



PERMASCAND TOP HOLDING AB

ANNUAL REPORT

2022







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The statutory Annual Report is comprised of pages 36-53 and pages 55-101.

The Corporate Governance Report is part of the Director's Report and is contained in pages 36-53.

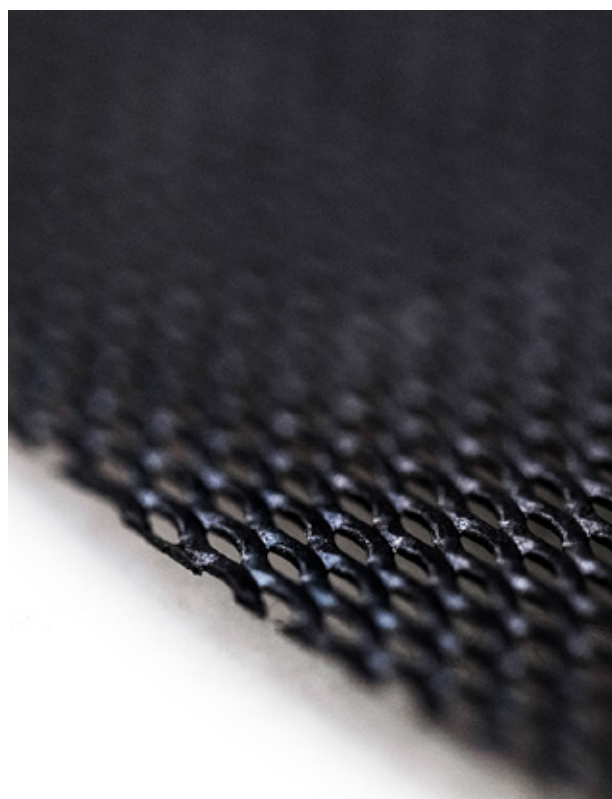
This is Permascand

Permascand is an independent technology-driven manufacturer of world-leading electrochemical solutions for clean tech applications. The products are based on proprietary catalytic coatings.

With a customer-centric focus, the company has supplied electrodes and aftermarket services to a variety of industries for more than 50 years. This has enabled efficiency and energy savings in industrial processes for our customers, world-leading OEM companies around the world.

Permascand's headquarters are in Ljungaverk, Sweden, where the company also conducts research and development, engineering innovation and manufacturing. Permascand also has offices in Stockholm, Gothenburg, and in Vancouver, Canada.

Permascand divides its operations into three business segments: *Electrification & Renewables*, *Industrial Solutions* and *Water Treatment*, which are all directly linked to clean tech applications that reduce environmental impact.



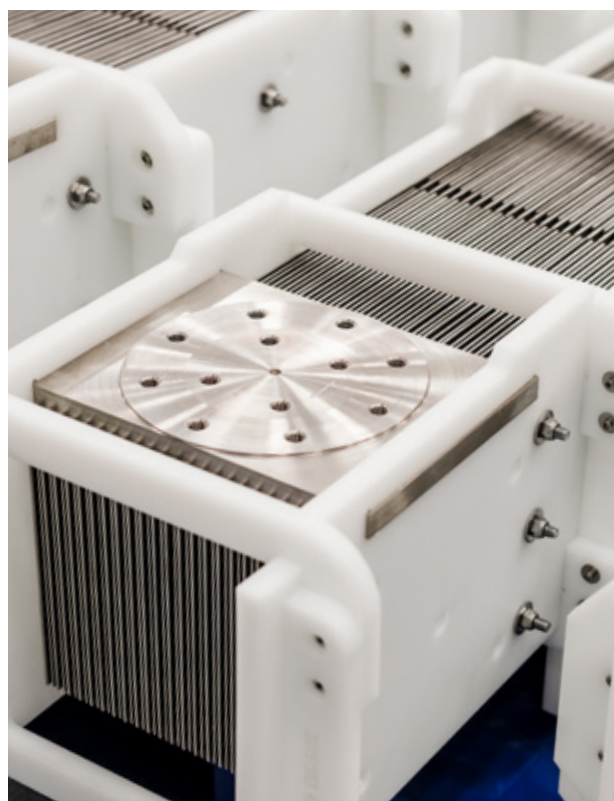
Electrification & Renewables

Permascand's *Electrification & Renewables* segment includes products in which electrochemical cells are used for electrowinning of metals, as well as methods for the extraction of lithium and production of green hydrogen. These are two compounds that are very important for the global transformation to sustainable energy due to their usage in fossil-free transportation and energy storage. The segment also includes applications within Energy and Transmission where electrodes are used.



Industrial Solutions

Permascand's *Industrial Solutions* segment is made up of production mainly for customers in the chemicals industry. The products in this segment enable customers to reduce their energy consumption, and include electrode manufacturing and manufacturing of complete chlorate and chloralkali process systems for new and existing plants, as well as aftermarket services such as recoating and refurbishment of installed bases.



Water Treatment

Permascand's *Water Treatment* segment includes products for electrochemical disinfection of water. For the time being primarily within the marine sector and treatment of ballast water for ships, but the range also includes standard systems with other areas of application such as industrial water treatment. Permascand is one of the largest suppliers of electrochlorination cells for ballast water treatment systems (BTWS) all over the world.

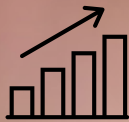
Permascand's strengths



Global provider of vital solutions to a range of industries that enable the transformation to a greener society.



Generate value through the experience, knowledge and research and development amassed since 1971.



Well positioned for growth with growing markets that are driven by the sustainability megatrend.



Proven credentials in developing innovative solutions tailored to the customer's specific needs.



Attractive business model with a high degree of recurring revenues from major global customers.



Strong organic growth and a healthy order book, along with extensive investments in automation.



Management team and organisation in place to deliver profitable growth.

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.

Core values

To create value through continuous improvements to Permascand's value chain.

To be responsible and dedicated in Permascand's relationships with all stakeholders.

To maintain the highest levels of professionalism in everything that Permascand does, including through the development of innovative solutions.





Did you know that...?

Green hydrogen is one of the most important components in enabling the transition towards a long-term sustainability. It can be produced in electrochemical cells by splitting water into hydrogen and oxygen using green energy from solar, wind, and water sources. The hydrogen can then be used for the production of green chemicals, manufacturing of e-fuels for boats and airplanes, as energy storage or fuel in combination with fuel cells and, for fossil-free steel production.

Permascand aims to develop and design commercial hydrogen solutions for the market and the future and thus help reduce environmental impact.

2022: Record year completed
with strategic progress.

508 SEK m
Order inflow

350 SEK m
Order book value

569 SEK m
Sales

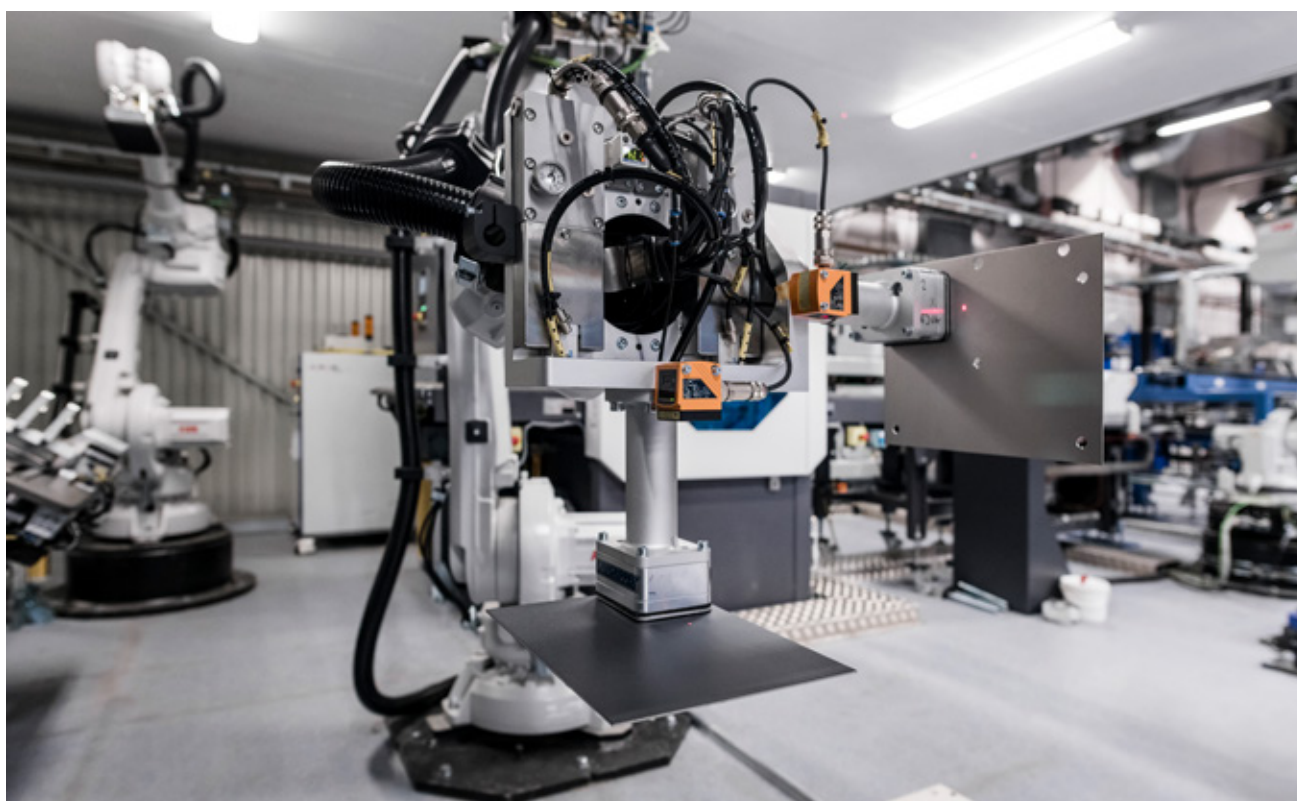
95 SEK m
Adjusted operating profit

81 SEK m
Profits after tax

1.37 SEK
Earnings per share

The year in brief

2021 has been a very busy year for Permascand and the company has laid a firm foundation for strong growth ahead.



Growth journey with a high activity level

The year began with Permascand receiving two orders from a world-leading supplier of chlorate regarding delivery of electrochemical cells and correlated equipment for a Greenfield project in South America. A write-down of one order was made in June. In September, positive development was announced when Permascand's and Verdagy's partnership displayed great success as Verdagy demonstrated the commercial efficacy of its unique water electrolysis technology, with two significant milestones on the path to cost effective hydrogen at scale.

The successful co-development of the NORSCAND® electrolyser reached commercialization. The cells make it possible to produce lithium hydroxide much more effectively through

electrochemistry.

Permascand announced that the partnership with Verdagy for the joint development of a new electrochemical cell for the production of green hydrogen had reached an important milestone in the form of successful pilot tests that validate the technology's durability and scalability.

Permascand is involved in and co-finances an industrial doctoral project at Umeå University. The goal of the project is to produce green hydrogen without, or with less, precious metals.

The year ended positively with Permascand signing a master supply agreement to deliver service and refurbishment of electrochemical cells to a significant client.

Record-setting year with strategic advances

2022 was characterised by record-high sales, good profitability, and a high level of activity in our business segments. We also made important advances in production, customer partnerships and development, which made it a year of success on Permascand's journey of growth despite the fact that macroeconomic unrest meant that the market situation was difficult to predict.

In 2022, we continued our efforts to strengthen the company's conditions for efficient, high-quality production, and we diversified our customer base and our dependence on individual segments. We also equipped the operation so that it is in an even stronger position to address the growing demand for green hydrogen.

The turbulent situation in the business environment – primarily as a result of the war in Ukraine – has altered the dynamic in the market. This can be seen in a shortening of the time between customers placing their orders and the delivery date. Owing to our investments in more efficient procedures and working methods, we have been successful in ensuring an efficient and flexible production capacity.

Our core technology platform is the foundation of our success

We deliver successful concepts and smart technology adapted to each specific customer, and we are seeing the results in our contact with both existing and potential customers and partners. Permascand's core technology platform is the foundation of our ongoing expansion, in which we are continuing to invest in the organization and in our plant to secure our leading position and optimize our processes and working methods for the future.

The construction of a first-class Technology and Innovation Centre is proceeding in accordance with plans. With this, Permascand gains a strengthened position and even greater potential to deliver innovative, competitive electrochemical and manufacturing solutions on a large scale to the rapidly growing market for the energy transition globally. In total, Permascand is investing around SEK 300 million over three years to develop the next generation of hydrogen electrodes and electrolyzers.

At the same time, Permascand's new demonstration facility enables the manufacture of catalytic coatings with greater efficiency, lower costs, and a reduced environmental impact. It also enables us to improve our already high production quality.

Electrification & Renewables

Permascand has delivered electrodes for electrolysis of water for over 20 years. We see the greatest commercial potential in green hydrogen – a sub-segment under Electrification & Renewables – and our long-term ambition is to position ourselves as one of the leading independent suppliers of catalytic coatings, electrodes, and electrochemical cells in the field.

The level of activity has been consistently high in the field, and together with Verdagy we have successfully developed a new electrochemical cell for producing green hydrogen. With successful pilot tests that have validated the sustainability and scalability of the technology, a key condition has been met ahead of production on a commercial scale.

During the year, we signed a letter of intent with RES, which was followed by a more in-depth partnership. The letter of intent in April concerns the joint development of a commercial research centre in a new production facility in the town of Alby in Änge Municipality. The partnership provides us with good potential for supplementing our base of international customers with more operators from Sweden and the rest of the Nordic region.

Water Treatment

We have a leading position in the market together with our customers, enabling us to continue to capitalise on the installations required in order for marine transport to meet regulatory requirements. By developing the next generation of water purification cells, we are boosting our competitiveness in the end stage of the installation cycle, which is expected to peak in 2024. Revenue from the segment's aftermarket business is expected to achieve significant levels after 2026.

New areas of application are being researched in the segment for industrial water purification, where stricter regulatory requirements and expectations for increased sustainability mean that demand is growing also within the industry for efficient methods for treating water.

*"Permascand increases
net sales by over 40 per cent
compared with full-year 2021."*

Industrial Solutions

The Industrial Solutions business segment has had a continually high level of activity and demand, which is generating attractive projects, sales, and good aftermarket opportunities. The green transition is driving growing demand in the segment, which generated strong order intake during the year.

During the year, we made major advances in North and South America, securing two orders in February from a leading global supplier of chlorate regarding delivery of electrochemical cells and correlated equipment for a greenfield project in South America. In North America we strengthened our position through measures such as hiring a Sales Director for the region. We consider North America to be the market with the greatest potential for growth and aftermarket business. The market conditions are favourable and there is a substantial underlying need for maintenance of industrial facilities, where Permascand's solutions promote maximum performance and durability in production.

Summary

We are continuing to experience a consistently high level of activity among our customers, and we have great expectations for continued good growth with strong finances and profitable growth in pace with the acceleration of the green transition.

In summary, we can confirm that 2022 was a record-setting year for Permascand, where we increased sales by over 40 per cent compared with full-year 2021. Combined with key strategic advanced in our journey of growth such as partnership agreements and successful customer projects, I am satisfied with the past year and the position we achieved. I look forward with confidence to a future in which we reach new milestones and continue to facilitate the green transition.

In conclusion, I would like to thank our shareholders, employees, suppliers, and partners, all of whom contributed to yet another historically remarkable year for Permascand.

Peter Lundström, CEO Permascand



Permascand's core technology platform

Permascand manufactures vital electrochemical solutions and electrodes for a broad spectrum of application purposes. All of Permascand's products and solutions build upon the company's core technology.

Catalytic coatings

Catalytic coatings are the fundamental technical component within all of Permascand's customer solutions. Catalytic coatings are made up of a mixture of precious metals and other compounds, which create a "surface layer" that is applied to metal substrates, for instance titanium or nickel. As the coating acts as a "fuel" for the chemical reaction it gets gradually used up and needs to be reapplied after a certain number of years, depending on the area of application. An optimal coating improves the result and reduces energy consumption for Permascand's customers.

Electrodes

Catalytic coatings are Permascand's main product in the electrodes area, but usually the goal is to include complete electrodes in the offering, in other words, the actual anode and cathode. In industrial and other commercial usage, anode electrodes are always, and cathode electrodes sometimes, covered with a catalytic coating to give the desired effect. Permascand manufactures a range of electrodes with different structures. Anodes are given a catalytic coating over a layer of titanium, and cathodes are composed of steel or coated nickel, depending on the type of process. Permascand manufactures electrodes with an area of up to 3 m². Permascand's manufacturing and application expertise is fundamental to the

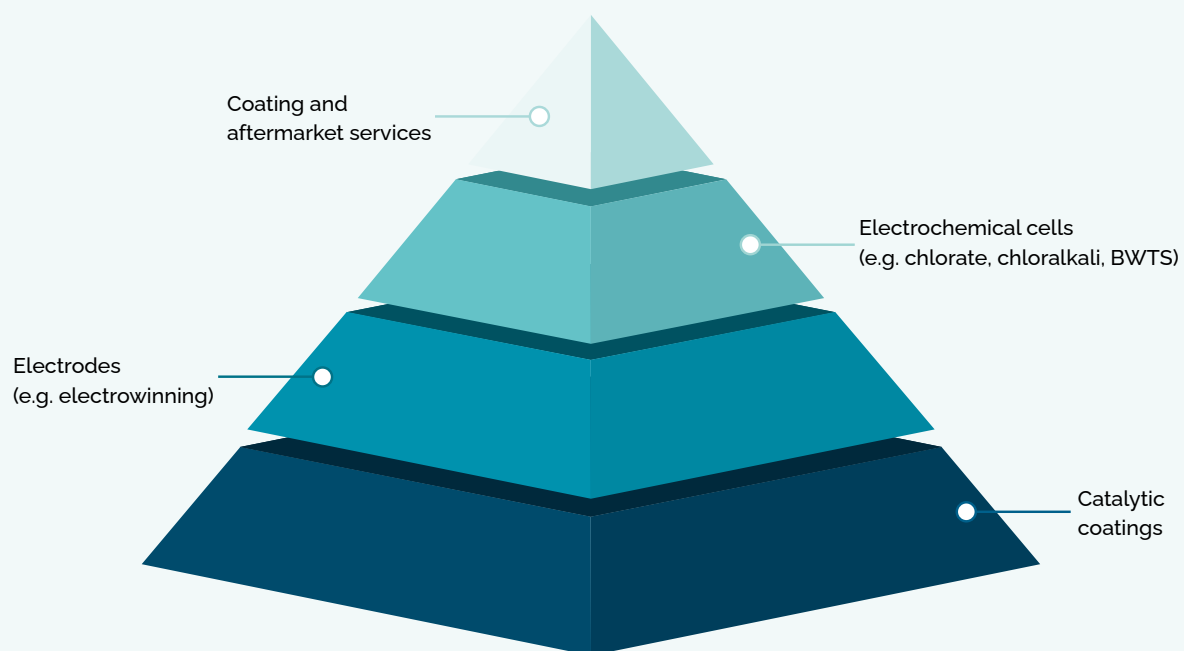
company being able to supply high-quality and high-performance Permascand DSA®. Similar to with coating, the configuration and construction of the electrodes is an important part of making Permascand's electrodes range as cost-effective as possible. This in turn depends on electrochemical performance, durability and electricity consumption, amongst other things.

Electrochemical cells

Permascand provides both coated electrodes and complete electrochemical cells. An electrochemical cell is used to generate chemical reactions when it is provided electricity. The configuration of the specific cell and the electrode, along with knowledge about how they are manufactured, are essential to assembling and producing high-quality electrochemical cells cost-efficiently.

Recoating and aftermarket services

Coated electrodes need to be recoated as their performance diminishes as the surface layer is consumed in use, or becomes dirty during the electrochemical process. The length of the recoating cycle varies between 2 and 12 years, depending on the electrochemical cell's composition and application area. Permascand offers high-quality recoating services for a range of applications.

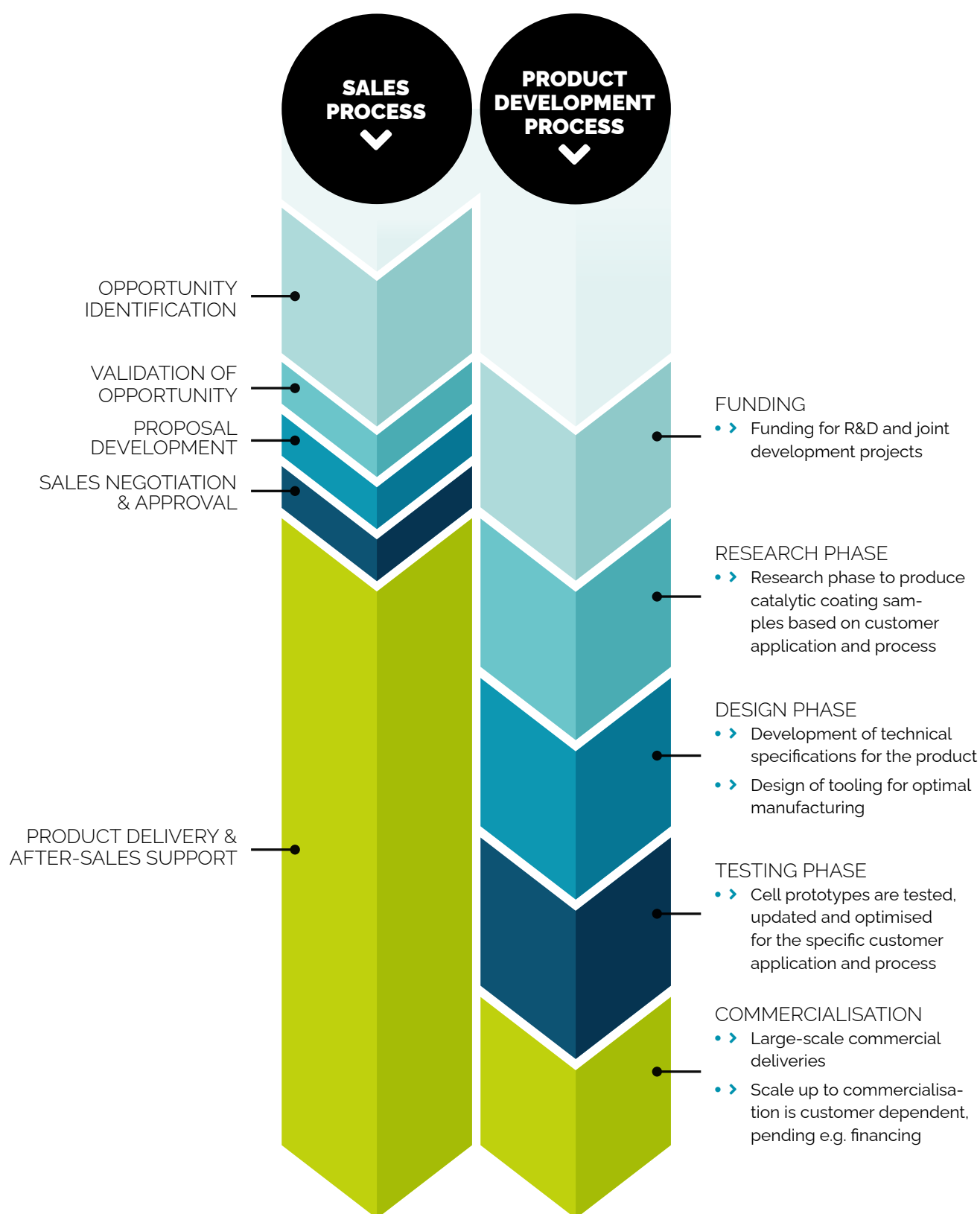


Permascand's sales and product development process

Meticulous and well-balanced preparatory work is required to be able to manufacture electrochemical solutions and electrodes based on the company's core technology.

Permascand's sales and product development processes can each be simplified into five overall steps, that run somewhat in parallel to each other. Sales are supported by research and development activities and lead to tailored solutions that

are co-developed with the customer. We generate customer value through knowledge that is deeply embedded in end products, which creates loyal, returning customers.



Market forces and trends

Sustainability is at the core of Permascand's business and permeates everything the company does. The current global focus on sustainability and reducing the world's environmental impact is thereby expected to further drive demand for Permascand's products.

Sustainability megatrends, such as reducing climate change and carbon emissions, foster the development of processes that have a lower environmental impact. Industries with energy-intensive processes are therefore focusing on improving their energy-efficiency. This is why electrochemical solutions will be vital to a safer and more sustainable environment.

Climate-neutral targets driving the electrification of the transportation sector and efficient storage methods

In the *Electrification & Renewables* business segment, the electrochemical solutions offered by Permascand contribute to the sustainability of the electrowinning industry as they enable lead-based anodes to be replaced with titanium-based DSAs.

Electrification trends, such as regulatory changes for electric vehicles, expansion of the electric vehicle infrastructure, and the increase in electric vehicle manufacturing by global car manufacturers are all important drivers of the electrification of the transportation sector. This transition had led to a greater demand for lithium for battery production and for hydrogen that can be used as fuel. Further, greater demand for energy storage is expected as a result of the increasing importance of electricity grid management, for instance, load displacement and dealing with peaks, as a consequence of electrification and increasing consumption of renewable sources of energy, which require new storage methods.

Permascand's alternative production method for lithium extraction, which is being tested as part of a small-scale pilot project, does not require the conversion of brine into lithium carbonate prior to the lithium hydroxide extraction, thereby bypassing one step of the traditional process for lithium extraction. As Permascand's production method is more efficient, it entails lower costs and has a reduced environmental impact compared to the traditional method. This is driving demand for Permascand's solutions. The project has reached

"Permascand's electrochemical solutions can be used to produce green hydrogen."

the next stage where the method has been transferred to a large-scale testing phase before the company starts full-scale commercialization. The testing is carried out in collaboration with NESI (formerly Noram Engineering and Constructors Ltd.), who have ordered the development of test cells from Permascand.

Another example is hydrogen production for industrial purposes or as a fuel in vehicles, as Permascand's electrochemical solutions can be used for the production of green hydrogen. During the past year in particular, hydrogen has been acknowledged as one of the most important components in enabling the societal change needed to achieve global climate goals. Hydrogen does not emit carbon dioxide and hardly generates any air pollution when being used. However, traditional methods of hydrogen production are powered by a combination of fossil fuels. If the hydrogen that is produced uses electricity from renewable energy sources, rather than fossil-fuel-based production, the hydrogen can be produced and consumed as a fuel with zero, or almost zero, carbon dioxide emissions. Permascand's solution is used to charge the electrochemical reaction. Hydrogen can replace fossil fuels in certain carbon dioxide-intensive industrial processes, for instance, the steel and chemicals industries, and thereby reduce greenhouse gas emissions and strengthen the global competitiveness of these industries. Permascand thereby offers a solution for reducing the carbon dioxide

Did you know?

Electrochemistry is fundamental to many of the processes used in everyday life. Batteries are one example of electrolytic cells, but electrochemical reactions are involved in several other types of energy storage, energy conversion, industrial electrolysis, corrosion protection, hydrogen production, water treatment, electrowinning and detection instruments, such as measuring alcohol levels in exhaled air.





emissions from industrial processes and sectors where it is both urgent and difficult to reduce these emissions. In the long term though, hydrogen's potential will depend upon the speed of its development compared with competing methods, and on how the different technological alternatives are subsidised. The rapid reduction in the cost of renewable energy, technological advancements and the necessity to dramatically reduce greenhouse gas emissions all create new opportunities for Permascand. In 2020 the EU adopted a hydrogen strategy for a climate-neutral Europe, and most countries already have national programmes in place.

Finally, within the energy and transmission segment Permascand manufactures electrodes used in the cooling of thyristor valves used in HVDC (high voltage direct current) converter stations. Thyristor valves are a central part of HVDC conversion, either to or from alternating current. The technology is primarily used in conjunction with large electricity infrastructure projects where the electricity needs to be converted from alternating current to direct current to be more efficiently transferred across long distances, above ground or below water.

A range of applications driving demand for chlorate and chloralkali services

One of the important drivers within the *Industrial Solutions* segment is the production of pulp and paper.

Around 95 per cent of all chlorate produced is used in the manufacturing of pulp and paper. Chlorate is used to produce chlorine dioxide, a bleach that is then used to produce high-quality, environmentally friendly paper products. The demand for chloralkali is also linked to the construction industry. As the construction industry uses the end-products of chloralkali processes, such as PVC plastic tubing, plastic for doors and other chemicals to manufacture insulation material for example, the industry is a significant driver of the demand for chloralkali. Due to its very good insulation properties, PVC is also used a lot for cabling and in the construction of electricity infrastructure. Caustic soda is one of the chemicals that is produced through electrolysis, and it has a wide range of usage areas, including household products such as soap. Since caustic soda can be used for so many purposes, the general economic cycle also drives the demand for chlorate and chloralkali services.



Demand for Permascand's products in the Water Treatment segment is being driven by the increased focus on the sustainability of the world's oceans.

Sustainability and stricter regulations are a powerful driver of water treatment solutions

Demand for Permascand's products in the *Water Treatment* segment is being driven by the increased focus on the sustainability of the world's oceans and industries. Permascand's BWTS solutions prevent invasive water-based species from spreading to local waters and threatening the biodiversity of the oceans.

The major driver of the BWTS market is the regulations introduced by the USCG (United States Coast Guard) and

IMO (International Maritime Organisation), which require all vessels that travel across continents to install a proper BWTS. IMO's rules for handling ballast water have been ratified in 79 countries, which collectively represent 80 per cent of the global merchant shipping tonnage. These rules were tightened in 2016 and as a result the BWTS regulations apply to all instalments implemented after October 2020, and the number of IMO-approved BWTS suppliers has dropped from 60 to 19 (as of July 2020). All vessels that are affected by IMO's BWTS regulations are required to install an approved BWTS during their next planned dry-docking, but no later than September 2024. Due to the pandemic's impact on the demand for shipping and on the maritime industry, the deadline for installing a BWTS has been postponed by one year, to relieve shipping companies and operators of the cost of installing the system.

Permascand believes that the company's focus on sustainability in all of the segments where it is active will drive demand for its products and contribute to future revenue growth.

Strategy for growth

For more than 50 years, Permascand has made continuous investments in innovation and in the ongoing improvement of its core technology platform. Permascand's overarching strategic ambition is to continue to develop and commercialise innovative solutions based on our core technology platform, to ensure we create enduring customer relationships and increase aftermarket sales based on currently delivered samples.





Electrification & Renewables

Capture the emerging market for lithium and green hydrogen and continue to develop energy-efficient electrowinning solutions.

Permascand's *Electrification & Renewables* strategy is focused on projects related to green hydrogen, lithium extraction and development of the electrowinning business.

Permascand's long-term goal is to be one of the world's leading providers of solutions for the production of green hydrogen, by using its many years of experience within the electrode and water electrolysis fields. Our strategy has a three-pronged approach: continue to develop the current product range and ongoing green-hydrogen customer projects; research and development as well as partnerships to expand our customer portfolio; and expand our offering to include complete electrochemical cells for the production of green hydrogen.

In the lithium extraction area, Permascand's near-term focus is on the construction market, primarily to supply cells for the construction of new plants and for extending the

capacity of existing plants. This will be done by validating the extraction method on a larger scale for substantial commercial application. Permascand believes that the delivery of the first cell for industrial-scale lithium extraction in 2023 may increase the validity of the technology with the help of new methods. Permascand's long-term focus in the lithium extraction area is to develop a recurring aftermarket model, with a recoating cycle of between 2 to 5 years.

Permascand's electrowinning strategy is to continue with the ongoing business development and target new opportunities, the priority is mainly to expand DSA PER-MASCAND® into new application areas. While maintaining a focus on successful deliveries and deepen business relationships with a strong customer-oriented commitment to existing customers.



Industrial Solutions

Expand Permascand's reach, continuously improve technology and enhance customer support

Permascand is focused on ongoing research and development initiatives and projects, such as the development of Chemetry's new eShuttle® technology, which combines electrochemical and catalytic processes. Research and development is being conducted, in combination with partnerships with customers, to increase the effectiveness and manufacturing the capacity of the product.

Permascand plans to leverage its strong position on the European market to expand further in North America. This has already resulted in the framework agreement that was signed with one of the global leaders in the chlorate and sodium hydroxide market. Expansion is also underway through our presence via partner workshops and a sales

office in Vancouver, Canada. The expansion in North America has a three-pronged approach consisting of expanding sales capacity through an additional sales office, evaluating the establishment of further partnership workshops, and winning market share via active business development based on Permascand's extensive experience and know-how in electrochemical solutions for industrial applications.

Permascand's aftermarket strategy consists of offering attractive aftermarket services through excellent customer support to maintain high customer retention and recurring revenues from recoating services. Some examples of our customer support initiatives include enhancing local customer support and setting up interactive customer support processes.



Water Treatment

Generate revenue streams from retrofitting ballast water treatment systems in response to new regulations.

The BWTS market is a strong opportunity for growth for Permascand in retrofitting and aftermarket services. Permascand is well positioned, and has invested right, to be able to capitalise on this growing market, and will target customers that develop electrochlorination BWTS for regulatory approval in accordance with the IMO and USCG rules.

By working closely with customers throughout the product development, Permascand helps its customers to gain regulatory approval for their BWTS. Permascand has maintained these long-term customer relationships and delivered electrochlorination technology with the award-winning PERMA-CHLOR® for several years. In combination with continuous product development, this is a successful concept for the

upcoming aftermarket business.

Permascand's medium to long-term focus is to build a large installed base as the number of maritime vessels in its target market will increase from around 13,000 in 2020 to around 40,000 in 2025. Permascand plans to take what it has learnt from its well-established *Industrial Solutions* segment, where the majority of revenues come from recurring recoating services, and replicate this successful approach in the BWTS area by transitioning to attractive, recurring aftermarket services.

New applications are being explored for industrial water treatment (OSD), where increasing regulatory requirements and expectations for sustainability are driving demand for effective methods for water treatment within the industry.



Research and development

Permascand conducts continual world-class research and development through internal and external innovation projects to ensure continued success.

At the ultramodern facility in Ljungaverk, Sweden, a first-class Technology and Innovation Centre is being constructed where Permascand's team of experienced researchers, engineers, and technicians will have even better conditions for developing new products and manufacturing methods as well as optimising existing technology and products. The concept around the Technology and Innovation Centre also includes comprehensive recruitment of new employees, investments in production and analysis equipment, and active participation in a number of research projects with universities, research institutes and consortiums.

Permascand's research and development initiatives are based on the company's strategies, and are adapted through continual dialogue with customers and partners as well as in-depth analysis of market conditions and monitoring of innovations and technology development. All the work takes

place through agile procedures and governance in order to efficiently deliver results over both the short and long term.

The key criteria in selecting projects are:

- Use of resources and materials in both products and as regards manufacturing methods.
- Improvement of product performance.
- Risk and opportunity analysis for the specific project.

The portfolio can be divided into four parts:

1. Internal research and development projects.
2. Projects carried out in partnership with prospective customers/customers.
3. Research projects with external financing in collaboration with universities and research institutes.
4. Short projects or assignments internally and or externally: "Support".

Internal research and development projects

These are normally long-term projects and can be described simply as development of new products or incremental development of existing products through what is known as product generation planning. These projects are usually financed internally.

Projects carried out with prospective customers or customers

Permascand has a long history of partnering with our customers as regards technology development and commercialisation of new technology and process solutions. Here, with its lengthy experience from manufacturing various electrochemical components and cells, Permascand has a unique skill to contribute as regards both product characteristics and cost-effective manufacturing solutions. These projects are largely customer-financed, and Permascand's core intellectual properties are protected through partnership agreements. There are two main types of projects in this category:

- The customer has successfully developed an electrochemical process or electrochemical technology to proof of concept, and will now enter the commercialisation phase.
- The customer has an older OEM technology and does not want to upgrade to a new one, and then needs support as regards new manufacture and/or renovation.

Research projects with external financing in collaboration with universities and research institutes

Permascand has a more than 30-year tradition of collaborating closely with universities and research institutes, primarily through various types of consortiums that also include our customers. At present, we are taking part in consortiums such as HYDROGENi (SINTEF/NTNU in Trondheim), and together with Umeå University we have obtained research funding from the Swedish Foundation for Strategic Research with an industrial Ph. D. student employed by the company. We also actively participate in consortiums in application processes in the various programmes that have been launched by the EU in the field of hydrogen.

Short internal and external projects and assignments: "Support"

Providing good support on technological issues in all customer relationships is important, and at Permascand we place great importance on being attentive and having a close dialogue with our customers for both preventative purposes and in the event of problems with process technology. We have broad skills covering the entire value chain from materials know-how, through manufacturing technology expertise, to process competence in the fields where our products are used. This is coordinated in the routine assignment management, which we also regard as vital input into our internal development initiatives.



Did you know?

Dimensionally stable anodes and mixed metal oxide (MMO) are two types of special anodes used in electrochemistry. Put together, both types are important tools in electrochemistry since they allow more cost-efficient production of chemicals and materials while reducing climate impact in these processes by reducing the amount of waste and pollutants that are generated. Last but not least, they are crucial components in the production of green hydrogen, a key technology in the transition to greater sustainability and reduced climate impact.

- They are designed to be extremely resistant to corrosion and chemical reactions, and to maintain their physical form and size for long periods.
- Both types of anodes are used in a number of different applications including galvanisation, water purification, and manufacturing.
- In conjunction with the production of green hydrogen, dimensionally stable anodes and MMO are vital components in electrolysis, which involves breaking water down into hydrogen and oxygen with sustainable sources of energy.
- DSA PERMASCAND® is our trademark for sustainable electrodes, which help to reduce total cost and environmental impact during production. With their long service life, they also reduce the need for frequent replacement of anodes.

Electrification & Renewables

In 2022, the *Electrification & Renewables* business segment accounted for 10 per cent of the Group's total revenues.

Permascand's *Electrification & Renewables* segment includes products in which electrochemical cells are used for electrowinning of metals and providing technology for the production of green hydrogen and the extraction of lithium. These are two compounds that are important for the global transformation to sustainable energy due to their uses in fossil-free transportation and energy storage.

Hydrogen

Permascand has supplied activated nickel cathodes and other cell components for alkaline water electrolysis and hydrogen for more than 20 years.

The segment comprises the design and manufacturing of electrochemical cells and electrodes that are used for the extraction of hydrogen from alkaline water (water mixed with an electrolyte, normally the electrolytes are salt, acid or base solutions - for instance, saline solution is an alkaline water) through electrolysis.

Hydrogen power as a clean tech is growing on the global market. There are several application areas for hydrogen, including as fuel for electric vehicles, energy storage, network stabilisation, and as a fuel and input material for industrial manufacturing. Permascand's customers in the hydrogen industry are focused on hydrogen production for industrial purposes or as a fuel for vehicles.

Hydrogen has become widely acknowledged as one of the most important components in enabling the societal transformation needed to achieve global climate goals. Hydrogen does not emit carbon dioxide and hardly generates any air pollution when being used. Hydrogen can replace fossil fuels in certain carbon dioxide-intensive industrial processes, for instance the steel and chemicals industries, reduce greenhouse gas emissions and strengthen the global competitiveness of these industries.

There are two main techniques for the extraction of green hydrogen currently at the stage of commercialisation: Alkaline water electrolysis (ALK) and Polymer electrolyte membrane electrolysis (PEM). ALK, which is relevant to Permascand, is more appropriate for medium to large-scale

industrial installations while PEM is more suitable for managing variable electricity load. Market share for these techniques is currently 60 per cent for ALK and 40 per cent for PEM.

Lithium

Electrochemical cells can be used to manufacture lithium hydroxide, an essential chemical in lithium batteries. Permascand provides electrolysis cells for the extraction of lithium hydroxide. Compared to the traditional process described below, the electrochemical process consumes less energy and gives a high-quality product. Given that lithium hydroxide is a central element in the manufacturing of batteries for electric vehicles, mobile phones and computers, scalable lithium production is crucial for the global transition from fossil fuels to electricity.

Electrowinning

Permascand has been a leading supplier of dimensionally stable anodes for electrowinning since the beginning of the 1970s. Electrowinning is a method that is used to extract certain types of metals. Using electrodes to purify and extract metals such as nickel, copper, cobalt and zinc is the industry standard. Permascand manufactures coated anodes that are a key component in the electrowinning of metals such as nickel and copper.

Permascand's unique combination of deep electrochemical knowledge and a long history of designing electrodes means (i) anodes have a longer lifetime, (ii) low energy consumption, (iii) high level of service, (iv) low cost of capital, (v) low operating costs.

Power transmission

Permascand supplies electrodes used in the cooling of thyristor valves used in HVDC converter stations. Permascand's proprietary technology has been developed in collaboration with one of its customers which is a manufacturer of HVDC converter stations. Permascand is the sole supplier of this technology to the customer and has been so for more than 30 years.



SHARE OF
THE GROUP'S SALES



Industrial Solutions

In 2022, the *Industrial Solutions* business segment accounted for 34 per cent of the Group's total revenues.

Permascand's *Industrial Solutions* segment is made up of production mainly for customers in the chemicals industry. The products in this segment enable customers to reduce their energy consumption, and include electrode manufacturing and manufacturing of complete chlorate and chloralkali process systems for new and existing plants, as well as recoating and refurbishment of installed bases.

Permascand divides its *Industrial Solutions* business segment into two areas: New plants and Recoating and aftermarket services. DSA PERMASCAND® is the brand of Permascand's anode electrodes with a catalytic coating. These anode electrodes are used for industrial processes such as producing chlorine and chlorate.

Catalytic coatings on a titanium substrate – dimensionally stable anodes – was a disruptive technology when the invention was first patented in 1958, as it led to three important improvements: (i) lower energy consumption, (ii) no consumption of material (i.e. dimensional stability) and (iii) fewer maintenance steps for replacing the anodes. The energy savings when using catalytic coatings compared to traditional lead anodes are 10 to 15 per cent.

The *Industrial Solutions* business segment targets industries that use electrolysis of potassium chloride, sodium chloride solutions or brine to manufacture caustic soda, chlorine or chlorate. These chemicals are subsequently used in several different industries including pulp and paper, organic and non-organic chemical production, and PVC plastic production. The products in this segment include electrode manufacturing and manufacturing of complete chlorate and chloralkali

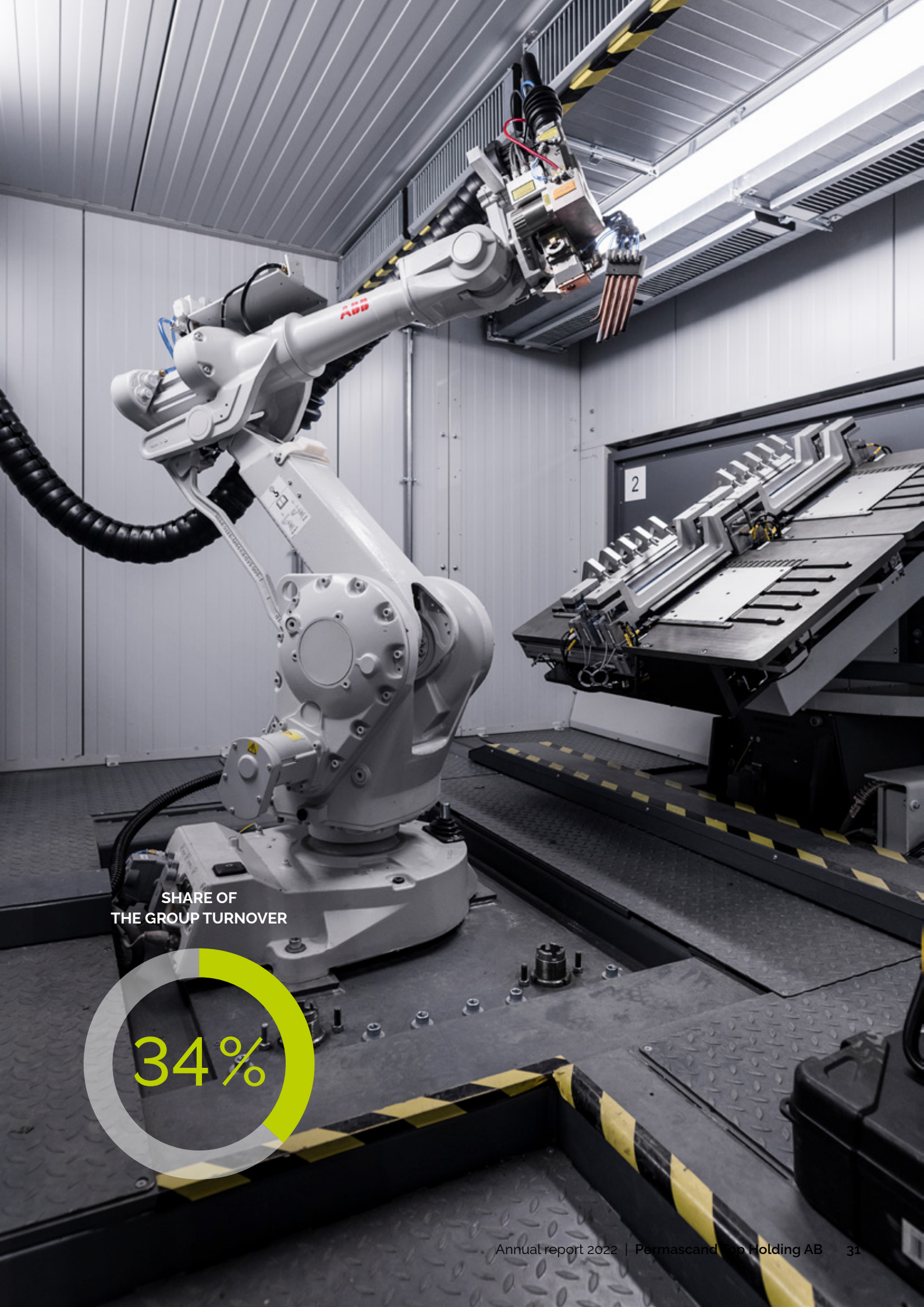
Permascand's products cover all major electrochemical processes within OEM manufacturing.

process systems for new and existing plants, as well as recoating and refurbishment of installed bases. Permascand's products cover all major electrochemical processes within OEM manufacturing.

Recoating and aftermarket services

The operating time for an electrochemical cell is based on regular recoating and aftermarket services, and depends on the cell technology and operation in the specific plant. Generally, chlorate and chloralkali cells are taken out of service after 8 to 12 years due to deterioration of performance. In this segment, the technical life of a cell can be longer than 40 years, which means that all installed cells have to be recoated and/or refurbished 3 to 5 times before they are replaced.

Permascand has the capacity to carry out recoating and aftermarket services for all the major OEM processes in the *Industrial Solutions* business segment. In this case, Permascand's customer is the end-user, i.e., chemical plants.

A large, white ABB industrial robotic arm is positioned in a factory environment. The arm is mounted on a base and has a gripper at the end. It is surrounded by various cables and hoses. In the background, there is a machine with a number '2' on it. The floor is made of metal plates with yellow and black safety stripes.

SHARE OF
THE GROUP TURNOVER

34%

Water Treatment

In 2022, the *Water Treatment* business segment accounted for 56 per cent of the Group's total revenues.

Permascand's *Water Treatment* segment includes products for electrochemical disinfection of water, primarily within the marine sector and treatment of ballast water for ships, but the range also includes standard systems with other areas of application, such as industrial water treatment, OSD.

Since seawater contains many biological species, it can damage equipment and pipes if the incoming water is not properly cleaned using chlorine or other biocides. Chlorine is most commonly used for killing macrospecies (mussels and oysters) and microspecies (bacteria, myxobacterium and algae). Sodium hypochlorite has become internationally accepted as a safe and effective alternative disinfectant or biocide for dealing with marine growth.

The method protect global marine ecosystems, as it prevents marine species from spreading and invading other ecosystems, as well as equipment and pipes.

Permascand's water treatment system can also be used to disinfect water that is a major part of coastal and ocean-based industries, and oil/gas rigs that require enormous quantities of water for their cooling systems.

PERMACHLOR® electrochlorination cells for BWTS

In the maritime sector, electrchlorination is used for vessels such as tankers, cargo ships, container ships and bulk carriers to disinfect ballast water. These ships carry enormous volumes of ballast water for stabilisation, as the ballast water weighs down the ship and lowers its centre of gravity. When

Permascand's cells for BWTS prevents marine species from spreading and invading other ecosystems.

the ship is being loaded the ballast has to be reduced, i.e., the quantity of water that was put into the ballast tank in the previous port when the cargo was offloaded. This entails a risk of introducing invasive marine species into local waters, which threatens the biodiversity of the oceans.

Permascand's PERMACHLOR® cells for ballast water treatment systems (BWTS) are IMO and USCG certified via Permascand's customers. The cells provide efficient water treatment as well as safe emptying and management of ballast water. Permascand's PERMACHLOR® cells for BWTS can be placed anywhere on the ship and take less space than other types of BWTS, such as UV radiation. Using Permascand's PERMACHLOR® cells for BWTS can help mitigate the risk of invasive species spreading. Permascand is one of the largest suppliers of electrochlorination cells for BWTS all over the world.



SHARE OF
THE GROUP TURNOVER

56%

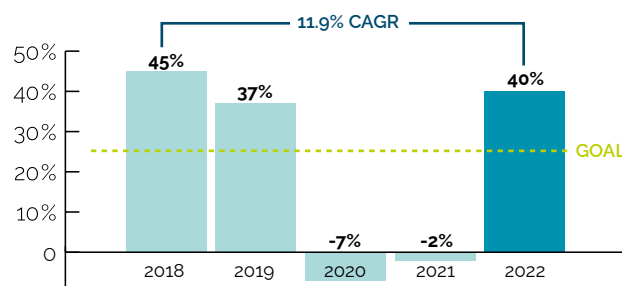
Financial goals and outcomes

Permascand has shown strong development in both growth and profitability over the past five years. The company's capital structure indicates low leverage and good conditions for continued growth.

GROWTH

25%

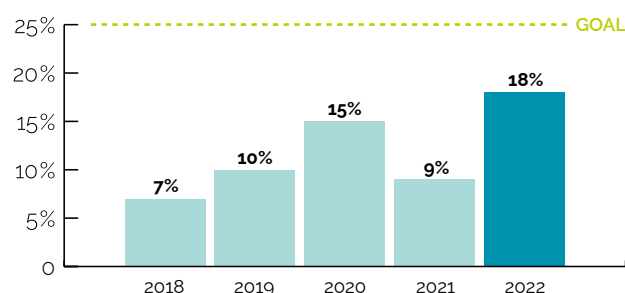
Permascand's medium-term goal is to achieve average organic growth of at least 25 per cent per year..



PROFITABILITY

25%

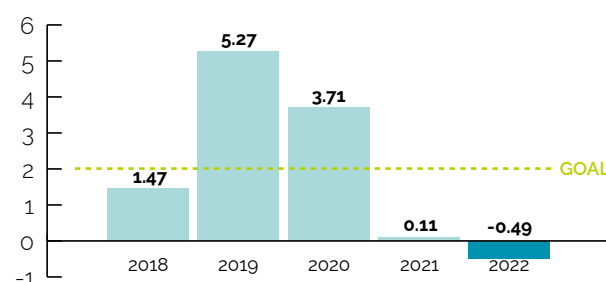
Permascand's medium-term goal is to deliver an operating margin of more than 25 per cent.



CAPITAL STRUCTURE

2,0X

Permascand's net debt in relation to EBITDA must not exceed 2.0x (may temporarily be exceeded if acquisitions are made).



Sustainability goals and outcomes

Sustainability is at the core of Permascand's operations and permeates everything the company does. Therefore, the global focus on sustainability and reducing environmental impact is expected to contribute even more to the demand for Permascand's products.

Permascand commits to considering economic, environmental, and social needs, throughout the life cycle of its products, including manufacturing and procurement of materials and services.

The company's very business idea revolves around the United Nation's sustainable development goals, numbers 9, 12, 13, and 14. This is why Permascand also strives to embed sustainability throughout the entire company's operations. Several of Permascand's products are key enablers to the global transition towards a more sustainable future as they aim to:

- Reduce energy consumption and avoid high downtime and product failure costs for several industrial processes.
- Provide technology for the efficient extraction of lithium, copper, and nickel, which are important compounds in the global sustainable energy transition due to their uses in fossil-free transportation.
- Create the infrastructure for energy storage and transferral which is needed for the transition from the fossil economy.
- Apply materials knowledge in niche areas of electricity transferral technology.
- Provide technology for reducing energy consumption and cost in the manufacturing of hydrogen. Hydrogen is an important industrial material which also set to play a key role in transportation and energy storage enabling non-fossil energy production to compete on the largest scale as green hydrogen.
- Preserve marine ecosystems through ballast water treatment systems. These use electrolysis to produce an active substance that disinfects water to eliminate the threat to biodiversity posed by biological pollution.

Business model

Permascand's business model is based on generating initial revenue from selling electrodes and electrochemical cells with the company's proprietary catalytic coatings. Over time, the catalytic coating is worn down and needs to be replaced to maintain energy efficiency and operational reliability in the customers' electrochemical processes.



Permascand's contribution to selected UN Global Sustainable Development Goals.

Corporate Governance Report 2022

Permascand is a Swedish public limited company. The company's shares have been listed on Nasdaq First North Premier Growth Market since 4 June 2021.

This Corporate Governance Report is part of the Director's Report contained in page 55.

The company is mainly governed by the Swedish Companies Act and the Swedish Annual Accounts Act. The company also complies with Nasdaq Stockholm's Rule Book for Issuers on the Nasdaq First North Premier, the regulations of the Swedish Financial Supervisory Authority, the Swedish Corporate Governance Code (the Code) and the Swedish Securities Council's good practice on the Swedish stock market.

The corporate governance report is part of the formal annual financial statements. Permascand's auditors review the corporate governance report and confirm that it has been prepared and that its statutory information is consistent with the other parts of the annual and consolidated financial statements.

Shareholders

Permascand Top Holding is headquartered in Ljungavärk in Ånge Municipality and has been listed on Nasdaq First North Premier since June 2021.

As of 31 December 2022, the total number of shares of Permascand Top Holding AB amount to 59,313,529. All shares have equal voting rights and equal rights to the company's profit and equity. The company's registered share capital amounted to SEK 2,196,797. There are no provisions within Permascand Top Holding's articles of association that limit the rights to transfer shares.

The ten largest shareholders accounted for 87 per cent of the company's votes and shares. Swedish investors owned 50 per cent of the shares and votes. As of 31 December 2022, the largest shareholder was Norvestor VI L.P. with 44 per cent. Four of the other major shareholders are comprised of board members and management who, through companies, together hold 25 per cent, and the remaining five is held by institutional investors and funds for a total of 17 per cent.

General Meeting of Shareholders

Shareholders exercise their rights in the company at the general meeting of shareholders, which is the company's highest decision-making body. Shareholders resolve important matters concerning the company at the general meeting of shareholders. The Annual General Meeting must be held within six months of the end of the financial year, and was held on 10 May 2022. Due to the Covid-19 pandemic, the meeting was conducted solely through postal voting. At the Annual General Meeting, it was resolved to authorize the board, until the next Annual General Meeting and at one or more occasions, with or without deviation from the shareholders' pre-emption rights, to decide on the issuance of shares, subscription warrants, and/or convertibles for the purpose of raising new capital for the development of the company's operations or in connection with acquisitions. The

authorization was limited to an amount equal to no more than ten (10) per cent of the total number of shares in the company at the time when the authorisation is first applied.

Nominations Committee

Permascand's Nominations Committee shall consist of five members, four of which are to be appointed by the four largest registered shareholders in terms of voting power at the end of the third quarter of Permascand's financial year, as well as the Chairman of the Board.

The duties of the Nominations Committee include submitting proposals to the 2023 Annual General Meeting on the chairman for the general meeting, board member candidates (including the chairman), fees and other remuneration for board members as well as fees for work in the committees, election of auditor and auditor fees, and a proposal on the Nominations Committee for next year's Annual General Meeting. The Nominations Committee has applied rule 4.1 of the Code as its diversity policy for its nominations work.

The objective is to achieve an appropriate composition of the Board in terms of diversity and breadth of gender, age, competence and experience.

The proposal of the Nominations Committee is included in

the notification of the Annual General Meeting. Ahead of the 2023 Annual General Meeting, the Nominations Committee consists of the following members:

- Trond Bjørnøy (appointed by Norvestor VI LP)
- Fredrik Herlitz (appointed by 5J Holding AB)
- Ingar Jensen (appointed by Ulvén Invest AB)
- Erik Hallengren (appointed by SEB Fonder)
- Per Lindberg (Chairman of Board, Permascand Top Holding AB)

Trond Bjørnøy was elected as Chairman of the Nominations Committee.

Stock market Communication

The goal is to maintain a high level of information to the stock market, investors, and analysts. It should be accurate and transparent to create long-term trust in the company. Results and financial position are presented four times a year. All market-moving information is disclosed through press releases. All financial information is available on the company's website, including press releases and reports at the time they are published. In connection with the release of quarterly reports, a digital presentation is given.

Board of Directors

The company's Board of Directors consists of seven members, elected by the Annual General Meeting, as well as one member appointed by the employees. The board members and chairman of the board are elected annually until the next general meeting and in 2022 were comprised of Per Lindberg (chairman), Anna Alexandersson, Karl Bergman, Marie Grönborg, Mario Houde, Ingar Jensen, and Johan Karlsson, as well as employee representative Erik Zimmerman. None of the board members work in the company's management, and seven of the eight members are independent in relation to the company's major shareholders.

The board's work is governed by an annually established working order that regulates decision-making within the company, signature authority, the board's meeting procedures, and the chairman's duties. There is an annual plan for the content and focus areas of board meetings. In addition to the constitutive board meeting, the board must hold at least four meetings during the year. In addition to planned meetings, extra board meetings may be convened to handle issues that arise during the year that need to be addressed urgently.

The board monitors the CEO's work and is responsible for ensuring that the organization, management, and guidelines for the management of the company's resources are appropriately structured. The board is also responsible for developing and monitoring the company's strategies through plans and goals, decisions on acquisitions, major investments, appointments to management, and ongoing monitoring of operations during the year.

The board also approves budgets and is responsible for annual financial statements. The chairman leads the board's work so that it is exercised in accordance with the Companies Act and other relevant laws. The chairman follows the operations in dialogue with the CEO and is responsible for ensuring

that other board members receive the information necessary for high-quality discussions and decisions.

Work of the Board of Directors

During 2022, the board of directors held 12 meetings, one of which was a constituent meeting. Board meetings are held in connection with the company's reporting and evenly distributed throughout the year according to plan.

During 2022, the board had a strong focus on the company's strategy and technological development, and in October a strategy meeting was held, attended by the company's management. Other areas of focus have been the annual report, risk management and internal control, company policies, sustainability issues, and budgeting.

Board committees

The board currently has two committees - the remuneration committee and the audit committee - both of which follow instructions adopted by the board. These committees prepare matters for the board and have no decision-making authority. The matters discussed at committee meetings are recorded and reported if necessary at subsequent board meetings.

The main tasks of the remuneration committee are to prepare the board's decisions on matters relating to compensation principles, compensation and other employment terms for company management, monitor and evaluate ongoing variable compensation programs and other employment terms for company management, and follow and evaluate the application of the guidelines for compensation to senior executives adopted by the Annual General Meeting as well as current compensation structures and levels in the company. In addition to the chairman of the board, Mario Houde and Anna Alexandersson have been members of the remuneration committee.

Information about the members of the Board

Members of the Board	Independent in relation to the company and its management	Independent in relation to major shareholders.	Member of the Audit Committee	Member of the Remuneration Committee.	Board meeting attendance
Anna Alexandersson	Yes	Yes	No	Yes	5/12
Per-Ola Baalerud*	Yes	No	No	No	7/12
Karl Bergman	Yes	Yes	No	No	5/12
Marie Grönborg	Yes	Yes	Yes	No	10/12
Mario Houde	Yes	Yes	No	Yes	12/12
Ingar Jensen	Yes	No	Yes	No	12/12
Johan Karlsson	Yes	Yes	Yes	No	12/12
Per Lindberg	Yes	Yes	No	Yes	12/12
Pernilla Lundin*	Yes	Yes	No	Yes	7/12
Erik Zimmerman**	No	Yes	No	No	12/12

Pernilla Lundin and Per-Ola Baalerud) left the Board after the Annual General Meeting 2022.

**Employee representative

The audit committee monitors, among other things, audit issues and the company's financial reporting and ensures the quality of interim reports. With regard to financial reporting, the committee is tasked with monitoring the effectiveness of the company's internal control and risk management, keeping informed about the audit of the annual and consolidated financial statements, and continually contacting the company's auditors to receive information about the focus and scope of the audit. The committee reviews and evaluates the auditor's impartiality and independence. Johan Karlsson has served as chairman of the audit committee, and in addition to him, Marie Grönborg and Ingar Jensen have also been members of the audit committee during the year.

Chief Executive Office

The Board of Directors appoints the CEO to lead the company's operations. The CEO reports to the Board and is responsible for the ongoing management in accordance with applicable laws and the Board's instructions and guidelines. The Board has adopted a CEO instruction that specifically regulates the CEO's tasks and the distribution of work between the Board and the CEO.

The CEO shall ensure that the company's accounts are maintained in accordance with applicable legislation and that the management of funds is properly controlled and reviewed. The CEO shall attend Board meetings. Furthermore, the CEO shall prepare and present to the Board matters that are outside the ongoing management. The CEO shall ensure that the issues are well documented and that the Board receives relevant information and documentation no later than in connection with the notice of the Board meeting, as stated in the Board's working order. In addition, the CEO shall execute decisions made by the Board.

According to the instructions for financial reporting, the CEO is responsible for the financial reports of the Company and shall, therefore, ensure that the Board receives appropriate information to continually evaluate the company's financial position. The CEO shall keep the Board continuously informed of the development of the company's operations, the size of turnover, price and cost development, the company's results and financial position, cash flow, liquidity and credit position, customers gained and lost, whether taxes and statutory fees have been paid, and more significant business events such as significant deviations from the budget that are important indicators of results and liquidity, as well as the conclusion of agreements of importance to the Company. The CEO shall also keep the Board continuously informed of any other events, circumstances, or conditions that cannot be considered insignificant to the company's shareholders. The CEO and other senior executives are presented on page 48.

Management team

The company's management team consists of, in addition to

the CEO, the CFO, CTO, COO, CCO, HR manager, and QHSE manager. The management team has continuous meetings throughout the year and monthly longer meetings with different focuses. The purpose of the management team is to support the CEO in leading the company towards its set goals and strategies. Decisions on overall operational issues are made at management team meetings.

Remuneration of the Board members and senior executives

Information regarding remuneration of the Board members and senior executives and the applicable guidelines for the 2022 financial year are presented in note 6 of the Annual Report.

General information

The guidelines are applicable to remuneration that will be agreed, or to amendments to remuneration already agreed, after the adoption of the guidelines by the Annual General Meeting. These guidelines do not apply to any remuneration resolved or approved by the General Meeting that is paid out as shares, warrants, convertibles, or other equity-linked instruments, such as synthetic options or employee share options thus adopted by the general meeting of shareholders. These guidelines are applicable to the Chief Executive Officer and other members of the company management, as well as other remuneration than Board fees for Board members.

Regarding other employment conditions that are subject to non-Swedish rules, the appropriate adaptations must be made to comply with any such legal requirements or accepted local practice, whereby the overarching purpose of these guidelines is to be satisfied as far as possible.

The guidelines' promotion of the company's business strategy, long-term interests and sustainability

The purpose of these guidelines is to create the right conditions for the company to retain and recruit competent and engaged senior executives who can successfully implement the company's business strategy and fulfil the company's long-term interests, including sustainability. Furthermore, the guidelines are to stimulate greater interest in the business and its performance development as a whole, as well as raise senior executive motivation and increase cohesiveness within the company. The guidelines should also lead to proper business ethics and corporate culture.

To achieve the company's business strategy, the total annual remuneration must be adapted to market conditions and competitive in the market where the executive is located, and consideration must also be given to the individual's qualifications and experience. Outstanding achievements must also be reflected in the total remuneration.

Every year the Board of Directors will evaluate whether a long-term share-based incentive program should be proposed to the Annual General Meeting.

Types of remuneration, etc

Remuneration of the company's senior executives is to be comprised of fixed salary, possible cash variable salary and other customary benefits and pensions. The total annual remuneration, including pension benefits, must be adapted to market conditions and competitive in the market where the executive is located, and consideration must also be given to the individual's responsibilities and level of authority, qualifications and experience. Outstanding achievements must also be reflected in the total remuneration. Fixed salary must be reviewed annually.

Fixed salary

The fixed salary for senior executives shall be competitive and be based on the individual executive's competence, responsibility and performance.

Variable remuneration

In addition to the fixed salary, senior executives are to be provided variable remuneration. The variable remuneration for the Chief Executive Officer shall amount to no more than 30 per cent of the annual fixed cash salary, and for other senior executives the variable cash salary shall amount to no more than 20 per cent of the annual fixed cash salary. The variable remuneration is based on the performance outcome of the individual's goals.

The variable cash salary is to be based on the performance in relation to the concrete targets that are derived from the company's business strategy and the long-term business plan approved by the Board. Performance targets for receiving variable remuneration may include share price-related or financial targets, either at a group or unit level, operational targets, as well as targets for sustainability and social responsibility, employee engagement or customer satisfaction. These targets must be set and documented annually. The company has financial targets and KPIs, based on strategic and business-critical initiatives and projects, that ensure achievement in line with the business plan and business strategy for the sustainability of future operations. Variable cash remuneration shall also be structured such that it generates increased stakeholder cohesiveness between senior executives and the shareholders of the company in line with the company's long-term interests, including sustainability.

Variable cash remuneration is calculated proportionally as earned under the condition that employment is ongoing and not under notice of termination at year-end. Terms for variable cash remuneration should be drawn up such that under difficult economic circumstances, or for other justifiable reasons, the Board has the possibility to limit or reject payment of variable cash remuneration if such disbursement is deemed to be unreasonable or incompatible with the company's other obligations to the shareholders. The Board must also be entitled to pay variable remuneration at an individual level for special cases of extraordinary performance, or change the criteria for achieving bonus targets during the year if there

are reasonable grounds that justify such divergence in order to deliver on the company's long-term interests and sustainability, or to ensure that the company remains economically sound. Any such remuneration may not exceed an amount corresponding to 50 per cent of the fixed annual cash salary, nor may it be paid more than once per year and per individual. Decisions regarding such payments are to be made by the Board based on proposals from the Remuneration Committee. The company has no right to reclaim variable cash remuneration paid according to agreements (no claw-back).

Other benefits

The company may offer other benefits to senior executives in line with local practice. Such benefits may include company cars and corporate healthcare etc, and may amount to no more than 15 per cent of the fixed annual cash salary.

Senior executives working in other countries than their home countries (ex-pats), may receive further compensation and other benefits deemed reasonable in relation to the specific circumstances connected with such overseas placement, whereby the overarching purpose of these guidelines is to be satisfied as far as possible. Such benefits may amount to not more than 50 per cent of the fixed annual cash salary.

Pension

Pension benefits for the Chief Executive Officer and other senior executives are to reflect normal market-based terms, compared to what generally applies to equivalent executives in other companies, and should normally be based on defined contribution pension plans. Retirement applies to senior executives at the relevant/applicable retirement age.

For the Chief Executive Officer, pension benefits, including health insurance shall be defined-contribution schemes. Variable cash remuneration shall not qualify for pension benefits. The pension premiums for defined-contribution schemes shall amount to no more than 35 per cent of the fixed annual cash salary.

For other senior executives, pension benefits, including health insurance shall be defined-contribution schemes if the executive is eligible for defined-benefit pension schemes under mandatory collective agreement terms. Variable cash remuneration qualifies for pension benefits only insofar as this complies with mandatory collective agreement terms that are applicable to the senior executive in question. The pension premiums to defined-contribution schemes shall amount to no more than 35 per cent of the fixed annual cash salary.

Consultant fees

If a member of the Board carries out work on behalf of the company, beyond the work of the Board, a consultant fee or other compensation must be able to be paid if specifically decided by the Board based on a proposal from the Remuneration Committee. Any such compensation must be structured in accordance with these guidelines.

Notice of termination and severance pay

The fixed salary during the notice period along with any severance pay must not exceed an amount corresponding to two years of the fixed salary. Mutual notice of termination for a senior executive must not exceed twelve months, during which salary is to be paid. The company must not allow any further severance pay per employee agreements.

Divergences from the guidelines

The Board has the right to diverge from the above guidelines, such as for recruitment of senior executives from the global labour market, and thereby be able to offer competitive terms, if the Board deems that in a specific case there are reasonable grounds that justify such divergence in order to deliver on the company's long-term interests and sustainability, or to ensure that the company remains economically sound. Any such divergences must be approved by the Remuneration Committee. Agreements that diverge from these guidelines may be renewed, but each agreement must be limited in time and not exceed 24 months or an amount that is double the remuneration that the person concerned would otherwise have earned without any such agreement.

During 2022, the CEO's agreement was updated, and the Board decided to deviate from the guidelines by deciding that variable remuneration should be pensionable. During 2022, the Board also chose to utilize the opportunity to provide variable remuneration to the CEO for extraordinary efforts in addition to variable remuneration that is part of ordinary terms.

Decision-making preparation and processes, etc

Matters related to salaries and remuneration of the Chief Executive Officer and other senior executives are prepared by the Remuneration Committee within the scope of the guidelines adopted by the Annual General Meeting, and approved by the Board of Directors.

The Remuneration Committee also prepares materials for Board decisions regarding principles for remuneration of senior executives, including guidelines for remuneration of senior executives. The Remuneration Committee also monitors and evaluates ongoing programmes and those that have ended during the year for variable remuneration to senior executives, and monitor and evaluate the application of these guidelines for remuneration to senior executives as well as the current remuneration structures and compensation levels in the company.

The Board shall prepare a proposal for new guidelines at least every fourth year and submit it to the Annual General Meeting. The guidelines shall apply until new guidelines are adopted by the General Meeting.

The guidelines are to be applied to every undertaking regarding the remuneration of senior executives, and every amendment to be made to such undertaking, which is decided after the Annual General Meeting at which the guidelines are adopted. The guidelines thus have no impact on

previous contractually binding commitments. Adopted guidelines may be amended via resolution at a general meeting of shareholders that is not the Annual General Meeting.

Every year, within the scope of and based on the guidelines and after drafting by the Remuneration Committee, the Board is to agree upon specific amendments to the remuneration terms for each individual senior executive, and also make other decisions regarding remuneration that may be payable to senior executives. The Chief Executive Officer and other senior members of the company management do not attend meetings during which the Remuneration Committee and the Board deals with and resolves on remuneration-related matters, insofar as they are affected by such matters.

At the end of the period during which fulfilment of the criteria for awarding variable cash remuneration is to be measured, the extent of the criteria fulfilment must be established. After recommendation from the Remuneration Committee, the Board is responsible for assessing the variable cash remuneration for the Chief Executive Officer and the Chief Executive Officer is responsible for the assessment of variable cash remuneration for other senior executives. With regards to the financial targets, the assessment is to be based on the latest financial information published by the company.

Day-to-day expenses for the Chief Executive Officer, such as travel expenses, must be approved by the Chairman of the Board. Recruitments, changes in salary and other significant changes relating to other senior executives apart from the Chief Executive Officer, must be approved by the Chairman of the Board. Minor amendments and day-to-day expenses are to be approved by the CEO. Payment of fixed basic salary is managed by the payroll administrator and approved before disbursement by the HR manager. Payment of short-term variable remuneration to senior executives and the CEO are to be approved by the Remuneration Committee. Entitlement to participate in share-based incentive programmes is decided by the Board and is based on a proposal approved by the general meeting of shareholders.

Compliance with the guidelines is monitored annually in the following ways:

- Collation of the documented annual targets for short-term variable remuneration.
- Random samples of approved salary disbursements.
- Samples from the payroll system aimed at identifying unusual payments.
- Results from the controls are summarised and reported to the Remuneration Committee.

The Company has also consulted third-party reference data to ensure that remuneration of the Chief Executive Officer and other senior executives reflects what generally applies to equivalent executives in other companies. The company ensures that it has market-based terms through recruitment processes when senior executives are recruited externally.

In the preparation of the Board's proposal for these

guidelines, salary and employment conditions for employees of the company have been taken into account by including information on the employees' total income, the components of the remuneration and the increase and rate of increase over time in the documentation to support the Board's decision.

The Board judges that the guidelines on the remuneration of senior executives are proportional to the salary levels, remuneration levels and terms for other employees in the Group.

Remuneration of the CEO and other senior executives is subject to annual review in accordance with the company's guidelines for remuneration of the CEO and other senior executives.

Auditors

The company's statutory auditor is appointed by the Annual General Meeting. Permascand's auditor is KPMG AB. Helena Nilsson is the Auditor in charge.

The auditor is to review the company's annual accounts and accounting records, and the Board of Directors' and the CEO's management of the company. Following each financial year, the auditor submits an audit report to the Annual General Meeting. In accordance with the company's articles of association, the company is to appoint one or two auditors plus no more than two deputies.

Audit fees

Audit fees for the audit engagement, advice and other work connected to the audit. Audit fees have been paid in the amount of SEK 1 189 thousand in total, and includes other services related to the audit assignment.

Auditing

An overview audit was conducted by external auditors regarding the company's interim report for the third quarter of 2022.

Intern kontroll och finansiell rapportering

Intern kontroll avser att säkerställa att beslut, mål och strategier efterlevs och minska risken för oförutsebara avvikelser och fel i rapportering. Grunden för det arbetet utgår ifrån bolagets ramverk för att styra och hantera risk.

Ramverket består av uppförandekod, policyer och riktlinjer som tillsammans verkar för att säkerställa att interna kontrollerna utvecklas, kommuniceras till och förstås av de anställda som ansvarar för de individuella kontrollrutinerna. Ramverket ska även se till att kontrollrutiner övervakas, verkställs, uppdateras och underhålls.

Styrelsen ansvarar, i enlighet med aktiebolagslagen och Koden, för den interna kontrollen i bolaget avseende finansiell

rapportering. Styrelse uppdrar åt VD att ansvara för införande och tillsammans med CFO och QHSE manager säkerställer VD att nödvändiga kontroller har tagits fram och följs upp. Chefer på de olika nivåerna i bolaget ansvarar för att säkerställa att interna kontroller upprättas inom deras egna verksamhetsområden och att dessa kontroller fyller sitt syfte.

Systemet för intern kontroll syftar även till att övervaka efterlevnaden av lagar, tillämpliga regelverk samt bolagets policyer, principer och instruktioner. Därutöver säkras systemet att bolagets tillgångar skyddas och att bolagets resurser utnyttas på ett kostnadseffektivt och lämpligt sätt. För att utvärdera bolagets interna kontroll över finansiell rapportering använder Permascand en princip som består av fem komponenter:

Internal control and financial reporting

The company has a framework for governance and risk management, which is an important element of the Board's operational and strategic governance. The governance framework consists of a Code of Conduct, policies and guidelines that regulate how the company is governed. The Board and CEO have the ultimate responsibility for ensuring that internal control is developed, communicated to and understood by those employees who are responsible for specific control routines, as well as for ensuring that the control routines are monitored, implemented, updated and maintained. Managers at the different levels of the organisation are responsible for ensuring that internal controls are established within their own business area and these controls fulfil their intended purpose. At a Group level the CEO along with the CFO and the Head of Quality,

Internal control includes control within the Group and the organisation, routines and follow-up measures. The purpose of internal control is to ensure that financial reporting is reliable and correct – so that the company's and the consolidated financial reporting is created in accordance with laws, applicable accounting standards and other requirements. Internal control also aims to monitor compliance with the company's policies, principles and instructions. Furthermore, the system ensures the protection of the company's assets and that the company's resources are used in a cost-efficient and appropriate manner.

Permascand applies a policy for the evaluation of the company's internal control of its financial reporting that comprises monitoring five components:

- Control environment
- Risk assessment
- Control activities
- Information and communication
- Monitoring

Control environment

Permascand's control environment is comprised of guidelines and policies, decision-making paths, remits and areas of responsibility. The Board of Directors has adopted governing documents and instructions to communicate a clearly defined internal control environment that also aims to define roles and allocation of responsibilities between the CEO and the Board of Directors. These governance documents and instructions include the rules of procedure of the Board, the CEO instruction and instructions for the CEO regarding financial reporting and delegation of authority. Furthermore, the Board has adopted a risk management policy that governs Permascand's risk management, internal control and control environment.

Permascand has an accounting manual that includes governance and follow-up of outcomes compared with prior year, as well as follow-up of Permascand's accounting principles.

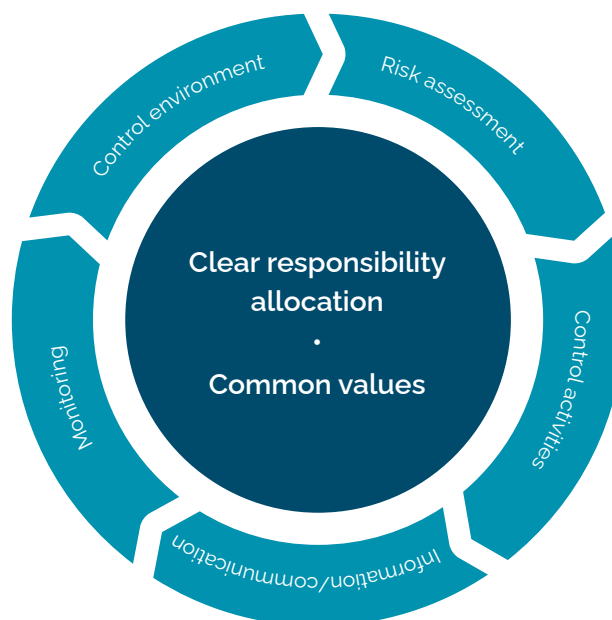
The Board has the ultimate responsibility for financial reporting and for internal control and risk assessment, and the Audit Committee monitors the effectiveness of Permascand's risk management and internal control based on the financial reporting. The Group management team is responsible for reporting to the Board and the Audit Committee, in accordance with Permascand's reporting procedures. All policies and instructions are updated pursuant to any changes in laws, accounting standards or principles.

Risk assessment and control activities

Permascand's risk management policy governs Permascand's risk management and control activities. Permascand's risk management framework emphasises that risk management is part of day-to-day operations and that all business units are to continually identify, assess, document, react to and monitor the risks within their operations.

Risk management must be fully integrated into business planning and control processes. Management is responsible for promoting a sense of personal responsibility for risk, generating a shared view and awareness of risks and for delegating and enabling ownership and responsibility for risk in day-to-day decisions.

Risks identified will be managed according to Permascand's key procedures and integrated control activities, for example separation and delegation of responsibilities, carefully formulated role descriptions and a documented decision-making process. The key procedures have been structured to manage and mitigate identified risks. Individual assessment of internal control routines is carried out regularly. Follow-up of Permascand's financial position and general IT controls are also part of the overarching company control system.



Risk management

The Board and company management continually monitor risks that may have a material impact on financial reporting. The risk of material errors in the financial reporting is assessed based on materiality and the complexity of different accounting items. Accounting rules for different items on the balance sheet and income statement are also continuously assessed. Overarching policies are in place to minimise identified risks in the financial reporting, for instance the finance policy and the decision and authorisation policy, as well as defined instructions and established timetables for the financial reporting.

Substantially all financial reporting is managed centrally by the Finance Function, but some parts of the processes are decentralised across the organisation. Detailed instructions for regular accounting and reporting ensure appropriate financial reporting. The purpose of all governance policies, process descriptions and timetables is to provide a foundation for effective internal control and to ensure that the reporting is accurate and consistent. Guidelines and process descriptions are continuously followed up and updated as needed based on changes in legislation or internal organisational changes. Within the scope of the applicable processes and procedures, control activities have been built in at all levels of the organisation aimed at ensuring appropriate processes and ensuring prevention and/or detection of errors and, ultimately ensuring accurate financial reporting.

Information and communication

Permascand has procedures, fundamental policies and instructions that are formulated to verify that the financial reporting is accurate, updated and constantly communicated. Both formal and informal information channels are available for the Board for important information from the Management group, included a well-documented reporting process that verifies that information about the financial position and performance reaches the Board every month. Other important information, such as ongoing or forthcoming investments, specific administrative matters, and potentially material risks are reported to the Board when the event occurs. For external communication, guidelines are available in the Communication and IR Policy and the Insider Policy, which ensure that Permascand adheres to requirements for accurate information to the market.

Follow-up

The Board of Directors has decided that follow-up and review of important risks should be conducted annually, and that such review be prepared by the Audit Committee and reported to, evaluated and discussed by the Board. Furthermore, the Audit Committee examines and monitors that relevant measures are taken to address potential failings that have been identified as part of the risk audits.

Internal auditing

Management and reporting is audited by the Audit Committee and the Board. An evaluation of internal control is performed annually by the Board. The Board has decided that, based on the size and complexity of the operations, no internal audit function is necessary. Every year the Board will assess whether an internal audit function is required.



Governance Policy

Ensures that Permascand complies with applicable laws and regulations and that Permascand's values and preferred business practices are communicated and adhered to throughout the organization.



Purchasing Policy

Clarifies the guidelines and approaches that apply to the purchase of goods and services. All purchases must be business-related and related to Permascand's operations. The purchasing function should strive to achieve the best total value for the company and prevent risk. In addition, an important goal is to create conditions for the company's growth. Everyone representing Permascand should act in a businesslike manner.



Financial Policy

Establishes overall goals and guidelines for financial risk and for how the financial activities should be conducted. The financial policy also specifies how the responsibility for the financial activities is allocated, as well as how the risks should be managed and reported.



HR Policy

Clarifies, with accompanying guidelines and instructions, the expectations and responsibilities in essential areas for employees within Permascand.



Sustainability Policy

At Permascand, we are committed to using our expertise in providing electrochemical solutions to support meeting the needs of current generations without compromising the ability of future generations to meet their needs. Permascand recognizes that this involves addressing economic, environmental, and social needs. Therefore, we are committed to considering all three of these needs, both now and in the future, in the lifecycle of our products, in our manufacturing processes, and in our procurement of materials and services in relation to human rights, labor issues, the environment, and anti-corruption.



IT and Information Security Policy

Provides a framework for effective management and delivery of IT and information security in compliance with applicable laws and regulations, as well as requirements related to business operations, customers, employees, and other stakeholders.



Code of Conduct including Whistleblower Policy and Anti-Corruption Policy

The company has committed to protecting and respecting basic human rights for all who are affected by our operations. Therefore, the company expects its employees, business partners, and other stakeholders who are directly linked to its operations, products, or services to be equally committed to respecting internationally recognized human rights.



Information Policy

Ensures that information from the company is accurate and provided in a professional manner at the right time. It covers both internal and external communication.



Insider Policy

Ensures ethical handling towards the capital market by describing trading and reporting requirements.



Sanctions Policy

Specifies the responsibility for following and upholding the company's position on sanctions. It serves as a guiding document with procedures and guidelines. The company attaches great importance to complying with all applicable sanction regimes, sanction laws, and export regulations in all aspects of its operations.

Permascand's Board of Directors



PER LINDBERG

Chairman of the Board

Board member since 2020

Year of birth: 1959

Education: Per Lindgren has an MSc in Engineering as well as a PhD in Industrial leadership and organisation from Chalmers University of Technology.

Current assignments: Chairman of the Board of Nordic Brass Gusum AB and Peymar Holding AB, and Board member of Boliden AB, Valmet Oyj and Premium Svensk Lax AB.

Previous assignments (last five years): Member of the Board of Nordstjernan AB. CEO of Billerud-Korsnäs AB and Epiroc AB.

Holding in the company (including related parties): 128,250 shares through Peymar Holding AB. 106,087 warrants in the 2021/2025 series.



ANNA ALEXANDERSSON

Member of the Board

Board member since 2022

Year of birth: 1979

Education: MSc in Chemical Engineering from Chalmers University of Technology.

Current assignments: Business Developer at Statkraft Hydrogen AB.

Previous assignments (last five years): Anna Alexandersson has experience in electrification, hydrogen, and renewable energy through several roles at the research institute RISE. Board member of Hydrogen Sweden.

Holding in the company (including related parties): –



KARL BERGMAN

Member of the Board

Board member since 2022

Year of birth: 1960

Education: Karl Bergman holds a Ph.D. in Solid State Physics from Lund University.

Current assignments: Vice President Strategic Transformation Initiatives at Vattenfall and member of the Royal Swedish Academy of Engineering Sciences (IVA) and chairman of IVA's theme council for climate, resources, and energy.

Previous assignments (last five years): Karl Bergman has held several leadership positions within the Vattenfall group, including Research Director. He has previously worked for Cap Gemini, ABB Power Systems, and ABB Corporate Research.

Holding in the company (including related parties): –



MARIE GRÖNBORG

Member of the Board

Board member since 2020

Year of birth: 1970

Education: Marie Grönborg has an MSc in Chemical Engineering from Chalmers University of Technology and Imperial College, London.

Current assignments: Member of the Board of SSAB AB. CEO of TreeToTextile.

Previous assignments (last five years): External CEO for Purac AB. EVP and Board positions within subsidiaries of Perstorp Group.

Holding in the company (including related parties): 66,268 warrants in the 2021/2025 series.



MARIO HOUDE

Member of the Board

Board member since 2015

Year of birth: 1960

Education: Mario Houde has a BSc in Chemical Engineering from Montreal University, Canada.

Current assignments: Head of MCHoude Consulting LLC

Previous assignments (last five years): Global Head of Supply Chain at AkzoNobel Pulp and Performance Chemicals.

Holding in the company (including related parties): 1,189,323 shares through MCHoude Consulting LLC. 66,268 warrants in the 2021/2025 series.



INGAR JENSEN

Member of the Board

Board member since 2015

Year of birth: 1955

Education: Ingar Jensen has an MSc in Business and Economics from the University of Gothenburg, with a specialisation in Marketing and International Financing.

Current assignments: Member of the Board of Arctic Engineering AB and its subsidiaries. Chairman of the subsidiary Släp and Lastbilspåbygggnader AB i Övertorneå (SLP) and its group companies. Member of the Board of Beati AB and its subsidiaries. Chairman of the Board of Öna Skog AB

Previous assignments (last five years): Member of the Board of SMA Mineral AB, SMA Mineral Holding AB and Robust AB.

Holding in the company (including related parties): 6,135,000 shares through Ulven Invest AB. 66,268 warrants in the 2021/2025 series.



JOHAN KARLSSON

Member of the Board

Board member since 2020

Year of birth: 1965

Education: Johan Karlsson has a BSc in Business Administration from the University of Gothenburg's School of Economics.

Current assignments: CEO and President of Dustin Group AB. Board positions in subsidiaries within the Dustin Group and in Adlibris and Kontext Agency of Scandinavia AB.

Previous assignments (last five years): Member of the Board in subsidiaries within the Dustin Group.

Holding in the company (including related parties): 106,110 shares 88,357 warrants in the 2021/2025 series.



ERIK ZIMMERMAN

Employee representative 2017

Year of birth: 1969

Education: Erik Zimmerman has a BA in Business Administration and Management from Mid Sweden University and a Masters in Chemistry from Umeå University.

Previous assignments (last five years): Chairman of the Board of Vätgas Sverige.

Holding in the company (including related parties): 48,195 warrants in the 2021/2024 series.

Senior executives



PETER LUNDSTRÖM

Chief Executive Officer

Employed since 2016, CEO since 2017

Year of birth: 1968

Education: Peter Lundström has a Masters in Economics from Mid Sweden University.

Current assignments: Member of the Board of Fyra L Holding AB.

Previous assignments (last five years): Member of the Board of Xylem Water Solutions Sweden AB.

Holding in the company (including related parties): 1,596,575 shares through Fyra L Holding AB. 227,205 warrants in the 2021/2024 series.



LINDA EKMAN

CFO

Employed since 2018

Year of birth: 1979

Education: Linda Ekman has a BA and Masters in Business Administration and Economics

Current assignments: Member of the Board in Mekanotjänst i Järvsö AB, Mekanotjänst i Ljusdal AB and 2d Fab AB.

Previous assignments (last five years): CEO of NP3 Fastigheter AB. When Linda Ekman held the position of CFO of NP3 Fastigheter AB, she was also a member of the Board of several property companies within NPS's property portfolio. Deputy board member of BusinessDuke AB.

Holding in the company (including related parties): 204,868 shares. 72,292 warrants in the 2021/2024 series.



FREDRIK HERLITZ

CTO

Employed at Permascand since 2002, CTO since 2017

Year of birth: 1966

Education: Fredrik Herlitz has an MSc in Chemical Engineering from the Royal Institute of technology (KTH).

Current assignments: Member of the Board of SEKAB BioFuels & Chemicals AB and 5J Holding AB.

Previous assignments (last five years): Member of the Board of JFL Holding AB, Teknikföretagen (Region Norr) and MidSweden Chamber of Commerce.

Holding in the company (including related parties): 6,132,878 shares through 5J Holding AB. 72,292 warrants in the 2021/2024 series.



VIKTORIA LINDSTRAND

CCO

Employed since 2017

Year of birth: 1971

Education: Viktoria Lindstrand has an MSc in Chemical Engineering from Lund University and a Licentiate degree in Chemical Engineering from the Faculty of Engineering at Lund University

Current assignments: Member of the Board of Lindstrand Executive AB.

Previous assignments (last five years): –

Holding in the company (including related parties): 150,550 shares through Lindstrand Executive AB. 72,292 warrants in the 2021/2024 series.



LARS NYMAN

COO

Employed since 2015

Year of birth: 1969

Education: Lars Nyman studied Forestry at Hussborg's School of Forestry.

Current assignments: Member of the Board of Hussborg Microbrewery AB.

Previous assignments (last five years): –

Holding in the company (including related parties): 123,780 shares 72,292 warrants in the 2021/2024 series.



LENA OSKARSSON ENGBERG

Head of Human Resources

Employed since 2019

Year of birth: 1966

Education: Lena Oskarsson Engberg has a Degree in Human Resources from Företagsekonomiska Institutet (FEI).

Background: Prior to joining Permascand, Lena was a HR Specialist at Samhall AB. Before that she worked as the HR Business Partner at Permobil AB and at HRIF Skadeförsäkring AB.

Current assignments: –

Previous assignments (last five years): –

Holding in the company (including related parties): 48,195 warrants in the 2021/2024 series.



JENS-MICHAEL POVLSEN

Head of Quality, Environment and Health & Safety

Employed since 2018

Year of birth: 1976

Education: Jens-Michael Povlsen has an Environmental Studies degree from the University of Stirling.

Current assignments: –

Previous assignments (last five years): –

Holding in the company (including related parties): 48,195 warrants in the 2021/2024 series.



Permascand's share

Permascand Top Holdings' ordinary shares were listed on Nasdaq First North Premier Growth Market on 4 June 2021. Permascand's share capital amounts to SEK 2.2 m. The total number of registered shares is 59,313,529. The shares are registered with Euroclear Sweden. Each of the company's shares entitles the holder to one vote at the general meeting of shareholders and every shareholder has the right to vote using all the shares that the shareholder holds in the company.

Share price development

The initial price for Permascand's share listing on Nasdaq First North Premier Growth Market was SEK 34 per share. At the 2022 year-end, the price was SEK 22.8.

Refer to Nasdaq Stockholm's website for current share prices. The highest trading price for Permascand's share in 2022 was SEK 44.0, and the lowest price was SEK 20.2.

Financial targets

➤ Growth

Permascand's medium-term goal is to achieve average organic growth of at least 25 per cent per year.

➤ Profitability

Permascand's medium-term goal is to deliver an operating margin of more than 25 per cent.

➤ Capital structure

Permascand's net debt in relation to EBITDA must not exceed 2.0x. This level may temporarily be exceeded if acquisitions are made.

Dividends

The Board of Directors has proposed to the Annual General Meeting that no dividends be paid for 2021.

Financial calendar for 2022

- Annual General Meeting 9 May, 2023
- Interim report Yesnuary - March: 10 May, 2023
- Half-year report Yesnuary - June: 16 August, 2023
- Interim report Yesnuary - September: 9 November, 2023

Shareholder information

- *Ticker:*
PSCAND
- *ISIN code:*
SE0015962048
- *Marketplace:*
Nasdaq First North Premier Growth Market
- *Certified Adviser:*
FNCA Sweden AB

GROWTH GOALS

>25 %

Average annual
organic growth

PROFITABILITY GOALS

>25 %

Operating
profit

CAPITAL STRUCTURE GOAL

2.0x

Maximum net debt in rela-
tion to EBITDA

SHARE PRICE DEVELOPMENT 2022



10 LARGEST SHAREHOLDERS, 31 DECEMBER 2022

SHAREHOLDERS	NUMBER OF SHARES	EQUITY & VOTES
Norvestor VI L.P.	26 363 614	44.45
Ulven Invest AB (1)	6 135 000	10.34
5J Holding AB (2)	6 132 878	10.34
SEB AB, Luxembourg Branch, W8IMY	4 472 674	7.54
Länsförsäkringar Småbolag Sverige	1 980 967	3.34
Fyra L Holding AB (3)	1 603 987	2.7
Försäkringsbolaget Avanza Pension	1 596 575	2.69
SEB Sverigefond	1 189 323	2.01
MCHoude Consulting LLC (4)	1 041 174	1.76
RAM One	994 403	1.68
Total, 10 largest shareholders	51 510 595	86.85
Other shareholders	7 802 934	13.15
Total	59 313 529	100

(1) Controlled by Ingar Jensen, Board member
(2) Controlled by Fredrik Herlitz, Senior Executive

(3) Controlled by Peter Lundström, CEO
(4) Controlled by Mario Houde, Board member



Directors' Report

The Board of Directors and CEO of Permascand Top Holding AB (publ), 559227-6124, headquartered in the municipality of Ånge, hereby present the annual report and consolidated financial statements for the financial year 01/01/2022 - 31/12/2022. The income statement and balance sheet will be presented to the Annual General Meeting on 09/05/2023 for adoption.

Information about the business

The group

The Permascand business was founded in 1971, since when it has developed, manufactured and supplied products in the electrochemical industry. Permascand offers complex customised solutions in catalytic coatings, electrodes, electrochemical cells and aftermarket services to a number of different industries. Permascand's activities are divided into three business segments:

- Electrification & Renewables
- Industrial Solutions
- Water Treatment

Sustainability represents the core of Permascand's business and permeates everything Permascand does. Permascand's products are directly linked to technical environmental applications that reduce environmental impact. This means that the present global focus on sustainability and reducing climate impact is a factor that is expected to contribute to an ever greater degree to demand for Permascand's products.

Permascand's head office is in Ljungaværk, where the company also has its research and development activities, technical development and production. Permascand also has offices in Stockholm, Gothenburg and Vancouver, Canada. The operating company Permascand AB is certified according to ISO 9001, 14001 and 18001

Parent company

Permascand Top Holding AB is the parent company of a group with subsidiaries that appear in Note 13. The parent company was formed on 20 November 2019 and this is its third financial year. The parent company's activities consist of owning and managing shares and interests in subsidiaries and providing administrative services for these companies.

Merger of wholly owned subsidiaries

During the year, the wholly owned subsidiaries Permascand Group AB, Permascand Holding AB and Permascand Middle Holding AB were merged into the parent company.

Ownership structure

The parent company's shares are listed on Nasdaq First North Premier.

Significant events during the year

- On 11 February 2022, Permascand reported that the company had received two orders from a world-leading chlorate supplier for the delivery of electrochemical cells and peripheral equipment for a Greenfield project in South America. The orders were valued at a total of SEK 100 million and were included in the order intake in the first quarter of 2022, with planned delivery start in the latter part of 2022 and early 2023.
- On 23 September, Permascand reported that the partnership with Verdagy on the development of a new electrochemical cell for production of green hydrogen had reached an important milestone in the form of successful pilot tests of the technology's sustainability and scalability.
- On 4 November, Permascand reported that the collaboration and partnership had reached the commercialisation phase for the NORSCAND® electrolyser when the first electrochemical cells were sent out for use in demonstration plant for lithium electrolysis in the USA and Europa.
- On 17 November, Permascand reported that the company is co-funding an industrial doctoral project at Umeå University for production of cost-effective green hydrogen.
- On 15 December, Permascand reported that it had signed a framework agreement with a world-leading supplier of chlorate for the supply of service maintenance and coating of electrochemical cells for a major customer. The commercial collaboration has been in existence for a long time. The agreement value is estimated at SEK 30–45 million per year over the two-year agreement period.

Development of the company's business, performance and position

Sales

Net sales for the year amounted in total to SEK 569 million (405) which is an increase of 41 per cent. It is primarily in the Water Treatment segment that sales increased over the

previous year and amounted to SEK 320 million (195), which is an increase of 64 per cent, but sales in Industrial Solutions also increased to SEK 195 million (150) which is a 30 per cent increase. Sales in Electrification & Renewables are at the same level as the previous year. Segment distribution within the group amounts to 56 per cent for Water Treatment, Industrial Solutions represents 34 per cent and Electrification & Renewables 10 per cent.

Profit

Operating profit for the year amounted to SEK 105 million (38) and adjusted operating profit to SEK 95 million (60), which gives an adjusted operating margin of 17 per cent (15). The stronger gross profit and higher margin for the year are the result of increased sales and thus higher capacity utilisation over time. Other contributory factors in the increased profit included cost reduction as a result of investment in automation. Gross profit amounted to SEK 185 million (123), corresponding to a margin of 32 per cent (30).

Administrative costs compared with the previous year of SEK -50 million (-56) appear to have reduced but 2021 included SEK 22 million in administrative costs in connection with the company's stock exchange listing, which are adjusted as items affecting comparability.

Other operating income and costs consist of currency conversion of SEK 4 million (11), other contributions received and insurance compensation and costs relating to damage to treatment plant and power supply. Adjustment of insurance cases is handled as items affecting comparability and amounts to SEK 9 million net.

Net financial income and costs amounted to -4 (-11) and consists of interest. As a result of lower borrowing, interest costs are lower than for the comparison period. Tax costs amounted to SEK -19 million (-7). Comprehensive income for the period amounted to SEK 81 million (20) and profit per share was SEK 1.37 (-0.01).

Financial position

The balance sheet total at the end of December amounted to SEK 533 million (SEK 455 million at the start of the year).

Assets consisted mainly of non-current assets in the form of robot cells for automation, coating plant and goods in stock, as well as operating receivables, mainly customer accounts receivable. Cash and cash equivalents amounted to SEK 71 million (36).

Equity continued to strengthen as a consequence of positive financial results and amounted to SEK 364 million (283). The company continues to have a strong equity/assets ratio amounting to 68 per cent (62). A further explanation of changes in equity may be found in the consolidated report on changes in equity in summary.

Other than interest-bearing liabilities, the company has operating liabilities, most of which are trade accounts payable and advance payments from customers.

Working capital

Operating assets consist mainly of goods in stock and accounts receivable and most of the operating liabilities consist of trade accounts payable and advance payments from customers. Net working capital amounted to SEK 135 million, which represents 14 per cent in relation to 12 month sales. Working capital increased since the start of the year due to a higher level of goods in stock and fewer advance payments from customers.

Net liabilities

As a result of a strong cash position and reduced use of bank overdraft facilities, the group's net liabilities were below 0 at the end of December. Since June 2021, when the company had a share issue and repaid large bank loans, the level of indebtedness has been very low. Remaining interest bearing liabilities consist mainly of borrowing from banks.

On the balance sheet date, outstanding loans amounted to SEK 11 million (42 at the start of the year) and liquid funds in the bank to SEK 71 million (36 at the start of the year). Reported value for borrowing corresponds to fair value of the group's borrowing since the loans have variable interest rates and the credit spread is not such that reported value differs materially from fair value. The loan facilities have customary covenants.

Financial results by business segment

Amounts in SEK million	Electrification & Renewables	Industrial Solutions	Water Treatment	Total
Net sales	54	195	320	569
Cost of goods sold	(44)	(115)	(225)	(384)
Gross profit	10	80	95	185
Gross margin	18%	41%	30%	32%
Share of total sales	10%	34%	56%	100%

Cash flow

Cash flow for the year amounted to SEK 35 million (17). Material items that have contributed to the positive cash flow are mainly strong operating profit, which has been used for investments in non-current assets of SEK -45 million (23) and amortisation of non-current liabilities of SEK -24 million (-7).

Investments

For a number of years, Permascand has had an investment plan for an automated production process, most of which came into full operation at the end of 2021. In April 2021, a comprehensive innovation plan was presented to develop the hydrogen technology of the future and to build a full scale technology and innovation centre. The company plans to invest around SEK 300 million in total over the next three years.

During the year, the company mainly invested in space for research and development, including a new lab, as well as investments in coating methods and surface treatment. A total of SEK 45 million (23) has been invested in tangible and intangible non-current assets.

Significant events after the end of the reporting period

No significant events have occurred after the end of the reporting period.

Expected future development

Permascand is expected to enjoy continued growth in the coming years. Activity levels and demand indicate positive development. Favourable growth opportunities are primarily expected in the area for hydrogen and energy storage in the Electrification & Renewables segment. Industrial Solutions also has a stable market that is expected to have stable growth. The market for Water Treatment is expected to continue as forecast, while interest in water treatment in new markets is increasing and continues to be investigated.

Research and development

Permascand has continued its focus on developing products for new areas of application, developing customised products and improved production capability so as to be able to meet new requirements.

Permascand's strength lies in the combination of the group's electrochemical expertise and manufacturing and commercialisation capacity. For over 50 years, Permascand has made continuous investments in innovation and constant improvements of its core technology platform, which is based on its own catalytic coatings and extends all the way to complete electrochemical cells. Our extensive understanding of electrochemical processes forms the basis of Permascand's product range and the group's success lies in its ability to combine decades of research and development work with technical and manufacturing expertise to develop new

applications in its modern test facility in Ljungaverk.

Permascand not only develops its own commercial products but also develops collaboration with customers and international engineering companies in order to develop and market new and innovative solutions. As a result, Permascand has developed new applications such as:

- PERMACHLOR®, electrochlorination for effective and sustainable disinfection of water,
- NORSCAND®, a jointly developed electrolysis cell that enables the production of lithium battery chemicals by means of electrochemistry.
- PERMAH2®, technique for coated electrode mesh that enables effective production of green hydrogen.

Research and development is an important part of the company's DNA and is found throughout the organisation. 15 per cent of full-time employees are in jobs that involve research and development and product development.

The year's research and development costs amounted to SEK -28 million (-17) which corresponds to 6 per cent of total operating costs (5).

Remuneration

The Annual General Meeting decides on remuneration to the chair of the board and other board members. The Annual General Meeting also decides on guidelines for remuneration to the CEO and other senior executives. On the basis of these guidelines, the board decides on remuneration to the CEO.

Remuneration to other senior executives is decided by the CEO in consultation with the chair of the board. Decisions are reported to the board. See also Note 6 on remuneration for the year and the principles that applied in 2022. The board's proposal for guidelines for 2023 coincide in all material points with the principles that were approved by the Annual General Meeting 2022.

Significant risks and risk management

Exposure to both operational and financial risks is a natural part of the business activities and the purpose of risk management is not to avoid risk but to have a controlled strategy for handling the risks that the business is exposed to. The purpose of Permascand's risk management is to identify risk and prevent it arising, as well as to manage or limit the effects resulting from the risks that the company is exposed to. The group's management group evaluates and assesses risk annually and manages any new risks that arise promptly.

Permascand's risk management follows a three stage process:

- Stage 1: Identify risk and evaluate risk based on probability and consequence.
- Stage 2: Implement control measures to manage risk.
- Stage 3: Evaluate and assess the effects of the measures.

Permascand has a framework for internal control and policies and framework to support the risk management process. To support the work of internal control, there is a comprehensive set of internal control points that are evaluated and tested annually. The control process is formulated for the purpose of supporting the company's ability to reach defined goals and reporting is formulated in compliance with applicable laws and regulations, as well as other requirements for listed companies. Financial reporting must also be formulated in accordance with good accounting practice.

The board has ultimate responsibility for ensuring that there is an appropriate and effective risk management process in the group and decides on the strategic approach. The CEO and CFO inform the audit committee and the board on an ongoing basis about risk assessment and circumstances that are relevant. The board performs its own risk analysis once a year.

The risks are categorised as Strategic, Operational or Financial risk. The group is also exposed to risks in the area of sustainability, such as risks relating to environmental issues, health and safety, respect for human rights, bribery and corruption.

The most material operational risks are linked to a lower than planned inflow of orders as a result of market circumstances, longer delivery times or competition. Other material operational and strategic risks relate to quality and efficiency, as well as product development in order to meet the requirements of the market.

The challenges of recent years as a result of global uncertainty and disturbances in the supply chain caused by the pandemic have increased awareness of risks in supply of materials, access to raw materials and lead times and transport.

A more detailed description of financial risks and their management may be found in Note 3.

Sustainability focus

A sustainability and environmental focus permeates the business activities and Permascand's main focus in day-to-day activity is on safety, quality, health and the environment.

Sustainability and responsible business practice are integral parts of Permascand's strategy and permeate the entire operation with the aim of creating value for customers and stakeholders through its business activities, the employees' expertise and its technology and solutions. The products themselves contribute to a smaller climate footprint through reduced energy consumption and cleaner water.

In accordance with the Annual Reports Act, Permascand has compiled a separate sustainability report, "Permascand Sustainability Report 2022", which can be found among financial reports at Permascand.com.

Environmental impacts (activities requiring a permit or reporting in accordance with the Environmental Code)

Permascand has activities requiring a permit in accordance with the Environmental Code. The permits relate to surface treatment in which titanium, carbon steel and nickel represent an important part of the manufacturing process in the new manufacture and recoating of electrochemical cells. Permascand's production process affects the environment and the permits also relate to emissions to water and air and to noise. The group works actively to reduce its environmental impact, focusing on activities in sales and production, as well as R & D, in order to reduce the footprint. Permascand complies with the requirements of the permits and none of the permits expires in the coming year.

Corporate governance report

The corporate governance report on pages 36-53 is not part of the directors' report.

As regards the group's and the parent company's results and position in general, reference is made to the following income statement and balance sheet with associated notes.

Proposed allocation of profits

The following profit is at the board's disposal (SEK)	
Share premium reserve	757,469,317
Profit brought forward	-4,543,711
Profit for the year	18,758,965
Total	771,684,571
The board proposes that these profits be allocated as follows	
Carried forward to next year	771,684,571
<i>Of which share premium reserve</i>	<i>757,469,317</i>
Total	771,684,571

Risk chart



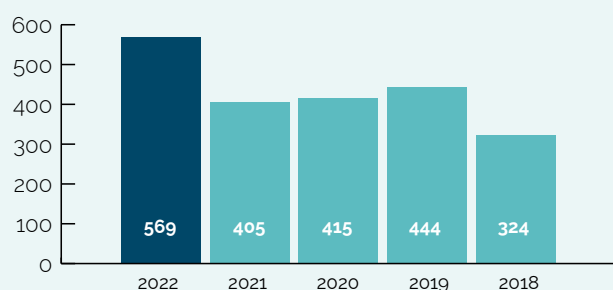
Risk	The risk	Process/Category
1.1	Lower than planned inflow of orders (due to market circumstances)	Operational
1.2	Lower than planned inflow of orders (due to competition, quality, support)	Operational
1.3	Lower than planned inflow of orders (Delivery times)	Operational
2	Quality and efficiency risk	Operational/Strategic
3.1	Material supplies/stocks in hand	Operational
3.2	Access to raw materials	Operational/Strategic
3.3	Strategic purchase of key raw materials	Operational/Strategic
4	Lead time and transport	Operational/Strategic
5	Permit obligation and compliance/Environmental and climate risk	Compliance
6.1	Maintaining skills	Operational/Strategic
6.2	Recruiting skills	Strategic
7	IT and information security risk	Operational
8.1	Product development – implementation and meeting market demands	Strategic
8.2	Development of methods/production techniques	Operational/Strategic
9	Meeting capacity requirements	Operational

Five-year summary

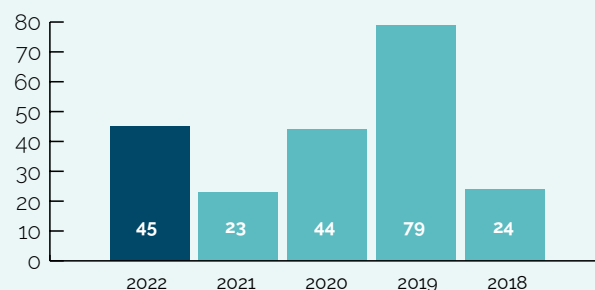
Amounts in SEK million	2022	2021	2020	2019	2018
Net sales	569	405	415	444	324
Operating margin %	18	9	15	10	7
Profit after net financial items	100	27	45	41	18
Balance sheet total	533	455	413	381	291
Investment in non-current assets	45	23	44	79	24
Net liabilities	-59	6	271	281	44
Return on total capital, %	21	9	15	13	9
Return on equity, %	25	15	neg	72	11
Equity/assets ratio, %	68	62	neg	neg	48
Profit per share	1.37	0.37	0.65	0.63	0.28

Definitions: see page 105

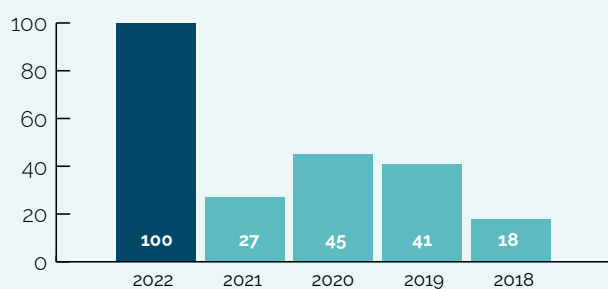
Net sales
(SEK million)



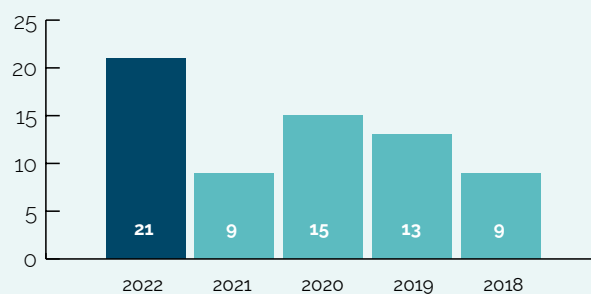
Investment in
non-current assets (SEK million)



Profit after net
financial items (SEK million)



Return on
total capital (%)



Consolidated report of comprehensive income

Amounts in SEK thousand	Note	2022	2021
Net sales	4	568,947	404,590
Cost of goods sold		-384,361	-281,682
Gross profit	4	184,586	122,908
Sales costs		-18,414	-17,070
Administration costs	5	-50,391	-56,165
Research and development costs		-27,776	-17,016
Other operating income	7	33,812	5,380
Other operating costs	7	-17,003	-128
Operating profit	6, 8	104,814	37,910
Financial income	9, 11	1	1
Financial costs	9	-4,441	-10,420
Net financial items		-4,440	-10,420
Profit before tax		100,374	27,490
Tax	10	-19,134	-7,146
Profit for the year		81,240	20,344
Other comprehensive income			
<i>Items that may be reclassified to the income statement</i>			
Change in fair value of cash flow hedges		-888	-1,138
Tax attributable to change in fair value of cash flow hedges		183	234
Exchange rate difference on translation of foreign activities		164	136
Total other comprehensive income		-541	-768
Total comprehensive income for the year		80,701	19,576
Profit for the year attributable to:			
Parent company's shareholders		80,701	19,576
Comprehensive income for the year attributable to:			
Parent company's shareholders		80,701	19,576
Profit per share calculated on profit for the year attributable to parent company's shareholders:	12		
Profit per share before and after dilution		1.37	0.37

The notes on pages 66 to 97 represent an integral part of this consolidated report.

Consolidated balance sheet

Amounts in SEK thousand	Note	31/12/2022	31/12/2021
ASSETS			
NON-CURRENT ASSETS			
<i>Intangible assets</i>	14		
Capitalised costs of development work and similar		15,547	16,233
Current investments		9	663
Goodwill		55,540	55,540
Total intangible assets		71,096	72,436
<i>Tangible non-current assets</i>	15		
Buildings and land		63,157	45,786
Machinery and other technical facilities		81,745	73,690
Equipment, tools, fixtures and fittings		22,165	17,622
Construction in progress and advance payment relating to tangible non-current assets		8,063	8,635
Total tangible non-current assets		175,130	145,733
Rights of use	16, 18	1,849	2,839
<i>Financial assets</i>			
Other non-current receivables	17, 18	1	110
Deferred tax assets	23	1	2
TOTAL NON-CURRENT ASSETS		248,076	221,120
CURRENT ASSETS			
<i>Goods in stock etc.</i>			
Raw materials and consumables		110,349	98,544
Goods under manufacture		13,693	10,563
Total goods in stock etc.		124,042	109,107
<i>Current receivables</i>			
Accounts receivable	18, 19	66,224	71,211
Current tax assets		0	0
Other receivables		10,742	3,919
Earned but not invoiced income	19	2,735	9,287
Deferred expenses and accrued income		10,462	4,028
Derivative instruments	18	-	-
Total current receivables		90,163	88,445
Cash and cash equivalents	18, 21	71,131	35,829
TOTAL CURRENT ASSETS		285,336	233,381
TOTAL ASSETS		533,412	454,501

Consolidated balance sheet contd.

Amounts in SEK thousand	Note	31/12/2022	31/12/2021
EQUITY AND LIABILITIES			
EQUITY	20		
Share capital		2,197	2,197
Other paid in capital		942,169	942,169
Acquisition reserve		-698,130	-698,130
Reserves		-789	-258
Profit brought forward including profit for the year		118,259	37,020
TOTAL EQUITY		363,706	282,998
LIABILITIES			
<i>Non-current liabilities</i>			
Liabilities to credit institutions	22	7,162	34,326
Deferred tax liabilities	23	12,677	10,820
Leasing liabilities	22	333	1,500
Total non-current liabilities		20,172	46,646
<i>Current liabilities</i>			
Liabilities to credit institutions	22	2,720	4,800
Advance payments from customers		40,309	24,227
Trade accounts payable		53,982	32,697
Leasing liabilities	22	1,448	1,304
Derivative instruments		1,234	346
Tax liabilities		10,014	2,505
Other liabilities		3,075	2,729
Invoiced but not earned income	24	16,447	39,769
Accrued expenses and deferred income	25	20,305	16,480
Total current liabilities		149,534	124,857
TOTAL LIABILITIES		169,706	171,503
TOTAL EQUITY AND LIABILITIES		533,412	454,501

The notes on pages 66 to 97 represent an integral part of this consolidated report.

Consolidated statement of changes in equity

Amounts in SEK thousand	Note	Share capital	Other paid in capital	Acquisition reserve	Translation reserve	Hedging reserve	Profit brought forward including profit for the year	Total equity
Opening balance as at 1 January 2021		1,870	662,830	-698,130	-112	629	16,761	-16,152
Profit for the year							20,344	20,344
Other comprehensive income for the year					129	-904		-768
Total comprehensive income for the year					129	-904	20,344	19,576
"Transactions with shareholders in their capacity as owners"								
New share issue		327	299,673					300,000
Cost new issue			-25,676					-25,676
Received option premiums	20		5,342					5,342
Other adjustments							-85	-85
Closing balance as at 31 December 2021		2,197	942,169	-698,130	17	-275	37,020	283,005
Opening balance as at 1 January 2022		2,197	942,169	-698,130	17	-275	37,020	283,005
Profit for the year							81,240	81,240
Other comprehensive income for the year					166	-705		-539
Total comprehensive income for the year					166	80,535		80,701
Closing balance as at 31 December 2022		2,197	942,169	-698,130	183	80,260	37,020	363,706

The notes on pages 66 to 97 represent an integral part of this consolidated report.

Consolidated statement of cash flows

Amounts in SEK thousand	Note	2022	2021
Cash flow from current operations			
Operating profit		104,815	37,910
<i>Adjustment for items excluded from the cash flow:</i>			
Depreciation of tangible non-current assets and intangible assets as well as right of use assets		17,197	15,325
Other items not affecting liquidity		2,400	892
Interest received			22
Interest paid		-3,008	-7,845
Income taxes paid		-9,578	-16,171
Cash flow from current operations before change in working capital		111,825	30,133
Cash flow from change in working capital			
Increase/decrease in goods in stock		-14,906	-19,186
Increase/decrease in operating receivables		-1,681	190
Increase/decrease in operating liabilities		18,161	-110
Total change in working capital		1,574	-19,106
Cash flow from current operations		113,399	11,027
Cash flow from investment activities			
Investments in intangible assets		-1,094	-4,933
Disposals of tangible assets		-44,607	0
Investment in tangible non-current assets		599	-17,797
Cash flow from investment activities		-45,103	-22,730
Cash flow from financing activities			
New share issue		-	300,000
Received option premiums		-	5,342
Issue costs		-	-25,676
Amortisation of non-current loans		-7,099	-250,000
Changes in working capital credit/Overdraft		-24,278	246
Amortisation of lease liabilities		-1,641	-1,622
Cash flow from financing activities		-33,018	28,009
Cash flow for the year		35,278	16,587
Cash and cash equivalents at start of year		35,829	19,182
Exchange rate differences in cash and cash equivalents		24	60
Cash and cash equivalents at year end	21	71,131	35,829

The notes on pages 67 to 97 represent an integral part of this consolidated report.

Notes to the consolidated financial statements

Note 1 THE GROUP General information

Permascand Top Holding AB (publ) with corporate registration number 559227-6124 is a limited liability company registered in Sweden with its headquarters in Ånge. The address of the head office is Permascand Top Holding AB, Folkets Husvägen

50, 841 99 Ljungavägen. Since June 2021, the company's shares have been listed on Nasdaq First North Premier Growth Market. Unless otherwise indicated, all amounts are reported in SEK thousands (KSEK).

Note 2 Summary of important financial reporting principles

The consolidated financial reporting covers the legal parent company Permascand Top Holding AB and its subsidiaries in which the parent company directly or indirectly holds more than 50 per cent of the votes or in some other way has a controlling interest. The group applies International Financial Reporting Standards (IFRS), as adopted by the EU, the Annual Reports Act and RFR 1 Supplementary Accounting Rules for Groups. Changes in standards and interpretations which entered into force in 2022 have not materially affected the consolidated financial reporting. New and changed standards with future application are not expected to have any material effect on Permascand's financial reporting.

The preparation of reports in accordance with IFRS requires the use of a number of important accounting estimates. Furthermore, the management is required to make certain assessments in the application of the consolidated accounting principles. The areas that involve a high degree of assessment, that are complex or those areas where assumptions and estimates are of material significance for the consolidated financial reporting are stated below under the heading "Material estimates and assessments for financial reporting purposes".

Consolidated financial statements

Subsidiaries are included in the consolidated financial statements from the date on which control is transferred to the group. The acquisition method is used for reporting the group's operating acquisitions. The purchase price for the acquisition of a subsidiary consists of fair value of transferred assets minus the liabilities the incurred by the group to the previous owners of the acquired company. The purchase price also includes the fair value of all assets or liabilities that are the result of an agreement on conditional purchase price. Identifiable acquired assets and liabilities taken over in a business combination are initially valued at fair value on the date of acquisition. Acquisition-related costs are expensed as they arise.

Functional currency and reporting currency

The consolidated financial statements use Swedish kronor (SEK), which is the functional currency of the parent company and the reporting currency of the group and the parent company. The functional currency of subsidiaries abroad is the local currency. In consolidated financial reporting, profit and financial position are translated to the group's reporting currency. Assets and liabilities are translated at the exchange rate on the balance sheet date. Income and costs are translated at the average rate. Translation differences arising on the translation of foreign operations are reported in other comprehensive income. Goodwill and adjustments of fair value that arise with acquisitions of foreign activities are treated as assets and liabilities at this activity and translated at the exchange rate on the balance sheet date. Currency gains and losses relating to loans and liquid assets in other currencies are reported in the report of comprehensive income as financial income or financial costs.

Transactions with subsidiaries

Pricing of deliveries between group companies is on business principles and at market prices. Transactions in foreign currencies are translated to the functional currency at the exchange rates in force at month end. Currency gains and losses arising in payment for such transactions are reported in operating profit in the report of comprehensive income. The group's internal transactions and balance sheet items, as well as unrealised gains and losses on transactions between group companies, are eliminated. **Bases of valuation applied in preparing the financial statements**

Assets and liabilities are reported at historical acquisition value, apart from certain financial assets and liabilities, which are assessed at fair value. Financial assets and liabilities that are reported at fair value consist of derivative instruments.

Classification

Non-current assets and non-current liabilities including associated provisions consist of amounts that are expected to

be recovered or paid more than 12 months after the balance sheet date. Current assets and current liabilities including associated provisions are items that are expected to be recovered or paid within 12 months after the balance sheet date. Deviations from this principle are reported in notes to the items in question.

Important estimates and assessments for reporting purposes

Company management makes estimates and assumptions about the future that affect reported values. The estimates for accounting purposes resulting from these will, by definition, rarely correspond with the actual outcome. The estimates and assumptions that could involve a significant risk of material adjustments in the reported values of assets and liabilities are discussed in general terms below.

Assessing the impairment requirement in respect of goodwill

The group investigates every year whether there is any need for impairment for goodwill in accordance with the financial reporting principle described in the section on Goodwill. Recoverable amounts for cash-generating entities have been determined by calculating value in use. Assumptions must be made for these calculations, the most important of which are forecasts of future cash flows, discount rates and the pace of long-term growth. The reported value of goodwill amounted to SEK 56 on 31 December 2022. The recoverable value exceeds the reported value of goodwill by a good margin.

Segment reporting

The group's operations are divided into three operating segments consisting of Electrification & Renewables, Industrial Solutions and Water Treatment. The operating segments are reported consistent with the internal reporting that is provided to group management. Operating segments are reported and followed up in gross profit. A more detailed description of the operating segments may be found in Note 56.

Income reporting

Permascand's business model is based on a technology platform for an electrochemical process that is based in turn on catalytic coatings. With the catalytic coatings as a basis, Permascand develops, manufactures and maintains customer-specific and customised electrochemical cells and electrodes in a number of areas. Income consists of new sales of products, as well as repeat customer orders in the form of maintenance and recoating of catalytic coatings on the customer's material.

Sale of products

Some agreements mean that the group performs service, recoating and maintenance work on products that are controlled by the customer. In these cases, income is reported over time as the work is performed. For other agreements, income is reported over time when the product becomes customer-specific and the group has no alternative use for the manufactured product, and also has the right to payment over time from the customer for the work performed. The extent to which the group has the right to payment over time depends on the agreement terms and an assessment that is made agreement by agreement. If this criterion is not met, income is reported at a given point in time. The majority of the group's agreements involve income reporting over time and at an agreed fixed price. Income is reported based on how great a proportion of the total agreed undertaking has been delivered. The degree of completion is normally measured through output methods that are based on assessments of how great a proportion of the group's total performance has been achieved to date. This may be based on degree of processing, milestones achieved or produced units. Estimates of income, costs or degree of completion are revised if the circumstances change.

Invoicing normally occurs when the product is delivered and responsibility for the product is transferred to the customer. When the group has an unconditional right to payment for work performed, a non-invoiced account receivable is reported (reported in the item "Earned but not invoiced income" on the balance sheet). When invoicing occurs, this item is removed and replaced with an account receivable. In the case of advance payment from the customer, a contractual liability is recorded on the balance sheet (presented in the item "Invoiced but not earned income"). Payment terms vary from contract to contract and depend on what has been agreed with the customer. The majority of the group's agreements have an originally anticipated term of maximum one year or are invoiced based on work performed. In accordance with the relief rules in IFRS 15, no information has been given about the transaction price assigned to these unfulfilled undertakings. If an agreement arises that has an anticipated term of a year or more, information is given about the transaction price assigned to unfulfilled undertakings in a note.

Income reporting of products at a given point in time.

In cases where the criteria for income reporting over time are not met, income is reported at the time the customer receives control over the products, which generally occurs on delivery to the customer. A receivable is reported when the products

have been delivered, since this is the point in time when payment becomes unconditional (i.e. only time is required for payment to occur). Income is valued at the contractual transaction price. Payment normally falls due 30 days after the service or product has been delivered to the customer. Even though extended payment terms may occur exceptionally, the payment terms never exceed 12 months. The transaction price is not therefore adjusted for the effects of significant financing components.

Government support

Subsidies from the government are reported at fair value when there is reasonable certainty that the subsidies will be received and that the group will comply with the conditions associated with the subsidies.

Government subsidies that apply to costs are allocated and reported in the income statement over the same periods as the costs that the subsidies are intended to cover. Government subsidies are reported on the line Other operating income. Government subsidies for non-current assets reduce the asset's reported value by the subsidy. The subsidy is reported in profits under the depreciable asset's useful life in the form of lower depreciation.

Leasing

When an agreement is entered into, the group decides whether the agreement is, or includes, a lease agreement. An agreement is or contains a lease agreement if the agreement transfers for a certain period the right to decide on the use of an identified asset against payment. The group's lease agreements where the group is the lessee refer almost entirely to premises, fork-lift trucks and vehicles.

Leasing - the group as a lessee

For all lease agreements, other than the exceptions mentioned below, a right of use asset is reported, as well as a corresponding leasing liability, on the date that the leased asset is available for the group's use. Each leasing payment is divided between amortisation of the liability and the financial cost. The financial cost shall be distributed over the term of the lease so that each accounting period is charged with an amount corresponding to a fixed interest rate for the liability recognised in each period.

The right of use asset is depreciated on a straight line basis over the shorter of the asset's useful life and the duration of the leasing contract. The lease agreements run for periods of 1 to 6 years, but there are options to extend or terminate agreements.

Assets and liabilities arising from leasing agreements are initially reported at the present value of future

lease payments. Lease liabilities include the present value of the following lease payments:

- Fixed charges
- Variable lease agreements that depend on an index or

interest rate

- Residual value guarantees
- Purchase options (which with reasonable certainty will be used)
- Penalty charges payable on termination of the lease agreement if the assumed lease period reflects that such a termination will occur.

Lease payments are discounted at the implicit rate when it can easily be determined that the marginal borrowing rate would otherwise be used. The assets with right-of-use rights are valued at acquisition value and include the following:

- Initial costs
- The initial valuation of the lease liability and
- Payments made on or before the time when the leased asset became available to the lessee.

The group applies the exception attributable to non-lease components and has chosen not to separate these from lease agreements attributable to premises. The group applies the exception in IFRS 16 whereby lease agreements attributable to short-term lease agreements and lease agreements for which the underlying asset has a low value are not reported as a right of use asset and lease liability but are reported as a costs on a straight line basis over the lease period. Short-term lease agreements are agreements

with a lease period of 12 months or less. Lease agreements for which the underlying asset has a low value mainly refer to office equipment.

Options to extend and terminate agreements

Options to extend and terminate agreements occur in the group's lease agreements regarding offices. The conditions are used to maximise flexibility in handling the agreements. Options to extend or terminate agreements are included in assets and liabilities when it is reasonably certain that they will be used.

Reporting in subsequent periods

Lease liabilities are revalued if there are changes to the lease agreement, changes in residual value guarantees or if there are changes in the cash flow that is based on the original contract terms. Changes in the cash flow that is based on the original contract terms arise when:

the group changes its initial assessment of how options for extending and/or terminating will be used, there are changes in previous assessments of whether a purchase option will be used or lease charges change as a result of changes in an index or interest rate. Revaluation of a lease liability leads to a corresponding adjustment of the right of use asset. If the reported value of the right of use asset has already been reduced to zero, the remaining revaluation is reported in the income statement. Right of use assets are impairment tested whenever events or changes in circumstances indicate that

the reported value of an asset cannot be recovered.

Presentation

Right of use assets and lease liabilities are reported on a separate line on the balance sheet. On the income statement, depreciation of right of use assets is reported on the line for depreciation and interest costs on the lease liability are reported as financial costs. Lease agreements attributable to lease agreements of low value and short-term lease agreements are reported on the income statement on the line for Administration costs. Repayment of lease liabilities is reported as cash flow from financing activities. Payment of interest and payment of short-term lease agreements and lease agreements of low value are reported as cash flow from current operations.

Current and deferred income tax

The period's tax costs are for current tax calculated on the period's taxable profit according to current tax rates. Tax for the period is also affected by changes in deferred tax assets and liabilities that relate to temporary differences and unused deficit. The current tax expense is calculated on the basis of the tax rules that have been decided or decided in practice on the balance sheet date in the countries in which the parent company and its subsidiaries operate and generate taxable income. Management regularly evaluates the statements that are made in self-declarations regarding situations where applicable tax rules are subject to interpretation. Where deemed to be appropriate, provisions are made for amounts that are likely to be payable to the tax authorities.

Deferred tax is reported on all temporary differences arising between the taxable value of assets and liabilities and their reported values in the consolidated financial statements. However deferred tax liability is not reported if it arises as a consequence of first reporting of goodwill. Nor is deferred tax recognised if it occurs as a result of a transaction that constitutes the initial recognition of an asset or liability in a transaction other than a business combination, and that, at the time of the transaction, affects neither the reported nor the taxable profits. Deferred income tax is calculated using tax rates (and laws) that have been adopted or announced as per the balance sheet date and that are expected to apply when the deferred tax asset in question is realised or the deferred tax liability is settled. Deferred tax assets are recognised to the extent that future tax surpluses are likely to be available, against which the temporary differences can be used.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and tax liabilities and when the deferred tax assets and liabilities relate to taxes levied by one and the same taxation authority and refer to either the same taxable entity or different taxable entities, where there is an intention to settle the balances through net payments. Current and deferred tax is reported in the report of comprehensive income except where it refers

to items that are reported in other comprehensive income or directly in equity. In such cases the tax is also reported in other comprehensive income or equity respectively.

Intangible assets

Goodwill

Goodwill arises on acquisition of subsidiaries and refers to the amount by which the purchase price exceeds the fair value of identifiable acquired net assets. For the purpose of testing the need for impairment, goodwill acquired in a business combination is assigned to cash-generating units or groups of cash-generating units that are expected to benefit from synergies from the acquisition. Each unit or group of units to which goodwill has been distributed corresponds to the lowest level in the group in which the goodwill in question is followed up in internal governance. Goodwill is followed up on the basis of operating segment.

Capitalised costs of development work and similar

Capitalised costs of development work and similar consist almost entirely of capitalised development costs. The group assesses on an ongoing basis the extent to which internally developed intangible assets, such as costs of development work, can be capitalised.

For an internally developed intangible asset to be able to be capitalised, the following criteria must be met:

- It is technically possible to complete the internally developed intangible asset so that it can be used,
- The company's intention is to complete the internally developed intangible asset and to use or sell it. The conditions exist to use or sell the internally developed intangible asset,
- It can be demonstrated how the internally developed intangible asset will generate probable future financial benefits,
- Adequate technical, financial and other resources are available to complete the development and to use or sell the internally developed intangible asset and the costs that are attributable to the internally developed intangible asset during its development can be reliably calculated.

Other expenses for development, that do not fulfil these criteria, are entered as costs as they arise. Previously expensed development costs are not recognised as an asset in the subsequent period.

Capitalised development costs that are reported as intangible assets are depreciated from the time when the asset is ready for use. The capitalised costs are attributable to development of new products. Capitalised costs of development are depreciated on a straight line basis over the forecast useful lifetime, which amounts to 5-10 years.

Tangible non-current assets

Tangible non-current assets include buildings and land,

machinery and other technical facilities, equipment, tools, fixtures and fittings and construction in progress and advance payment relating to tangible non-current assets. Tangible non-current assets are reported at acquisition value less deductions for depreciation, with the exception of construction in progress and advance payment relating to tangible non-current assets. The acquisition value includes expenses that can be directly attributed to the acquisition of the asset. Additional expenses are added to the asset's reported value or recognised as a separate asset, depending on which is applicable, only if it is probable that the future economic benefits associated with the asset will accrue to the group and the asset's cost can be measured reliably. The reported value of the replaced part is removed from the report of financial position. All other forms of repair and maintenance are recognised as costs in the report of comprehensive income during the period they are incurred.

No depreciation is carried out on land.

Depreciation of property, plant and equipment, in order to allocate their cost down to the estimated residual value over the estimated useful life, is carried out on a straight-line basis as follows:

- Buildings 15-50 years
- Land installations 20 years
- Machines and other technical facilities 10-20 years
- Equipment, tools, fixtures and fittings 5-20 years

Buildings consist of a number of components with different useful lives. The following main groups of components have been identified and form the basis of depreciation of buildings:

- Building shell, floor 30-50 years
- Installations: heating, electricity, HVAC and sanitation etc. 11-25 years
- Outer surfaces facades, roof etc. 30-40 years
- Inner surfaces: mechanical equipment etc. 10-20 years

The residual value and useful life of an asset is tested at the end of each reporting period and is adjusted as needed. An asset's reported value is immediately written down to its recoverable amount if this is higher than its assessed recoverable amount. Gains and losses on disposal are determined through a comparison between sales income and the reported value and reported net in Other operating income/ Other operating costs in the report of comprehensive income. Impairment of non-financial assets Goodwill, which has an indefinite useful life, or intangible assets that are not completed for use are not impaired but are tested annually, or if there are indications of loss of value, for any impairment need.

Assets that are impaired are assessed for value reduction whenever events or changes in conditions indicate that the reported value may not be recoverable. An impairment is carried out equal to the amount by which the asset's reported value exceeds its recoverable amount. The recoverable amount is the asset's fair value less sales expenses or its value

in use, whichever is higher. When assessing the impairment requirement, assets are grouped at the lowest levels where there are separate identifiable cash flows (cash-generating units). For assets, other than goodwill, that have previously been impaired, a test is made on each balance sheet date to determine whether reversal is necessary.

Financial instruments

a) First reporting

Financial assets and financial liabilities are reported when the group becomes party to the agreed terms of the instrument. Purchases and sales of financial assets and liabilities are reported on the transaction date – the date that the group commits to purchase or sell the asset. Financial instruments, when first reported, are reported at fair value plus, for a financial asset or liability that is not reported at fair value through the income statement, transaction costs that are directly attributable to acquisition or issue of financial assets or liabilities, such as fees and commission.

b) Financial assets - Classification and valuation

The group's financial assets are included in the category financial assets that are reported at accrued acquisition value with the exception of derivatives. Hedge accounting is applied for derivatives.

c) Financial assets at accrued acquisition value

Classification of investments in debt instruments depends on the group's business model for handling financial assets and the contractual terms for the asset's cash flow. The group only reclassifies debt instruments in the event that the group's business model for the instrument changes. Assets that have been acquired with the intention of collecting contractual cash flows and where the cash flow consists only of the capital amount and interest are reported at accrued acquisition value. Interest income from such financial assets is reported as financial income by applying the effective interest method. The group's financial assets that are reported at accrued acquisition value consist of the items other non-current receivables, accounts receivable, other receivables, accrued income and cash and cash equivalents.

d) Derivatives and hedge accounting

Derivatives are reported on the balance sheet on the transaction date and valued at fair value, both initially and in subsequent revaluation at the end of each reporting period. The group's derivatives consist of currency futures/swaps for hedging sales in foreign currencies. These are identified as hedging of currency risk in very probable forecast transactions (cash flow hedging). When the transaction is entered into, the group documents the relationship between the hedging instrument and the hedged item. The group documents its assessment, both when the hedging is entered into and on an ongoing basis, of whether the derivative instruments used

in hedging transactions have been and will continue to be effective in counteracting changes in cash flows attributable to the hedged items. The entire fair value of a derivative that is a hedging instrument is classified as a non-current asset or liability when the hedged item's remaining term is more than 12 months and as a current asset or liability when the hedged item's remaining term is less than 12 months.

Transaction exposure - Cash flow hedging

Currency exposure in future contracted and forecast cash flows is hedged by means of currency futures. Currency futures that protect the forecast flow are reported on the balance sheet at fair value. Changes in a currency future's fair value are reported in other comprehensive income and accumulated in equity as long as the hedge is effective. If the hedging is not effective or if the hedged forecast transaction is no longer expected to occur, the accumulated gain or loss is reported in profit for the year. The amount that is reported in equity through other comprehensive income is reversed to profit for the year in the same period in which the hedged item affects profit for the year and is reported in the item Other operating income or Other operating costs. When a hedging instrument falls due, is sold, disposed of or redeemed, or the company breaks the identification of the hedging relationship before the hedged transaction occurs and the forecast transaction is still expected to occur, the reported accumulated gain or loss remains in the hedging reserve in equity and is reported in the same way as above when the transaction occurs.

Lack of effectiveness in hedge reporting

The effectiveness of a hedge is evaluated when the hedging is entered into. The hedged item and the hedging instrument are constantly evaluated to ensure that the relationship meets the requirement. When the group hedges sales of foreign currency, a hedging relationship is entered into where critical conditions in the hedging instrument match the conditions for the hedged item. In this way, a qualitative evaluation of the effectiveness of the relationship is made. In hedging of sales of foreign currencies, a lack of effectiveness can arise about the timing of what was originally estimated.

e) Removal of financial assets

Purchases and sales of financial assets are recognised on the transaction date – the date that the group commits to purchase or sell the asset. Financial assets are removed from the report of financial position when the entitlement to receive cash flows from the instrument has expired or been transferred and the group has transferred more or less all the risks and benefits associated with ownership.

Gains or losses arising from the removal from the balance sheet are reported directly on the income statement as financial costs or income.

f) Financial liabilities - Classification and valuation

After initial recognition, the group's financial liabilities are valued at accrued acquisition value, using the effective interest method. The group's financial liabilities that are valued at accrued acquisition value consist of the items liabilities to credit institutions, trade accounts payable, other liabilities and accrued costs.

e) Removal of financial liabilities

Financial liabilities are removed from the report of financial position when the obligations have been settled, annulled or otherwise terminated. The difference between the reported value of a financial liability that is extinguished or transferred to another party and the payment that is received, including transferred assets that are not cash or assumed liabilities, is reported in the report of comprehensive income. When the terms of a financial liability are renegotiated and it is not removed from the report of financial position, a gain or loss is reported in the report of comprehensive income. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest.

h) Offsetting financial instruments

Financial assets and liabilities are offset and recorded at a net amount in the report of financial position only where there is a legal right to offset the reported amount and an intention to adjust them by a net amount or to simultaneously realise the asset and adjust the liability. The legal right may not be dependent on future events and it must be legally binding for the company and the other party both in normal business activities and in the case of suspension of payments, insolvency or bankruptcy.

i) Impairment of the group's financial assets that are reported at accrued acquisition value.

The group assesses anticipated future credit losses related to assets that are reported at accrued acquisition value. The group reports a credit reserve for such anticipated credit losses on each reporting date. The group has no significant history of proven customer losses. The group has relatively few customers and no proven customer losses have occurred in the last four years. There is therefore no usable data for making a general provision for customer losses and given the credit rating of the customers in question such a provision would not be material. The group bases calculations of credit losses related to accounts receivable or earned but not yet invoiced on an individual assessment of available information on each customer. For other financial assets, anticipated credit losses are insignificant.

Borrowing costs

General and particular borrowing costs that are directly attributable to purchasing, construction or production of qualified assets, which are assets that necessarily take a considerable

time to complete for intended use or sale, are reported as part of these assets' acquisition value. Capitalisation ceases when all activities that are required for the completion of the asset for its intended use or sale have essentially been completed. All other borrowing costs are expensed as they arise.

Goods in stock

Goods in stock are reported at the lower of acquisition value and net realisable value. The acquisition value consists of direct product costs, direct payroll and attributable indirect manufacturing costs (based on normal manufacturing capacity). Borrowing costs are not included. The acquisition value of individual items in stock is distributed based on balanced average costs. The net realisable value is the estimated selling price in current operations, less any applicable variable sales costs.

Accounts receivable

Accounts receivable are amounts attributable to customers relating to goods sold or services performed in day-to-day operations. Accounts receivable are initially reported at fair value (the transaction price). The group holds the accounts receivable for the purpose of collecting contractual cash flows, and therefore values accounts receivable on subsequent accounting dates at accrued acquisition value using the effective interest method, less reserves for anticipated credit losses.

Cash and cash equivalents

Cash and cash equivalents include bank deposits, both in the report of financial position and in the cash flow statement.

Share capital

Ordinary shares are classified as equity. Transaction costs that can be attributed directly to the issue of new shares or options are reported, net of tax, in equity as a deduction from the issue proceeds.

Borrowing

Borrowing is initially reported at fair value, net of any transaction costs. Borrowing is subsequently reported at accrued acquisition value, and any difference between the amount received (net of transaction costs) and the repayment amount is recognised in the report of comprehensive income over the loan period, applying the effective interest method. Borrowing is removed from the report of financial position when the obligations have been settled, annulled or otherwise terminated. The difference between the reported value of a financial liability (or part of a financial liability) that is extinguished or transferred to another party and the payment that is received, including transferred assets that are not cash or assumed liabilities, is reported in the report of comprehensive income. Borrowing is classified as a current liability if the group does not have an unconditional right to postpone payment of the liability for at least 12 months after the end of the reporting period.

Trade accounts payable

Trade accounts payable are financial instruments and refer to obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade accounts payable are classified as current liabilities if they fall due for payment within one year. If not, they are reported as non-current liabilities.

Trade accounts payable are initially entered at fair value and thereafter at accrued acquisition value using the effective interest rate method.

Remuneration to employees

Short-term remuneration to employees

Liabilities for salaries and remuneration, including non-monetary benefits and paid absence, which are expected to be settled within 12 months following the end of the financial year, are recognised as current liabilities at the undiscounted amount that is expected to be paid when the liabilities are settled. The cost is recognised in the report of comprehensive income as the services are provided by the employees. The liability is recognised as an obligation in respect of remuneration to employees in the consolidated balance sheet.

Pension obligations

The group only has defined contribution pension plans. A defined contribution plan is a pension plan according to which the company pays fixed contributions to a separate legal entity. The group has no legal or constructive obligation to pay additional contributions if this legal entity does not have sufficient assets to pay all employee benefits related to the employees' service in the current or prior periods. The contributions are reported in the report of comprehensive income as personnel costs when they fall due for payment.

Cash flow statement

The cash flow statement is prepared in accordance with the indirect method. The cash flow reported only covers transactions that involve receipts or payments.

Profit per share

Profit per share before dilution

Profit per share before dilution is calculated by dividing:

- Profit attributable to shareholders of the parent company
- By a weighted average number of outstanding ordinary shares during the period

Profit per share after dilution

For calculation of the profit per share after dilution, the amount used for calculating profit per share before dilution is adjusted by taking into account any effects of potential ordinary shares in the form of options issued to board members and employees.

- The group has not had any dilution effects during the reported periods, which means that the profit before and after dilution is the same.

Note 3 Financial risk management

3.1 Financial risk management

The group is exposed to financial risks through its global activities. The board annually determines the group's finance policy, which comprises guidelines, goals and frameworks for financial management and the management of financial risks.

The overall objective of financial activity is to use effective and clear financial management to help enable the company to follow its business plan and strategy. This means working to ensure that financing is secure in the long term and to limit financial risk. Financial management must also secure access to liquid assets in the short term, so as to be able to meet the company's obligations.

Currency risk

Currency risk refers to the risk of currency fluctuations having a negative effect on the group's cash flow, income statement or balance sheet. Currency fluctuations affect the group's profits when sales and purchases occur in different currencies. The group's transaction exposure is mainly in euros (EUR) and dollars (USD) since the group has most of its sales and a great deal of its costs in these currencies. As far as possible, sales and purchasing related to customer orders are matched in the same currency. Currency hedging to reduce exposure is done with currency swap contracts that fall due quarterly. The company's net exposure to EUR and USD is shown below.

A 10% weakening of the Swedish krona against other currencies in 2022 would have meant SEK 53 million higher income for the year (34) and an effect on profit after tax and group equity of SEK 25 million (16). A 10% stronger krona against other currencies would have had the opposite effect, with lower income and lower profit after tax and equity. The sensitivity analysis is based on all other factors (such as interest) remaining unchanged.

The group also has currency risk from translation of foreign subsidiaries' income statements and balance sheets to the group's reporting currency, which is SEK, so-called balance exposure.

(a) Interest rate risk

Interest rate risk refers to the risk that changes in market interest rates have a negative effect on the group's net interest. Liabilities to credit institutions consists of bank borrowing at variable interest rate, which exposes the group to interest rate risk with regard to cash flow. The group does not hedge its interest rate risk for future cash flows. Liabilities to credit institutions amount to KSEK 9,882 (KSEK 39,126). The group's loan agreements have specific terms (covenants) related to financial key figures which consist of customary terms and conditions. The financial covenants were complied with on the balance sheet date.

Sensitivity analysis interest rate risk

The group's limited loan situation and positive net borrowing mean that the group's interest rate risk is assessed to be low.

(b) Credit risk

Credit risk is the risk that the counter party in a transaction does not fulfil its contractual obligations. In business activities where goods or services are supplied against later payment, customer losses cannot be entirely avoided. Most of the group's customers are large, well established companies with a multi-year business relationship. The group's credit losses have historically been insignificant and the customers' payment history is good. With this in mind and forward-looking information about macroeconomic facts that could affect the customers' ability to pay liabilities, the group's anticipated credit losses are also judged to be insignificant.

To manage credit risks, Permascand has principles for assessing and checking new customers. Credit rating agencies are used to assess the financial strength of counter parties. Based on a customer's credit rating, advance payment, for example, can be requested so as to limit risk. The group makes a monthly assessment of credit risk in receivables that have fallen due and of earned but uninvoked income, with an individual assessment of any credit risk from each customer. Accounts receivable are also entered quarterly. When the accounts were closed, the reserve for uncertain receivables amounted to KSEK 1,215 (0).

(c) Liquidity risk

The group uses cautious liquidity management to ensure that there is sufficient cash available to meet the needs of current operations. The group also ensures that it has sufficient agreed credit facilities available so that payment of liabilities can be made as these fall due. Management monitors rolling forecasts of the group's reserves of cash and cash equivalents (including unused credit facilities) and liquidity based on anticipated cash flow. All surplus liquidity is

used in the first instance to amortise loans and reduce usage of overdraft facilities. Information about available liquidity and utilisation of credit facilities may be found in Note 18.

(d) Refinancing risk

Refinancing risk is defined as the risk that difficulties will arise in refinancing the group, that finance cannot be obtained or that it can only be obtained with increased costs. The risk is limited by the group constantly evaluating different financing solutions.

The table below analyses the group's financial liabilities, distributed by the time remaining on the balance date until the agreed settlement date. The amounts stated in the table are the discounted cash flows according to agreements.

Net exposure	31/12/2022		31/12/2021	
Currency (value SEK)	EUR	USD	EUR	USD
Accounts receivable	30,292	33,087	41,889	12,496
Earned but not invoiced income	10,742	-	9,287	-
Advance payments from customers	-11,180	-37,820	-7,864	-13,998
Invoiced but not earned income	-12,328	-4,119		-39,769
Trade accounts payable	-21,338	-651	-15,564	-534
Net exposure	-3,812	-9,503	27,748	-41,805

Derivative instruments

The group has the following derivative instruments:

Current assets	31/12/2022	31/12/2021
Currency futures - Cash flow hedges	-	-
Current liabilities		
Currency futures - Cash flow hedges	-1,234	-346
Total	-1,234	-346

Nominal amount	31/12/2022		31/12/2021	
Currency	EUR	USD	EUR	USD
1-3 months	1,500	1,000	2,000	1,000
3-6 months	1,000	1,000	1,000	500
6-12 months	1,000	1,000	1,000	500
> 1 year	-	-	-	-

Value changes in currency futures that are reported in Other comprehensive income amount to KSEK -888 (-1,233). - (-) has been entered from the hedging reserve via Other comprehensive income to profit.

3.2 Calculation of information about fair value

The different levels for financial instruments that are valued at fair value are defined as follows:

(a) Level 1 financial instruments

Listed prices (unadjusted) on active markets for identical assets or liabilities

(b) Level 2 financial instruments

Observable data for the asset or liability other than listed prices included in level 1, either directly (i.e. as price listings) or indirectly (i.e. derived from price listings).

(c) Level 3 financial instruments

Where one or more significant inputs are not based on observable market information, the instrument concerned is classified in level 3.

In the event that ongoing reforms related to STIBOR should lead to modifications to loan agreements, it is anticipated that the group will apply an introduced exemption in IFRS 9 which permits that the profit effect is not reported but instead the effective interest rate is adjusted.

Derivative instruments

The fair value of forward contracts is determined on the basis of listed prices. The market price is arrived at on the basis of the current price adjusted for interest rate difference between the currencies and the number of days, compared with contract price, so as to decide fair value. Derivative instruments are valued at level 2.

Interest-bearing liabilities

Reported value corresponds to fair value of the group's borrowing since the loans have variable interest rates and the credit spread is not such that reported value differs materially from fair value.

Nor do reported value and fair value significantly differ for other non-current receivables, accounts receivable, cash and cash equivalents or trade accounts payable.

3.3 Management of capital

Permascand shall have a stable and balanced capital structure. The company's equity/assets ratio and loan to value ratio must follow the long-term financial goals and secure the group's ability to continue its operations, so that it can continue to generate dividends for the shareholders and benefits for other stakeholders. The financial goal adopted by the board is that the net loan ratio in relation to EBITDA shall be below 2.0x, which was achieved on the balance sheet date. The objective is that in 2023 the group will remain below this level.

As at 31 December 2022	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total contractual cash flow	Reported value
<i>Financial liabilities</i>							
Liabilities to credit institutions	1,735	8,968				10,703	9,882
Leasing liabilities	400	1,094	554	66	-	2,114	1,781
Trade accounts payable	53,982					53,982	53,982
Total	56,117	10,062	554	66	-	66,799	65,645
As at 31 December 2021							
<i>Financial liabilities</i>							
Liabilities to credit institutions	1,807	5,422	35,207	1,214	-	43,650	39,126
Leasing liabilities	332	886	923	335	-	2,476	2,804
Trade accounts payable	32,697	-	-	-	-	32,697	32,697
Total	34,836	6,308	36,130	1,549	-	78,823	74,627

The group debt to equity ratio on each closing date was as follows:

	31/12/2022	31/12/2021
Total borrowing in credit institutions	9,882	39,126
Less: cash and cash equivalents	-71,131	-35,829
Net liabilities	-61,249	3,297
Total equity	363,706	282,998
Total capital	302,457	286,295
Debt to equity ratio	0 times	0 times

Note 4 Segment information and income

The group's highest executive decision maker is the CEO, who primarily uses gross profit in assessing the financial results of the operating segments.

The group's activities are governed and reported on the basis of the three operating segments

1. Electrification & Renewables

Permascand's segment Electrification & Renewables offers products in rapidly growing green technology markets. The products represent part of the processes for extraction of metals, primarily copper, nickel and cobalt, as well as substances such as lithium and hydrogen – which create, among other things, the conditions for renewable energy, energy storage and fossil-free fuels.

2. Industrial Solutions

Permascand's segment Industrial Solutions offers products with various applications in the chemical industry. The segment has long experience and unique skills and the company's high-performance electrodes enable customers to reduce their energy consumption and their investment costs – for better sustainability results.

3. Water Treatment

Permascand's segment Water Treatment has products for electrochemical disinfection of water, mainly for the marine sector and treating vessels' ballast water, as well as standard systems with other applications. Demand is largely driven by more stringent international requirements for treating ballast water from the International Maritime Organisation (IMO) and the United States Coast Guard (USCG). The technology behind the company's product for purifying ballast water has been approved by the IMO and USCG and is based on Permascand's electrochemical cells which, on contact with ballast water, clean it of marine organisms and thus stop invasive species from being spread to foreign environments.

Information about major customers

The table below specifies income from individual customers which exceed 10% of the group's total income:

	2022	2021
Customer A	54%	48%
Customer B	20%	13%
Total	74%	60%

Customer A income refers to the segment Water Treatment and Customer B income to the segment Industrial Solutions.

Segment assets

Non-current assets other than financial instruments and deferred tax assets are exclusively in Sweden, at the production facility in Ljungaverk.

Time of income reporting

	2022	2021
Sales that are reported over time	547,338	370,604
Sales that are reported at a given time	21,609	33,986
Total	568,947	404,590

2022	Electrification & Renewables	Industrial Solutions	Water Treatment	Total
Net sales				
Sweden	17,515	66,935	1,113	85,563
Other Nordic	13	12,374	1,551	13,938
Greece	-	-	306,558	306,558
Other Europe and UK	2,496	33,189	10,626	46,310
USA	12,693	60,311	-	73,004
Canada	21,269	-	-	21,269
Rest of the world	228	22,076	-	22,304
Total income from external customers	54,213	194,885	319,848	568,947
Gross profit				184,586
Operating profit				104,814
Net financial items				-4,440
Profit before tax				100,374

2021	Electrification & Renewables	Industrial Solutions	Water Treatment	Total
Net sales				
Sweden	21,975	16,806	532	39,313
Other Nordic	6,940	6,214	817	13,971
Greece	-	-	193,418	193,418
Other Europe and UK	10,991	59,567	338	70,896
USA	800	45,380	184	46,364
Canada	4,900	2,325	-	7,225
Rest of the world	13,052	20,355	-	33,407
Total income from external customers	58,658	150,647	195,289	404,590
Gross profit	9,679	53,654	59,575	122,908
Operating profit				37,910
Net financial items				-10,420
Profit before tax				27,490

Note 5 Remuneration to auditors

Audit assignment refers to statutory auditing of annual and consolidated accounting and bookkeeping, as well as the board and CEO's administration and auditing and other investigation performed in accordance with agreement.

This includes other work that is the responsibility of the company's auditor, as well as advice or other assistance resulting from observations made during such an audit or the performance of such other work.

	2022	2021
KPMG		
Audit assignment	1,113	1,310
Auditing activities in addition to the audit assignment	60	3,510
Other services	15	455
Total	1,189	5,275

Note 6 Remuneration to employees etc.

	2022	2021
Salaries and other remuneration	63,777	55,199
Social security contributions	29,929	24,374
<i>Of which pension costs – defined contribution plans</i>	<i>6,911</i>	<i>6,400</i>
Total	93,706	79,573

Salaries and other remuneration plus social security costs

	2022		2021	
	Salaries and other remuneration (of which expensed variable remuneration)	Social security costs (of which pension costs)	Salaries and other remuneration (of which expensed variable remuneration)	Social security costs (of which pension costs)
Board members and CEO	5,528 (1,247)	2,655 (677)	3,983 (675)	1,468 (690)
Other employees	58,250 (1,876)	27,274 (6,234)	51,216 (4,545)	22,906 (5,710)
Group, total	63,777 (3,123)	29,929 (6,911)	55,199 (5,220)	24,374 (6,400)

Remuneration to the board, CEO and management group in 2022

	Board fee according to AGM resolution	Salaries and other remuneration	Variable remuneration	Pension costs	Total
The board					
Per Lindberg	590				590
Ingar Jensen	245				245
Marie Grönborg	245				245
Johan Karlsson	323				323
Anna Alexandersson	163				163
Karl Bergman	150				150
Pernilla Lundin	72				72
Mario Houde	376				376
Total to the board	2 164	-	-	-	2 164
Senior executives					
Peter Lundström, CEO	-	2 117	1 247	677	4 041
Other senior executives	-	7 467	891	2 340	10 698
Total to senior executives	-	9 584	2 138	3 017	14 739
Total to the board and senior executives	-	11 748	2 138	3 017	16 903

*) For information about related party transactions, including invoiced board fees, see Note 28.

**) Remuneration to employee representatives is by ordinary salary, according to collective agreement. No remuneration has been paid for work on the board.

***) Converted from USD.

Remuneration to the board, CEO and management group in 2021

	Salaries and other remuneration including fees to the board	Variable remuneration	Pension costs	Total
Styrelsen				
Per Lindberg	550	-	-	550
Marie Grönborg	225	-	-	225
Mario Houde***	163	***	***	163
Ingar Jensen	225	-	-	225
Pernilla Lundin	215	-	-	215
Per-Ola Baalerud	-	-	-	-
Johan Karlsson	300	-	-	300
Erik Zimmerman**	-	-	-	-
Emil Wiljesäter**	-	-	-	-
Total to the board	1,678	-	-	1,678
Senior executives				
Peter Lundström, CEO	1,969	675	690	3,334
Other senior executives	7,907	1,515	1,120	10,542
Total to senior executives	9,876	2,190	1,810	13,876
Total to the board and senior executives	11,554	2,190	1,810	15,554

*) For information about related party transactions, including invoiced board fees, see Note 28.

**) Remuneration to employee representatives is by ordinary salary, according to collective agreement. No remuneration has been paid for work on the board.

***) Converted from USD.

Average number of employees with geographical distribution by country

	2022		2021	
	Average number of employees	Of which men	Average number of employees	Of which men
Sweden	117	97	109	92
Canada	2	1	1	-
USA	1	1	-	-
Germany	1	-	-	-
Group, total	120	99	110	92

Gender distribution in the group (including subsidiaries) for board members and other senior executives

	2022		2021	
	Number on balance sheet date	Of which men	Number on balance sheet date	Of which men
Board members	8	6	9	7
CEO and other senior executives	7	4	7	4
Group, total	15	10	16	11

Guidelines

The members and chair of the board are paid fees as decided by the general meeting. All board members who receive fees do so in the form of salary, with the exception of one board member who invoices the fees.

For management, the general meeting has decided on the following guidelines in summary for remuneration.

Remuneration to the CEO and other senior executives is in the form of basic salary, variable remuneration, other benefits, pension etc. Other senior executives refers to the persons who, together with the CEO, make up group management.

The division between basic salary and variable remuneration is in proportion to the executive's responsibilities and authority. For the CEO, the variable remuneration is a

maximum of 30 per cent of basic salary. For other senior executives who have the possibility of variable remuneration through their position, the variable remuneration is a maximum of 20 per cent of basic salary. The variable remuneration is based on performance in relation to individually defined targets.

Pension benefits and other benefits to the CEO and other senior executives are paid as part of the total remuneration; pension premiums for defined contribution pensions may be a maximum of 35 per cent of the fixed annual cash salary. According to a renegotiated CEO agreement for 2022, the board has decided on an exception to the principle for the CEO and agreed a higher pension provision. Retirement of senior executives is at relevant and applicable retirement ages.

Defined contribution pension

The group only has defined contribution pension plans. Pension costs refer to the costs that have affected the profit for the year. Of the group's pension costs, KSEK 690 (745) refers to the company's CEO.

Pension-entitled salary refers to basic salary and variable remuneration. The retirement age for other senior executives varies from 55 to 65. Pension premiums correspond to the premium levels of the collective agreement.

There are no pension undertakings in respect of any of the board members who are not permanent employees of any group company.

Severance pay

The company has no agreed severance pay.

Share-related remuneration

Since the extraordinary general meeting of 3 June 2021, Permascand has had two incentive programmes in the form of subscription options. One programme is for senior executives and other key persons and one is for the board. The subscription options are transferred at market value, determined by PricewaterhouseCoopers according to the Black & Scholes valuation model. The conditions for the subscription offers contain customary conversion provisions, including for distribution before the date of redemption. The company has reserved the right to repurchase the subscription options, including if the participant wishes to sell the options to a third party or if the participant leaves the company or if a board member's assignment ceases.

Management and other key persons, LTIP 2021/2024

In total there are twelve employees and 729,153 subscription options. The options may be exercised during the period 1 May – 10 June 2024 and the redemption price will correspond to 120 per cent of the offer price, i.e. SEK 40.8.

The board, LTIP 2021/2025

Comprises 504,899 subscription options and is aimed at the board of directors. The options may be exercised during the period 1 May-10 June 2025 and the redemption price will correspond to 110 per cent of the offer price, i.e. SEK 37.4.

At the end of the accounting period, the company's share price was less than the redemption price, so that the market value of the programme is 0.

Management and other key persons, LTIP 2021/2024

Participants	Subscription options	Percentage of programme (%)
Peter Lundström	227,205	31.2
Fredrik Herlitz	72,292	9.9
Linda Ekman	72,292	9.9
Viktoria Lindstrand	72,292	9.9
Lars Nyman	72,292	9.9
Lena Oskarsson Engberg	48,195	6.6
Jens-Michael Povelsen	48,195	6.6
Erik Zimmerman	48,195	6.6
Louis Obaro Andrew	48,195	6.6
Nicholas Laroche	20,000	2.7
Total LTIP 2021/2024	729,153	100

The board, LTIP 2021/2025

Participants	Subscription options	Percentage of programme (%)
Per Lindberg	151,470	30
Johan Karlsson	88,357	17.7
Ingar Jensen	66,268	13.1
Marie Grönberg	66,268	13.1
Pernilla Lundin	66,268	13.1
Mario Houde	66,268	13.1
Total LTIP 2021/2025	504,899	100

Note 7 Other operating income and operating costs

	2022	2021
Insurance claims	26,458	-
Government support	1,022	108
Exchange rate changes	4,233	3,491
Other operating income	2,099	1,909
Total other operating income	33,812	5,380
Sale of non-current assets	-110	-128
Costs relating to insurance claims	-16,893	-
Total other operating costs	-17,003	-128

Note 8 Costs by type

	2022	2021
Raw materials and consumables	-288,693	-198,130
Personnel costs	-93,991	-84,121
Consultancy costs	-23,119	-29,589
Property and energy costs	-7,928	-8,275
Repairs and maintenance including consumables	-25,446	-12,560
Depreciation of non-current assets	-17,197	-15,196
Other costs	-39,315	-24,062
Total operating costs	-495,689	-371,933

Note 9 Financial income and financial costs

	2022	2021
Interest income	1	1
Total financial income	1	1
Interest costs, bank loans	2,366	7,528
Interest costs leasing liabilities	67	92
Other liability related costs	2,008	2,800
Total financial costs	4,441	10,421
Financial items - net	4,440	10,420

Interest income and interest costs refer to financial assets and liabilities that are reported at accrued acquisition value.

Note 10 Income tax

	2022	2021
Tax for the year		
Current tax on profit for the year	16,905	5,430
Changed tax previous year	191	-104
Deferred tax	2,039	1,820
Total	19,134	7,146

Income tax on the group's profit before taxes differs from the theoretical amount that would have emerged by using the Swedish tax rate for the profits in the consolidated companies, as follows:

Reconciliation of effective tax	2022	2021
Profit before tax	100,374	27,490
Income tax calculated according to the tax rate in Sweden, 20.6%	20,677	5,663
<i>Tax effects of:</i>		
Non-deductible costs	72	8
Non-deductible interest	1	1,531
Reversal of previously taxed interest as a result of interest deduction limits	-1,514	-
Changed tax previous year	191	-104
Tax deduction acquired inventory 2021	-274	-
Other items	108	205
Non-capitalised loss carry-forwards	-127	-157
Income tax	19,134	7,146

The group's tax costs correspond to an effective tax rate of 19 per cent (26)

Note 11 Exchange rate differences, net

Exchange rate differences have been reported in the report of comprehensive income as follows:

	2022	2021
Other operating income (note 7)	4,233	3,491
Other operating costs (note 7)	-	-
Total	4,233	3,491

Note 12 Profit per share

	2022	2021
SEK		
Profit per share before and after dilution	1.37	0.37
Profit measurement used in calculating profit per share		
Profit attributable to shareholders of the parent company which is used for calculation of profit per share before and after dilution	81,240	20,344
Number		
Weighted average number of ordinary shares for calculating profit per share before and after dilution	59 313 529	55,616,036

**) Instruments that could give future dilution effects and changes after the balance sheet date.*

In 2022, the company had outstanding subscription options with a redemption price of SEK 37.4 and SEK 40.8 SEK respectively, which exceed the average price of the ordinary share, SEK 37.4. These options do not therefore have any dilution effect and have been excluded from calculation of the profit per share after dilution. If in future the listed price rises to a level above the redemption price, these options will lead to dilution.

Note 13 Group companies

The group had the following subsidiaries on 31 December 2022:

Name	Country of registration and operation	Activities	Percentage of ordinary shares directly owned by the parent company (%)	Percentage of ordinary shares owned by the group (%)
Permascand AB	Sweden	Operating company in which Permascand's activities are run	100	-
Permascand Ltd	Canada	Sales company on behalf of Permascand AB	100	-
Permascand USA Inc.	USA	Sales company on behalf of Permascand AB	100	-

Note 14 Intangible assets

	Goodwill	Capitalised expenditure on development work	Current investments	Total
Financial year 2021				
Opening reported value	55,540	7,856	4,398	67,794
Acquisitions for the year	-	1,290	2,841	4,131
Depreciation for the year	-	-308	-	-308
Reclassification for the year	-	7,395	-6,576	819
Closing reported value	55,540	16,233	663	72,436
As at 31 December 2021				
Acquisition value	55,540	17,967	663	74,170
Accumulated depreciations and impairments	-	-1,734	-	-1,734
Reported value	55,540	16,233	663	72,436
Closing reported value	55,540	16,233	663	72,436
Financial year 2022				
Opening reported value	55,540	16,233	663	72,436
Reclassification	-	-	-654	-654
Acquisitions for the year	-	1,244	-	1,244
Depreciation for the year	-	-1,930	-	-1,930
Closing reported value	55,540	15,547	9	71,096
As at 31 December 2022				
Acquisition value	55,540	19,211	9	74,593
Accumulated depreciations and impairments	-	-3,664	-	-3,497
Reported value	55,540	15,547	9	71,096

Note 14 Intangible assets contd.

Assessing the impairment requirement in respect of goodwill

The company's CEO assesses the performance of the business on the basis of the group's three operating segments: Water Treatment, Industrial Solutions, and Electrification & Renewables. Goodwill is monitored by the CEO at operating segment level. Below is a summary of goodwill by operating segment.

Goodwill	31/12/2022	31/12/2021
Water Treatment	27,770	27,770
Industrial Solutions	22,216	22,216
Electrification & Renewables	5,554	5,554
Total	55,540	55,540

Significant assumptions used in the value-in-use calculations:

Water Treatment	31/12/2022	31/12/2021
Discount rate before tax*	17.2%	10.0%
Long-term growth rate**	2.0%	2.0%
Industrial Solutions	31/12/2022	31/12/2021
Discount rate before tax*	17.2%	10.0%
Long-term growth rate**	2.0%	2.0%
Electrification & Renewables	31/12/2022	31/12/2021
Discount rate before tax*	17.2%	10.0%
Long-term growth rate**	2.0%	2.0%

*Discount rate before tax used in calculating present value of estimated future cash flow.

**Weighted average growth rate used to extrapolate cash flow beyond the budget period.

Note 15 Tangible non-current assets

	Buildings and land	Machinery and other technical facilities	Equipment, tools, fixtures and fittings	Construction in progress and advance payment relating to tangible non-current assets	Total
Financial year 2021					
Opening reported value	47,520	73,998	20,553	883	142,954
Acquisitions for the year	189	900	569	16,941	18,599
Reclassification for the year	1,440	6,232	714	-9,189	-803
Disposals and scrapped	-	-1,431	-	-	-1,431
Depreciation for the year	-3,363	-6,009	-4,214	-	-13,586
Closing reported value	45,786	73,690	17,622	8,635	145,733
As at 31 December 2021					
Acquisition value	73,276	165,985	75,563	8,635	323,459
Accumulated depreciation	-27,490	-92,295	-57,941	-	-177,726
Reported value	45,786	73,690	17,622	8,635	145,733
Financial year 2022					
Opening reported value	45,786	73,690	17,622	8,635	145,733
Acquisitions for the year	243	1,160	2,299	41,000	44,702
Reclassification for the year	20,693	14,574	6,266	-41,572	-39
Disposals and scrapped	-	-	-	-	-
Depreciation for the year	-3,565	-7,679	-4,022	-	-15,266
Closing reported value	63,157	81,745	22,165	8,063	175,130
As at 31 December 2022					
Acquisition value	94,211	118,701	63,883	8,063	284,858
Accumulated depreciations and impairments	-31,054	-36,956	-41,718	-	-109,728
Reported value	63,157	81,745	22,165	8,063	175,130

The column for buildings and land includes KSEK 277 (277) which refers to book value of land.

Note 16 Lease agreements

	2022	2021
Depreciation of rights of use:		
Premises	641	324
Vehicles	459	587
Fork-lift trucks	541	541
Total	1,641	1,452
Interest costs (included in financial costs)	67	92
Costs attributable to lease agreements for which the underlying asset is of low value and that are not short-term lease agreements	479	589

Maturity analysis for lease liabilities is presented in Note 3.

	Land and buildings	Machines	Vehicles	Total
Financial year 2021				
Opening reported value	270	1,986	679	2,935
Acquisitions for the year	514	-	887	1,401
Depreciation for the year	-324	-541	-587	-1,450
Closing reported value	461	1,446	979	2,839
As at 31 December 2021				
Acquisition value	2,154	3,244	3,084	8,482
Accumulated depreciation	-1,693	-1,798	-2,105	-5,596
Reported value	461	1,446	979	2,839
Financial year 2022				
Opening reported value	461	1,446	979	2,839
Acquisitions for the year	768	-	-	768
Depreciation for the year	-641	-541	-459	-1,641
Adjustments			-164	-164
Closing reported value	588	905	356	1,849
As at 31 December 2022				
Acquisition value	2,922	3,244	3,084	9,250
Accumulated depreciation	-2,334	-2,339	-2,564	-7,237
Adjustments			-164	-164
Reported value	588	905	356	1,849

Note 17 Other non-current receivables

	2022	2021
Opening value:	110	110
Change for the year	-110	-
Closing value	-	110

Other non-current receivables are valued at accrued acquisition value.

Note 18 Financial assets and liabilities

31/12/2022	Fair value - hedging instruments	Financial assets valued at accrued acquisition value	Total
Assets on the balance sheet			
Accounts receivable		66,224	66,224
Cash and cash equivalents		71,131	71,131
Total	-	137,355	137,355
31/12/2022			
Liabilities on the balance sheet			
Liabilities to credit institutions (current and non-current)		9,882	9,882
Trade accounts payable		53,982	53,982
Derivative instruments	1,234		1,234
Total	1,234	63,864	65,098
31/12/2021			
Assets on the balance sheet			
Other non-current receivables		110	110
Accounts receivable		71,211	71,211
Cash and cash equivalents		35,829	35,829
Total	-	107,150	107,150
31/12/2021			
Liabilities on the balance sheet			
Liabilities to credit institutions (current and non-current)		39,126	39,126
Trade accounts payable		32,697	32,697
Derivative instruments		346	346
Total	-	72,169	72,169

Other than the financial instruments listed in the tables (above), the group has financial liabilities in the form of lease liabilities, which are reported and valued according to IFRS 16.

Note 19 Accounts receivable and earned but not invoiced income

	2022	2021
Accounts receivable and earned but not invoiced income	67,439	80,530
Minus: provision for expected credit losses	-1,215	-32
Accounts receivable, net	66,224	80,498

The group has had no proven credit losses in the past year. The fair value of accounts receivable corresponds to the reported value since discount effects are insignificant.

No accounts receivable have been pledged as security for any liabilities.

Note 20 Equity

	Number of shares	Share capital	Other paid in capital
As per 31 December 2020	1,870,000	1,870	662,830
Split 1:27	50,490,000	-	-
New issue 4 June 2021 with deduction for issue costs	+ 8,823,529	327	273,997
Received option premiums	-	-	5,342
As at 31 December 2021	59 313 529	2,197	942,169
As at 31 December 2022	59 313 529	2,197	942,169

During 2020 and up until the company's listing in June 2021, the share capital consisted of 1,630,000 class A shares and 240,000 class B shares, both A and B shares having a nominal value of SEK 1. Both class A and class B shares correspond to 1 vote. In connection with the listing in June 2021, all class B shares were converted, after which the share capital consisted only of class A shares with a nominal value of SEK 0.037.

All shares issued by the parent company have been paid in full.

At an extraordinary general meeting on 3 June 2021, it was

decided to introduce long-term incentive programmes based on subscription options aimed at senior executives and certain other key employees and also to members of the board, consisting in total of 1,234,052 subscription options falling due in 2024 and 2026.

The board proposed that the Annual General Meeting decided that no dividend would be paid for 2022, with profit carry forward including profit for the year being entirely carried forward to the next year.

	2022	2021
Hedging reserve		
Opening balance 1 January	-275	629
Changes in hedging reserve due to revaluation of currency contracts	-705	-904
Closing balance 31 December	-980	-275

Note 21 Cash and cash equivalents

	31/12/2022	31/12/2021
Bank deposits	71,131	35,829
Total	71,131	35,829

Note 22 Borrowing

	31/12/2022	31/12/2021
Non-current loans with pledged security		
Liabilities to credit institutions (bank loans)	7,162	10,048
Bank overdraft facilities	-	24,278
Leasing liabilities	333	1,500
Total loans with pledged security	7,495	35,826
Current loans with pledged security		
Liabilities to credit institutions (bank loans) capex	2,720	4,800
Leasing liabilities	1,448	1,304
Total current loans with pledged security	4,168	6,104
Total borrowing	11,663	41,930

Liabilities to credit institutions in the form of a Facilities Agreement were taken out in November 2019, renegotiated in a new agreement in 2021 and fall due in September 2023. During 2019-2021, the facility consisted of bank loans that were repaid in 2021 in connection with the company's listing and a so-called CapEx loan, a bank overdraft facility and an available loan in the form of an investment loan that the company did not use in 2022.

The group's borrowing is in SEK.

Current borrowing

Liabilities to credit institutions that have been classified as

current refer to the part of the loan that does not have an unconditional right to postpone payment of the liability for at least 12 months after the end of the reporting period. Borrowing from the overdraft facility is included in current borrowing.

For liabilities to credit institutions, security has been pledged in the form of shares in subsidiaries, business mortgages and property mortgages. For further information, see Note 26.

Bank overdraft facilities

The group has been granted overdraft facilities in SEK of KSEK 80,000.

Changes in interest-bearing liabilities

	2022	2021
As per 1 January	41,930	289,831
Cash flow	-31,377	-251,376
Changes in accrued borrowing costs	2,133	2,523
Changes in lease liabilities	-1,023	-107
As per 31 December	11,663	41,930

Note 23 Deferred tax

Deferred tax assets/liabilities are distributed as follows:

Deferred tax assets	Right-of-use assets/ Lease liabilities		Total
As at 31 December 2021	2		2
Reported in report of comprehensive income	-1		-1
As at 31 December 2022	1		1
Deferred tax liabilities	Tangible non-current assets	Current receivables	Total
As per 1 January 2022	9,733	1,087	10,820
Reported in report of comprehensive income	1,463	394	1,857
As at 31 December 2022	11,196	1,481	12,677

Note 24 Contractual liabilities

	31/12/2022	31/12/2021
Advance payments from customers	40,309	24,227
Invoiced but not earned income	16,447	39,769
Total	56,756	63,996

KSEK 63,996 that was reported as contractual liability as at December 31 2021 has been entirely reported as income in 2022. (KSEK 28,437).

Note 25 Accrued expenses and deferred income

	31/12/2022	31/12/2021
Accrued personnel costs	16,869	14,384
Other items	3,436	2,096
Total	20,305	16,480

Note 26 Pledged assets

	31/12/2022	31/12/2021
Property mortgages	15,400	15,400
Business mortgages	48,500	48,500
Total	63,900	63,900

Other than mortgages as above, shares in subsidiaries have been pledged as security for external borrowing, which places limitations on the disposal of holdings.

Note 27 Contingent liabilities

	31/12/2022	31/12/2021
Contingent liabilities	None	None
Total	None	None

Note 28 Related party transactions

There have been no transactions with related parties.

Fees and remuneration to the board and senior management appear in Note 6.

Permascand had no receivables or liabilities with related parties on the balance sheet date.

Note 29 Events after the end of the reporting period

No significant events have occurred after the end of the reporting period.

The parent company financial reports

Parent company income statement

Amounts in SEK thousand	Note	01/01/2022 - 31/12/2022	01/01/2021 - 31/12/2021
Net sales		4,709	4,772
Administration costs		-14,437	-23,855
Operating profit		-9,728	-19,083
Interest income intercompany	2	-	24,000
Interest costs		-2,011	-348
Profit after financial items		-11,739	4,569
Group contributions received		33,500	19,838
Profit before tax		21,761	24,407
Tax	3	-3,003	-
Profit for the year		18,759	24,407

In the parent company there are no items that are reported as other comprehensive income, for which reason the total comprehensive income corresponds to the profit for the year.

The notes on pages 95 to 96 represent an integral part of the parent company financial reports

Parent company balance sheet in summary

Amounts in SEK thousand	Note	31/12/2022	31/12/2021
ASSETS			
Financial non-current assets			
Shares in subsidiaries	4	689,592	50
Receivables from group companies	5	21,600	731,932
Total non-current assets		711,192	731,982
Current assets			
Current receivables			
Receivables from group companies	5	66,520	70,646
Deferred expenses and accrued income		1,790	112
Other receivables		35	196
Cash and bank deposits		3,995	12,576
Total current assets		72,340	83,529
TOTAL ASSETS		783,532	815,511
EQUITY AND LIABILITIES			
Restricted equity			
Share capital	6	2,197	2,197
Unrestricted equity			
Share premium reserve		757,469	757,469
Profit or loss brought forward		-4,544	25,240
Profit for the year		18,759	24,407
Total equity		773,881	809,313
LIABILITIES			
Current liabilities			
Trade accounts payable		663	535
Liabilities to group companies		29	3,808
Tax liabilities		5,862	-
Other current liabilities		14	131
Accrued expenses and deferred income		3,083	1,724
Total current liabilities		9,651	6,198
Total liabilities		9,651	6,198
TOTAL EQUITY AND LIABILITIES		783,532	815,511

Parent company's statement of changes in equity

Amounts in SEK thousand	Note	Restricted equity	Unrestricted equity		Total equity
		Share capital	Share premium reserve	"Profit carry forward including profit for the year"	
Opening balance as at 1 January 2021		1,870	478,130	25,240	505,240
Profit for the year				24,407	24,407
Total comprehensive income for the year		1,870	478,130	49,647	529,647
"Transactions with shareholders in their capacity as owners"					
New share issue		327	299,673		300,000
Cost new issue			-25,676		-25,676
Received option premiums			5,342		5,342
Closing balance as at 31 December 2021		2,197	757,469	49,647	809,313
Opening balance as at 1 January 2022		2,197	757,469	49,647	809,313
Profit for the year and also comprehensive income				18,759	18,759
Profit/loss from merger				-54,232	-54,232
Other adjustment				41	41
Total comprehensive income for the year				-35,432	-35,432
Closing balance as at 31 December 2022		2,197	757,469	14,215	773,881

Parent company cash flow statement

Amounts in SEK thousand	Note	01/01/2022	01/01/2021 – 31/12/2021
Cash flow from current operations			
Operating profit		-9,728	-19,083
Interest received/paid		-	23,657
Tax paid		-2,859	-16
Cash flow from current operations before change in working capital		-12,587	4,558
Cash flow from changes in working capital			
Change in current operating receivables		1,955	-16,107
Change in current operating liabilities		1,370	-3,608
Total change in working capital		3,325	-19,716
Cash flow from current operations		-9,262	-15,158
Cash flow from investment activities			
Acquisition of subsidiaries		33	-
Sale of subsidiaries		0	-
Investment in receivables in group companies		648	-251,932
Cash flow from investment activities		681	-251,932
Cash flow from financing activities			
Repayment of loans			-
New share issue			300,000
Received option premiums			5,342
Issue costs			-25,676
Cash flow from financing activities		-	279,666
Cash flow for the year		-8,581	12,576
Cash and bank balances start of year		12,576	-
Cash and bank balances end of year		3,995	12,576

Notes to the parent company financial reports

Note 1 Parent company's accounting principles

The most important accounting principles applied in the preparation of these accounts are set out below. These principles have been consistently applied for all reported years, unless otherwise stated.

The parent company's annual accounts have been prepared in accordance with RFR 2 Accounting for Legal Entities and the Annual Accounts Act. In cases where the parent company applies different accounting principles from the group accounting principles, as described in 2 in the consolidated financial statements, these are stated below.

This is Permascand Top Holding AB's (the parent company's) second financial year and the second annual accounts to have been prepared in accordance with RFR 2 Accounting for Legal Entities and the Annual Accounts Act. The parent company's first financial year was extended and refers to 14 months and the opening balances refer to 20 November 2019.

The annual accounts have been prepared in accordance with the acquisition value method.

The preparation of reports in accordance with RFR 2 requires the use of a number of important accounting estimates. Furthermore, the management is required to make certain assessments in the application of the parent company's accounting principles. The areas that involve a high degree of assessment, that are complex or those areas where assumptions and estimates are of material significance for the annual accounts are set out in Note 2 to the consolidated financial statements.

Through its operations, the parent company is exposed to a number of different financial risks: market risk (currency risk and interest rate risk), credit risk and liquidity risk. The parent company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial results. For more information about financial risks, please refer to Note 3 to the consolidated financial statements.

The parent company applies different accounting principles to the group in the cases indicated below:

Formats

The income statement and balance sheet follow the formats set out in the Annual Accounts Act. The report of changes in equity also follows the groups format but includes the columns that are stated in the Annual Accounts Act. There are also differences in designations compared with the consolidated financial statements, mostly with regard to financial income and costs and equity.

Shares in subsidiaries

Shares in subsidiaries are recognised at acquisition value after deductions for any impairment losses. The acquisition value includes acquisition-related costs and any contingent considerations.

When there is an indication that shares in subsidiaries have decreased in value, a calculation of the recoverable amount is performed. If this is lower than the reported value, an impairment is performed. Impairments are recognised in the item Profit from participations in group companies.

Financial instruments

IFRS 9 is not applied in the parent company. Instead, the parent company applies the points that are set out in RFR 2 (IFRS 9 Financial instruments, p. 3-10).

Financial instruments are valued on the basis of acquisition value. In subsequent periods, financial assets that are acquired with the intention of being held in the short term are reported in accordance with the lowest value principle at the lower of acquisition value and market value.

In calculating the net sales value of receivables that are reported as current assets, the principles for impairment testing and loss risk provisions of IFRS 9 are applied. For a receivable that is reported at accrued acquisition value at group level, this means that the loss risk provision that is reported in the group in accordance with IFRS 9 is also used in the parent company.

Note 2 Other interest income

	2022	2021
Interest income from group companies	0	24,000
Total interest income	0	24,000

Note 3 Tax on profit for the year

Reported tax in report of comprehensive income	2022	2021
Current tax		
Current tax on profit for the year	-	-
Total current tax	3,003	-
Total reported tax	3,003	-

Income tax on the profit before taxes differs from the theoretical amount that would have emerged by using the tax rate for the parent company as follows:

Profit before tax	21,762	24,407
Income tax calculated according to the tax rate 20.6%	4,483	5,028
Tax effects of:		
Non-deductible costs	40	2
Non-taxable income/transferred net interest	-	-4,873
Reversal of previous years' negative net interest	-1,514	
Previous years' loss carry-forwards		-157
Other items	6	-
Total reported tax	3,003	0

Note 4 Shares in subsidiaries

Mergers are reported with the application of BFNAR 2021:5 Reporting of mergers. The acquisition value of shares is divided into the identifiable assets and liabilities that existed in the overtaken company and any goodwill that arose in the acquisition of shares. The values are adjusted on the basis of circumstances on the merger date. The merger difference that arises is reported directly against equity in the overtaken

company.

On 22 November 2022, the wholly owned subsidiaries Permascand Group AB, Permascand Holding AB and Permascand Middle Holding AB were merged into the parent company.

Following the merger, the parent company now directly owns the subsidiaries Permascand AB, Permascand Canada Ltd and Permascand USA Inc.

Name	Corp. reg. no.	Headquarters and country of registration and operation	Number of shares	Book value
Permascand AB	556137-5022	Ljungaverk	1,250	688,305
Permascand Canada Ltd	BC1053041	Canada	100	1,255
Permascand USA Inc.	88-0612857	USA	100	33
Total				689,592
			2022	2021
Opening balance			50	50
Acquisition			33	0
Merger			689,509	0
Closing balance			689,592	50

Balance sheet and income statement items in merged subsidiaries on the merger date are shown in the table below.

Merger	Permascand Middle Holding AB	Permascand Holding AB	Permascand Group AB
	559227-6116	559011-1240	556906-5385
	01/01/2022 -22/11/2022	01/01/2022 -22/11/2022	01/01/2022 -22/11/2022
Net sales	0	0	0
Other operating costs	-40	-5	-1
Operating profit	-40	-5	-1
Interest costs	-3		
Intra-group interest	-22,000		
Other liability related costs	-1,680		
Profit after financial items	-23,723	-5	-1
Assets			
Interests in group companies	700,000	176,147	80,108
Non-current receivables group companies		10,000	3,000
Current receivables group companies	81,863	4,984	38
Other current receivables	1,697	222	
Cash and bank deposits	17	48	190
Total assets	783,577	191,401	83,336
Non-current liabilities group companies	731,932		
Current liabilities group companies	72,294	62,363	
Other liabilities	2,900		
Total liabilities	807,126	62,363	0
Net	-23,549	129,038	83,336

Note 5 Receivables from group companies

	31/12/2022	31/12/2021
Opening balance	731,932	480,000
Promissory notes	-	251,932
Outgoing due to merger	-710,332	-
Closing balance	21,600	731,932

Promissory notes relating to group companies have a fixed interest of 5% per year. Credit risk in receivables has been judged to be limited, so no impairment has been performed.

Note 6 Share capital

See consolidated Note 20 for information about the parent company share capital.

Note 7 Pledged assets

	31/12/2022	31/12/2021
Property mortgages	15,400	15,400
Business mortgages	48,500	48,500
Shares in subsidiaries	689,592	50
Inter-group receivables	21,600	731,932
Total	775,092	795,882

All pledged security in the parent company is pledged as security for the group's external borrowing.

Note 8 Proposed allocation of profits

The following profit is at the Annual General Meeting's disposal:

Share premium reserve	757,469,317
Profit brought forward	-4,543,711
Profit for the year	18,758,965
Total SEK	771,684,571

The board proposes that these profits be allocated as follows:

Carried forward to next year	771,684,571
Of which share premium reserve	757,469,317
Total	771,684,571

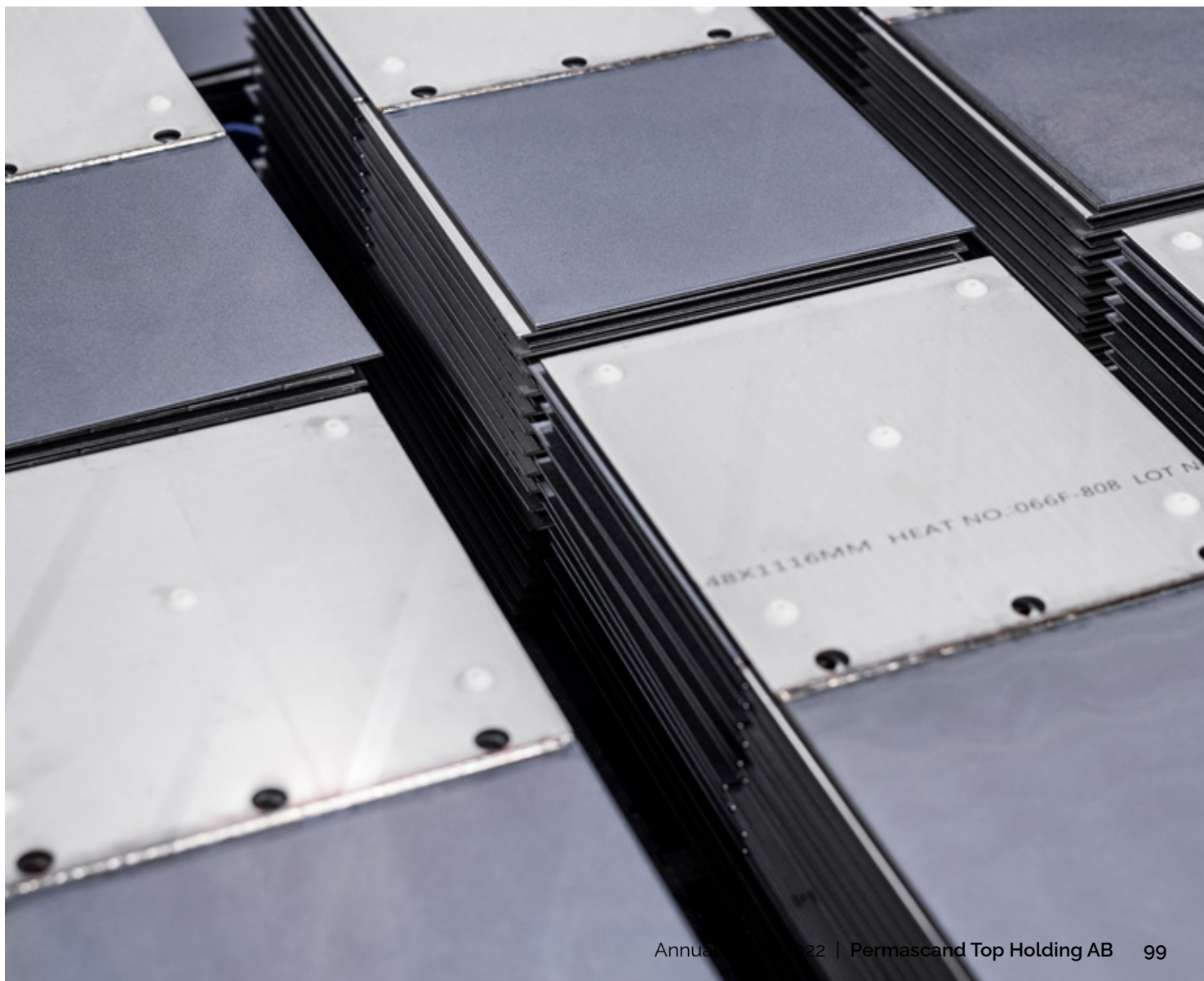
Alternative key figures

This report uses alternative key figures, i.e. key figures and results measurements that are not defined in IFRS. The alternative key figures are used to help both investors and management to analyse the company's activities. The alternative key figures used are described below.

Permascand presets some financial metrics in the annual report that are not defined according to IFRS. Permascand believes that these metrics provide valuable additional information to investors and the company's management as they enable evaluation of trends and performance. Since not all companies calculate financial measurements in the same way, they are not always comparable with metrics used by other

companies. These financial metrics should therefore not be considered as a substitute for measures defined under IFRS.

Permascand uses the alternative key figures net liabilities and equity/assets ratio, which are deemed to be useful for readers of the financial reports as a complement to the other key figures, so as to assess possibilities for dividends as well as to assess the company's ability to meet its financial undertakings. Permascand also uses the key figures adjusted operating profit and operating profit as a percentage of EBITDA, which are metrics that are relevant for investors who wish to understand profit generation excluding items affecting comparability. For definition of key figures, see the next page.



Alternative key figures

Amounts in SEK thousand	2022	2021
Adjusted operating profit		
Operating profit	104,814	37,910
Items affecting comparability in the form of IPO preparations, as well as a number of activities linked to the company's 50-year jubilee.	-	22,182
Insurance claims	-26,458	-
Costs relating to insurance claims	17,123	-
Adjusted operating profit	95,479	60,092
Operating margin		
Operating profit	104,814	37,910
Net sales	568,947	404,590
%	18%	9%
EBITDA		
Profit for the year	81,240	20,344
Income tax	19,134	7,146
Net financial items	4,440	10,420
Depreciation	17,196	15,325
EBITDA	122,010	53,235
Amounts in SEK million	31/12/2022	31/12/2021
Net liabilities		
Non-current liabilities to credit institutions, interest bearing	7,162	34,326
Non-current lease liabilities	333	1,500
Current liabilities to credit institutions, interest bearing	2,720	4,800
Current lease liabilities	1,448	1,304
Cash and cash equivalents	-71,131	-35,829
Net liabilities	59,468	6,101
Equity/assets ratio		
Equity	363,706	282,998
Total assets	541,883	454,501
Equity/assets ratio, %	68%	62%
Return on equity		
Profit for the year	81,240	20,344
Average equity	323,352	133,423
Return on equity, %	25%	15%
Return on total capital		
Operating profit	104,814	37,910
Financial income	1	1
Average balance sheet total	493,957	433,966
Return on total capital, %	21%	9%

*) Average equity and average balance sheet total have been calculated using IB+UB/2

Signatures of the Board of Directors

The board and managing director declare that the consolidated financial report has been prepared in accordance with the international financial reporting standards IFRS as adopted by the EU and gives a true and fair view of the group's position and results. The annual report has been prepared in accordance with good accounting practice and gives a true and fair view of the parent company's position and results.

The report of the board for the group and the parent company gives a true and fair overview of the development of the group's and the parent company's activities, position and results, as well as describing significant risks and uncertainty factors to which the parent company and the companies within the group are exposed.

Ljungaverk 05/04/2023

Per Lindberg
Chairman of the Board

Anna Alexandersson
Member of the Board

Karl Bergman
Member of the Board

Marie Grönborg
Member of the Board

Mario Houde
Member of the Board

Ingar Jensen
Member of the Board

Johan Karlsson
Member of the Board

Peter Lundström
Chief Executive Officer

Erik Zimmerman
Trade representative

Our Auditor's Report was submitted on 12/04/2022
KPMG

Helena Nilsson
Authorised Public Accountant

Auditor's report

To the general meeting of the shareholders
of Permascand Top Holding AB,
co.reg. no. 559227-6124

Report on the annual accounts and consolidated financial statements

Opinion

We have audited the annual accounts and consolidated accounts of Permascand Top Holding AB for the year 2022, except for the corporate governance statement on pages 36-50. The annual accounts and consolidated accounts of the company are included on pages 36-50 and 55-101 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of the parent company as of 31 December 2022 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2022 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 36-50. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the statement of comprehensive income and balance sheet for the group.

Basis for our opinion

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the

annual accounts and consolidated accounts and is found on pages 1-35, 51-54 and 105-106. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

The auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's, use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our

conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

Report on other legal and regulatory requirements

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Permascand Top Holding AB for the year 2022 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for our opinion

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibility of the Board of Directors and the Chief Executive Officer

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the

dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- ▶ has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- ▶ in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's

profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

Auditor's examination of the Corporate Governance report

The Board of Directors is responsible for that the corporate governance statement on pages 36-50 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevR 16. The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm, 05/04/2023

KPMG AB

Helena Nilsson

Authorised Public Accountant

Definitions and Glossary

GLOSSARY

Ballast water	Water that is pumped into the hull of a ship that is not fully loaded in order to stabilise the ship. Various living organisms are carried in the water, which are then spread out in the world's oceans and can cause environmental problems when they are released in new locations.
BWTS	Abbreviation for Ballast Water Treatment System, a product for the treatment of ballast water.
DSA (PERMASCAND DSA®)	Abbreviation for Dimensionally Stable Anodes, and the brand name for Permascand's anode electrodes with a catalytic coating.
Electrification & Renewables	Permascand's segment for products in the area of electrification and renewable energy.
Electrochemical cell	Consists of several coated electrodes that are assembled together in a single cell that is used to induce chemical reactions through the application of electricity.
Electrochemical solutions	Collective term for Permascand's products
Catalytic coatings	The fundamental technological component within all of Permascand's products. Catalytic coatings are made up of a mixture of precious metals and other compounds, which create a "surface layer" that is applied to metal substrates such as titanium or nickel.
Aftermarket services	The collective term for Permascand's customer offerings mainly related to recoating of electrodes or replacing electrochemical cells.
Electrodes	The collective term for anodes and cathodes
Industrial Solutions	Permascand's segment for products supplied mainly to the chemicals industry.
Chlorate	A chemical compound that can be made through electrochemistry and is used in several sectors, such as pulp and paper, organic and non-organic chemical manufacturing.
Water Treatment	Permascand's segment for products used in water treatment.
Recoating	The process by which electrodes are given new catalytic coatings
OSD	Stands for "Oil and Solids Separator Device" and is equipment used to separate oil and particles from water through various mechanisms, which is an important part of the process of purifying water from industries or other sources before it is released into nature or recycled.

DEFINITIONS

Return on equity	Net profit/loss for the period divided by the average equity
Return on assets	Operating profit plus financial income divided by the average total assets.
EBITA	Operating profit/loss before depreciation and amortisation of intangible assets
EBITDA	Operating profit before depreciation and amortisation of tangible and intangible assets
Adjusted operating profit	Operating profit/loss excluding items affecting comparability
Items affecting comparability	Income and expenses that affect comparability
Net debt	Interest-bearing current and non-current liabilities less cash and cash equivalents
Earnings per share	Profit/loss for the year divided by the total number of shares for the year
Operating profit/loss	Profit/loss before financial items and taxes
Operating margin	Operating profit/loss divided by net sales
Equity/assets ratio	Equity divided by total assets





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