
<b>BWTS</b>	Abbreviation for Ballast Water Treatment System, a product for the treatment of ballast water
<b>Aftermarket services</b>	The collective term for Permascand's offering to customers, primarily in terms of recoating electrodes or replacing electrochemical cells
<b>Electrification &amp; Renewables</b>	Permascand's segment for products within electrification and renewable energy
<b>Electrode</b>	The collective term for anodes and cathodes
<b>Electrochemical cell</b>	Consists of several coated electrodes than are assembled into a single cell; used to induce chemical reactions through the application of electricity
<b>Electrochemical solutions</b>	The collective term for Permascand's products
<b>Greenfield</b>	New establishment of production plants
<b>Industrial Solutions</b>	Permascand's segment for products primarily in the chemical industry
<b>Catalytic coatings</b>	The main technological component for all of Permascand's products. Catalytic coatings consist of a mixture of precious metals and other compounds, giving a "surface layer" that is applied to metal substrates such as titanium or nickel
<b>Chlorate</b>	Chemical compound that can be produced industrially via electrochemistry and used in various industries such as pulp and paper, organic and inorganic chemical manufacturing and PVC manufacturing
<b>Recoating</b>	The process by which electrodes are given new catalytic coatings
<b>Water Treatment</b>	Permascand's segment for products within water treatment
<b>Equity/assets ratio</b>	Equity divided by total assets



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