

## Solid foundation for strong growth in 2022

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

### Third quarter 2021 (Q3 2020)

- Order intake decreased 11 percent, totaling SEK 203 million (228)
- Sales decreased 32 percent, totaling SEK 76 million (111)
- Operating profit totaled SEK 14 million (21), corresponding to 18 percent (19) of revenue
- Adjusted operating profit totaled SEK 14 million (21)
- Earnings after tax totaled SEK 10 million (13)
- Earnings per share before and after dilution amounted to SEK 0.18 (0.26)
- Cash flow from operating activities totaled SEK 32 million (-16)

### Jan–Sep 2021 (Jan–Sep 2020)

- Order intake decreased 22 percent, totaling SEK 302 million (389)
- Sales decreased 8 percent, totaling SEK 274 million (297)
- Operating profit totaled SEK 8 million (38), corresponding to 3 percent (13) of revenue
- Adjusted operating profit totaled SEK 28 million (38)
- Earnings after tax totaled SEK 0 million (20)
- Earnings per share before and after dilution amounted to SEK -0.01 per share (0.39).
- Cash flow from operating activities totaled SEK -21 million (21)

### Events during the third quarter of 2021

- On July 2, 2021, Permascand announced that the oversubscription option that the principal owners had issued in conjunction with the company's listing on Nasdaq First North Growth Market had been partially exercised. In conjunction with this announcement, the stabilization period was concluded.
- During the quarter, Permascand took the next step with the customer Verdagy and signed a collaboration agreement. The agreement is a continuation of the letter of intent that was signed between the companies in June 2021 and will accelerate commercialization of the electrochemical cell that is the cornerstone of Verdagy's technology for green hydrogen water electrolysis (the VWE process).
- On September 30, Permascand announced that the company had received an order of approximately EUR 17.5 million from its largest customer for delivery of electrochemical cells for ballast water treatments systems (BWTS) starting in 2022.

### Key performance indicators

SEK m	Jul–Sep 2021	Jul–Sep 2020	Δ %	Jan–Sep 2021	Jan–Sep 2020	Δ %	Jan–Dec 2020
Order intake	203	228	-11	302	389	-22	470
Order backlog	501	514	-3	501	514	-3	491
Sales	76	111	-32	274	297	-8	415
Operating profit/loss	14	21	-33	8	38	-79	60
Adjusted operating profit	14	21	-33	28	38	-26	65
Profit/loss after tax	10	13	-23	0	20	-	33
Earnings per share before dilution (SEK)	0.18	0.26	-31	-0.01	0.39	-	0.65
Earnings per share after dilution (SEK)	0.18	0.26	-31	-0.01	0.39	-	0.65
Cash flow from operating activities	32	-16	-	-21	21	-	53
Equity/assets ratio (%)	60%	neg.	-	60%	neg.	-	neg
Net debt/EBITDA	0.65	5.60	-	0.65	5.60	-	3.69

#### ABOUT PERMASCAND TOP HOLDING AB

Permascand is an independent technology-driven manufacturer of electrochemical solutions based on proprietary catalytic coatings for clean tech applications. With a customer-centric focus, Permascand has supplied electrodes, electrochemical cells and aftermarket services for a variety of industries for 50 years. Permascand is headquartered in Ljungaverk, Sweden, where the company conducts research and development, technology development and production. In addition, Permascand has offices in Gothenburg, Sweden and Vancouver, Canada. For further information, visit [www.Permascand.com](http://www.Permascand.com). The Certified Adviser is FNCA Sweden AB, [info@fnca.se](mailto:info@fnca.se), +46 (0)8528 00 399.

## Solid foundation for strong growth in 2022



*“Good level of activity and operational progress despite a challenging market situation”*

The third quarter of 2021 was marked by a good level of activity with many customer inquiries in all segments. The lower sales level in the quarter compared with the corresponding period last year is a result of lower order intake earlier in the year, mainly within Water Treatment, due Covid-19. The lower order intake is a result of the pandemic, higher prices for raw materials and supplies as well as supply chain disruptions. However, this lower sales rate had a positive effect in that we are now even better prepared for future growth, and we see that the investments and strategic initiatives that we have carried out to date have generated more efficient processes and working methods. This has had a positive impact on gross profit, which totaled SEK 27 million during the quarter, corresponding to a margin of 35 percent – the highest gross margin ever for Permascand.

Permascand offers customized solutions that are crucial for maximizing performance and durability. On average, we spend four to five years – in dialogue with the customer – to produce, test and adapt our products before the customer submits a final order. Activity levels in this area remained high during the quarter. We are receiving an increasing number of inquiries from potential customers who are looking to initiate partnerships and evaluation procedures together with us, which speaks to strong underlying demand. Despite the continued growth in underlying demand, we still felt the impact of the negative effects of the pandemic during the quarter. On the one hand, this concerned materials supply and generated longer turnaround times than normal – which we successfully offset through existing inventory – and higher prices for raw materials and supplies on the other. The result is that customers have become more hesitant in their investment decision and more cautious in their choice of projects, which we are seeing in the form of a temporary decrease in sales, since part of the deliveries we had relied on were postponed.

In the third quarter, we signed a large and important order in Water Treatment, which indicates that the market in the segment is well on its way toward picking up momentum again. We have also noticed a steady positive trend in our Industrial Solutions and Electrification & Renewables business segments.

Demand in Industrial Solutions remains stable, generating interesting projects. We are also seeing an expanded market, with new Greenfields projects under way. This both generates sales now, and opens the way to new aftermarket opportunities. The framework agreement that was signed during the quarter with one of the leading global players in the chlorine hydroxide and sodium hydroxide market has provided us with a strategically important position for growth in the North American market.

In Electrification & Renewables, there is significant interest in development of cells and production methods, where Permascand can capture a strong position in the continued development of the electrochemical cells that are a crucial part of the technology. During the quarter, we also took the next step in our successful partnership with Verdagy. The prototypes have now been created, and the next step is to produce test cells for test runs and, ultimately, commercialization in an even larger testing facility.

Operationally, the third quarter was reminiscent of the preceding quarter, which was also filled with new partnerships and customer projects. We continue to work with a long-term perspective, and have already seen our efforts begin to pay off despite the slower growth phase. We have extremely robust resources in research and development, and our efforts at a full-scale technology and innovation center in green hydrogen are progressing in accordance with plans. This will strengthen our position and potential for delivering innovative, competitive electrochemical and manufacturing solutions to this rapidly growing global market.

To sum up, the third quarter was a stable one with a healthy level of activity and operational progress despite a challenging market situation. The demand situation at the end of the third quarter was a positive one. We enter the final quarter of the year with a historically strong order book, and we expect that demand will gradually increase. We now have a firm basis for accelerating in pace with the market for the global green energy transition.

*Peter Lundström, CEO*

## Permascand in brief

Permascand is an independent technology-driven manufacturer of electrochemical solutions. With its proprietary catalytically coated electrodes for electrolysis, Permascand provides products that facilitate energy savings and promote the global green transition. With a customer-oriented focus, Permascand has supplied electrodes, electrochemical cells and aftermarket services for a variety of industries for 50 years. The Permascand share is listed on Nasdaq First North Premier Growth Market under the symbol PSCAND.

The Group's operations are divided into three business segments: Electrification & Renewables, Industrial Solutions and Water Treatment. Sustainability is at the heart of Permascand's operations and permeates everything Permascand does. Permascand's solutions are directly linked to clean tech applications that lower environmental impact. Hence, the global focus on sustainability and reducing environmental impact is a factor that is expected to increasingly contribute to demand for Permascand's products.

**Vision**

Permascand's vision is to become the leading independent global supplier of electrochemical solutions for clean tech applications in green technologies.

**Mission**

To deliver innovative, competitive, technical and production solutions to the markets for Electrification & Renewables, Industrial Solutions and Water Treatment.

## Permascand's contribution to UN Sustainable Development Goals



Crucial to the value chain in several industrial sectors, and facilitates basic infrastructure



Reduces energy consumption through proprietary catalytic coatings



Clean tech applications that enable the green transition



Keeps the oceans clean through ballast water treatment systems

## Financial targets and dividend policy

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

## Financial performance during the third quarter of 2021

### Order status

Order intake during the third quarter totaled SEK 203 million (228), divided among Electrification & Renewables, SEK 3 million (11); Industrial Solutions, SEK 20 million (45); and Water Treatment, SEK 179 million (172). At the end of the period, the value of the order backlog was SEK 501 million (514).

### Sales

Sales in the third quarter totaled SEK 76 million (111), down 32% compared to the year-earlier period. The downturn is due to the allocation of activity and deliveries between the second and third quarter of 2020, which was an effect of the COVID-19 pandemic and the global shutdown that resulted in low levels of activity in the second quarter. In Electrification & Renewables, sales increased by 120 percent compared with the year-earlier period to SEK 13 million (6). In Industrial Solutions, sales were at the same level, SEK 28 million (28). In the Water Treatment segment, sales decreased 54 percent to SEK 35 million (77).

### Gross profit

Gross profit totaled SEK 27 million (30), corresponding to a gross margin of 35 percent (27). The higher margin is due to increases in efficiency and automation in the production process, and the result of strategic initiatives for reduced costs in areas such as purchasing, planning, and production technology.

### Operating profit/loss—Adjusted operating profit/loss

Operating profit for the period totaled MSEK 14 (21), corresponding to an operating margin of 18 percent (19) of revenue. Sales expenses and administrative expenses have increased somewhat since the year-earlier period as a result of new hires and consultant expenses, while the portion of the

cost for research and development recognized in operating profit remains at the same level as previously. Costs affecting comparability in the third quarter totaled SEK 0 million (0), which yields an adjusted operating profit of SEK 14 million (21).

Exchange rate fluctuations in conjunction with the restatement of balance sheet items at the closing rate are recognized as other operating income or expenses, which are included in operating profit. These amounted to MSEK 1.5 (2.5).

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

Profit before tax for the third quarter totaled SEK 13 million (17). The net of financial income and expenses amounted to SEK -1

million (-4) and consists of interest rates. As a result of the lower loan-to-value ratio during the quarter, net interest income was lower than in previous periods. Tax in the third quarter totaled SEK -3 million (-4). The loss for the period increased to SEK 10 million (13), and earnings per share were SEK 0.18 million (0.26).

### Cash flow

Cash flow from operating activities totaled SEK 32 million (-16). The positive cash flow was impacted primarily by changes in current receivables and liabilities, where the receivables decreased and the liabilities increased. These are primarily items related to the work-up rate in customer projects attributable to invoicing and advance payments that have changed. The impact from the change in working capital totaled SEK 17 million (-35). Investments in non-current assets during the period totaled SEK -6 million (-5). Decreased use of overdraft facilities meant that cash flow from financing activities totaled SEK -18 million (12), corresponding to a total positive cash flow of SEK 8 million (-9).

## Financial performance during the nine-month period

Sales for the first nine months of the year amounted to SEK 274 million (297), down 8 percent compared with the year-earlier period. Two segments, Electrification & Renewables and Industrial Solutions, increased their sales while sales in Water Treatment decreased compared with the year-earlier period. Decreased sales in the Water Treatment segment are the result of a lower rate of installation than planned for ballast water treatments systems (BWTS) aboard marine vessels. Access to shipyards and drydocks has been limited as a result of restrictions and lockdowns, and problems with transportation and logistics entailing delays for Permascand's customers. Lower sales notwithstanding, the gross profit increased by 12 percent, totaling SEK 76 million (68) and corresponding to a gross margin of 28 percent (23). The higher margin is the result of the investments made in increasing efficiency and automation in the production process, and the result of strategic initiatives for reduced costs in areas such as purchasing, planning, and production technology. Operating profit totaled SEK 8 million (38), primarily a result of temporarily higher administrative expenses linked to the IPO

## Financial review

Total assets at the end of the quarter amounted to SEK 438 million (413 at the beginning of the year). Assets largely comprise non-current assets in the form of robot cells for automated manufacturing processes and investments for more efficient coating methods, as well as assets in the form of inventory and current receivables, primarily trade receivables.

Equity and the equity/assets ratio changed in June as a result of the company's share issue and the listing with issue costs, and totaled SEK 262 million (-16) and 60 percent (neg), respectively, at the end of the quarter. A more detailed explanation of the change in equity is available in the Condensed consolidated statement of changes in equity on page 12. Apart from interest-bearing liabilities, the company has operating liabilities, the majority of which comprise trade payables and advance payments from customers.

### Net debt

The Group's net debt totaled SEK 30 million on the balance sheet date, compared with SEK 271 million at the beginning of

on Nasdaq First North Growth Market in June. Adjusted for items affecting comparability during the period of SEK 20 million (0) related to the listing, adjusted operating profit totaled SEK 28 million (38), corresponding to an adjusted operating margin of 10 percent (13). After deductions for financial expenses of SEK -9 million (-11) and tax of SEK 0 million (-7), the result for the period totaled SEK 0 million (profit: 20).

Cash flow for the period totaled SEK 5 million (-23).

### The impact of COVID-19 on earnings

Since the second quarter of 2020, COVID-19 has meant that planned deliveries and installations have been postponed and reduced the planned growth rate for Permascand. The lower production rate during the most intense period of the pandemic led to overcapacity in staff, which was managed through temporary furloughs in 2020 and the first quarter of the year. Starting in the second quarter, the effects of the pandemic began to diminish and the company has returned to full production. Longer-term effects from the pandemic in the global market are difficult to predict, but disruptions in logistics and transportation remain a challenge for Permascand as regards the supply of materials. Management is following developments closely and assessing any adaptations to the new conditions.

the year. In conjunction with the listing, the company paid down a bank loan of SEK 250 million. The remaining interest-bearing liabilities consist primarily of borrowing in banks. On the balance sheet date, outstanding loans totaled SEK 51 million (287 at the beginning of the year) and cash and cash equivalents in banks totaled SEK 24 million (19 at the beginning of the year). The carrying amount of borrowing corresponds to the fair value of the Group's borrowing as the loans have a variable interest rate and the credit spread is not such that the carrying amount deviates materially from the fair value. The credit facilities have customary covenants.

### Derivatives

Permascand has currency derivatives in the form of swap contracts in EUR and USD. The total market value of the contracts on the balance sheet date was SEK -0.05 million (0.8 at the beginning of the year) and the maturities fall within the coming six-month period.

## Segment reporting

Permascand has three operating segments: Electrification & Renewables, Industrial Solutions and Water Treatment, which also correspond to the Group’s business areas. The respective segments are described on the following pages.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The CEO is the chief operating decision maker for the

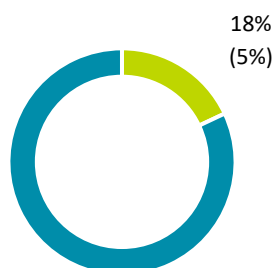
Group, and is responsible for evaluating the Group’s financial position and earnings and making strategic decisions. Segment reporting is used as the basis for allocating resources and evaluating results.

The segments are monitored by sales and gross profit less direct and indirect production costs for goods sold.

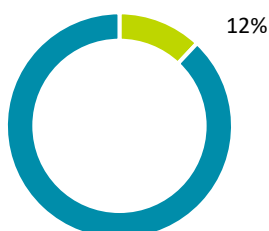
## Electrification & Renewables

Permascand’s Electrification & Renewables segment specializes in products in which electrochemical cells are used in processes for electroextraction of metals and technology for extracting lithium and producing green hydrogen. These are two important substances for the global transition to sustainable energy owing to their use in fossil fuel-free transportation and energy storage.

Share of Group sales  
Q3 2021 (Q3 2020)



Share of Group sales  
LTM



### Key performance indicators

SEK m	Jul–Sep 2021	Jul–Sep 2020	Jan–Sep 2021	Jan–Sep 2020	Jan–Dec 2020
Order backlog*	107	—	107	—	—
Order intake	3	11	24	36	60
Revenue	13	6	37	17	29
Gross profit	4	1	6	2	4
Gross margin	27%	14%	16%	10%	13%

\*Historical data for order backlog by segment unavailable

### Sales and earnings

Electrification & Renewables’ order intake for the third quarter decreased to SEK 3 million (11). At the end of the quarter, the value of the order backlog for the segment was SEK 107 million. The level of activity in the segment is high, with several development projects in progress. At the same time, higher prices for raw goods and materials as well as longer turnaround times for materials supply resulted in a hesitancy among the company’s customers toward investing.

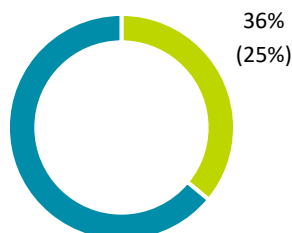
Revenue for the third quarter totaled SEK 13 million (6). The increase is attributable primarily to generally growing demand and more deliveries, primarily in power transmission and green hydrogen based on orders placed in 2020 and 2021. Of total sales in the third quarter, Electrification & Renewables comprised 18 percent (5).

The gross margin for the third quarter improved from 14 percent to 27 percent, supported by increased volumes and projects with larger profit margins. Order intake and sales in the segment were dominated by business related to development projects.

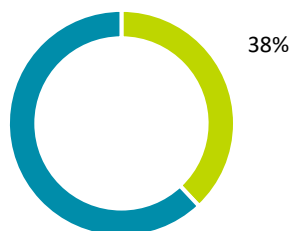
## Industrial Solutions

Permascand’s Industrial Solutions segment specializes in production for customers primarily in the chemicals industry. The products within the segment allow customers to reduce their energy consumption and include electrode fabrication, manufacturing of electrodes and complete chlorate and chloralkali process systems for new and existing plants and recoating of installed products.

Share of Group sales  
Q3 2021 (Q3 2020)



Share of Group sales  
LTM



### Key performance indicators

SEK m	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020
Order backlog*	86	—	86	—	—
Order intake	20	45	92	120	176
Revenue	28	28	108	91	131
Gross profit	10	8	34	23	38
Gross margin	34%	28%	31%	25%	29%

\*Historical data for order backlog by segment unavailable

### Sales and earnings

Order intake in Industrial Solutions for the third quarter totaled SEK 20 million (45). The decrease is due primarily to a hesitancy among the company’s customers toward investing, owing to higher prices for raw materials and supplies as well as longer turnaround times for materials supply. The level of activity and general demand remain stable. During the quarter, the company received several customer inquiries on so called Greenfield projects, which had adopted a “wait and see” attitude for several years. This indicates healthy underlying demand that is expected to grow in pace with the market returning to more normal conditions. At the end of the quarter, the value of the order backlog for the segment was SEK 86 million.

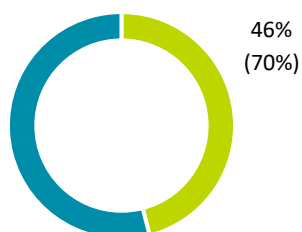
Revenue for the third quarter totaled SEK 28 million (28), on par with the year-earlier period. Despite the more challenging market situation, which had an impact on customer’s desire to invest, Permascand has maintained a healthy production rate with the material the company has had in stock, and has been successful in delivering before deadlines. Of total sales in the third quarter, Industrial Solutions comprised 36 percent (25).

The gross margin in the segment increased in the third quarter from 28 percent to 34 percent, driven by improvements in efficiency resulting from the automation and robotization of production.

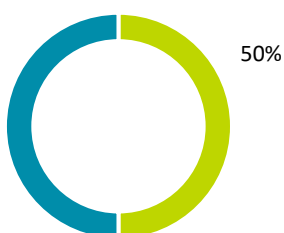
## Water Treatment

Permascand's Water Treatment segment specializes in electrochemical disinfection of water, primarily for the marine sector, and purification of ballast water for ships as well as standard systems with other areas of application.

Share of Group sales  
Q3 2021 (Q3 2020)



Share of Group sales  
LTM



### Key performance indicators

SEK m	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020
Order backlog*	308	—	308	—	—
Order intake	179	172	186	233	234
Revenue	35	77	130	189	255
Gross profit	14	21	36	44	62
Gross margin	39%	28%	28%	23%	24%

\*Historical data for order backlog by segment unavailable

### Sales and earnings

Water Treatment reported a stable order intake during the third quarter. Order intake remains low despite the increase, which is a direct result of COVID-19 and higher prices for raw materials and supplies in combination with longer delivery times. The need for systems that can efficiently treat ballast water remains, and demand is expected to increase in pace with the market returning to more normal conditions. At the end of the third quarter, the value of the order backlog for the segment was SEK 308 million.

Profit before tax for the third quarter totaled SEK 35 million (77). The decrease is attributable primarily to the negative effects of COVID-19, which impacted the demand situation in 2020 and early 2021. Of total sales in the third quarter, Water Treatment comprised 46 percent (70).

The gross margin improved in the third quarter from 28 percent to 39 percent, driven by improvements in efficiency resulting from the automation and robotification of production.



## Other

### Employees

On the balance sheet date, the Group had 109 employees, of whom 50 percent were under collective bargaining agreements and 50 were salaried employees.

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

- On October 15, 2021, Permascand announced that the company had signed a framework agreement with one of the largest global players in chloralkali and diaphragm technology. The value of the agreement is estimated at between SEK 30–50 million per year during the three-year contract period.

### Material risks and uncertainties

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

The outbreak of COVID-19 in 2020 entailed a new business risk. Permascand's management has been working on risk assessments and the market risks that arose. The risk of increased absence due to sick leave and the difficulties in conducting operations efficiently in the event of illness have been managed by ensuring contingency plans and opportunities for remote working. The risk of shortages of critical purchased components as a result of shutdowns among suppliers has been managed through close collaboration with key suppliers and careful production planning.

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

### Incentive programs

An Extraordinary General Meeting on June 3, 2021 resolved to implement long-term incentive programs based on warrants targeted at senior executives and certain additional key employees as well as Board members, comprising a total of 1,234,052 warrants. More information is available on the company's website:

<https://permascand.com/investors/corporate-governance/incentive-program/>

### The share

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

On September 30, 2021, the share capital totaled SEK 2.2 million with a quota value of SEK 0.037. The total number of shares registered is 59,313,529. The share price on September 30, 2021 was SEK 38.26 per share, corresponding to a total market value of SEK 2,269 million. Permascand's shareholder register with its ten largest shareholders is presented on the company's website.

### Review

The Q1 report was audited in conjunction with the listing, which is why the Board of Directors chose not to conduct an audit of the company's half-year report for 2021 or the report for the third quarter of 2021.

### Financial calendar

**Year-end report, Q4 2021**  
February 10, 2022

**Q1 2022**  
May 10, 2022

**Q2 2022**  
August 11, 2022

**Q3 2022**  
November 11, 2022

### Presentation of interim report

A teleconference and webcast will be held on November 10, 2021 at 10:30 a.m. CET.

To follow the conference via telephone and to participate in the Q&A session, please call one of the following numbers:

SE: +46 8 5055 8366  
UK: +44 3333 009 267  
Tel. +1 631 913 1422 (Pin: 28195320#)

Link: <https://tv.streamfabriken.com/permascand-top-holding-q3-2021>

## Condensed consolidated statement of comprehensive income

SEK m	Note	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020
Net sales	2	76	111	274	297	415
Cost of goods sold		-49	-81	-199	-229	-311
<b>Gross profit</b>		<b>27</b>	<b>30</b>	<b>76</b>	<b>68</b>	<b>104</b>
Sales expenses		-4	-3	-12	-10	-15
Administrative expenses	3	-8	-6	-48	-19	-24
Research and development expenses		-2	-3	-12	-9	-12
Other operating income/expenses		2	3	4	8	7
<b>Operating profit</b>		<b>14</b>	<b>21</b>	<b>8</b>	<b>38</b>	<b>60</b>
Net financial items		-1	-4	-9	-11	-15
<b>Profit/loss before tax</b>		<b>13</b>	<b>17</b>	<b>-1</b>	<b>27</b>	<b>45</b>
Tax		-3	-4	0	-7	-12
<b>Profit for the period</b>		<b>10</b>	<b>13</b>	<b>0</b>	<b>20</b>	<b>33</b>
<b>OTHER COMPREHENSIVE INCOME</b>						
<i>Items that are or may be reclassified subsequently to profit or loss</i>						
Change in fair value of cash flow hedging		0	0	-1	0	1
Tax attributable to changed value of cash flow hedging		0	0	0	0	0
Translation differences on foreign subsidiaries		0	0	0	0	0
<b>Total other comprehensive income</b>		<b>0</b>	<b>0</b>	<b>-1</b>	<b>0</b>	<b>0</b>
<b>Total comprehensive income for the period</b>		<b>10</b>	<b>13</b>	<b>-1</b>	<b>20</b>	<b>33</b>
<b>Comprehensive income for the period attributable to Parent Company shareholders</b>		<b>10</b>	<b>13</b>	<b>-1</b>	<b>20</b>	<b>33</b>
<b>Earnings per share, calculated on profit for the period attributable to Parent Company shareholders</b>						
Earnings per share before and after dilution, SEK		0.18	0.26	-0.01	0.39	0.65
Average no. of shares before dilution		59,313,529	50,490,000	54,368,474	50,490,000	50,490,000
Average number of shares after dilution		59,318,361	50,490,000	54,368,474	50,490,000	50,490,000

## Condensed consolidated balance sheet

SEK m	Note	30 Sep 2021	30 Sep 2020	31 Dec 2020
<b>ASSETS</b>				
<b>Non-current assets</b>				
<i>Intangible assets</i>				
Goodwill		56	56	56
Other intellectual property rights		13	8	12
Tangible assets				
Right-of-use assets		145	141	143
Financial assets		3	3	3
		0	0	0
<b>Total non-current assets</b>		<b>216</b>	<b>208</b>	<b>214</b>
<b>Current assets</b>				
Inventories		108	109	90
Current receivables		90	83	90
Cash and cash equivalents		24	4	19
<b>Total current assets</b>		<b>222</b>	<b>196</b>	<b>199</b>
<b>TOTAL ASSETS</b>		<b>438</b>	<b>404</b>	<b>413</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>		<b>262</b>	<b>-30</b>	<b>-16</b>
<b>Non-current liabilities</b>				
Liabilities to credit institutions		46	286	280
Deferred tax liabilities		8	7	9
Lease liabilities		1	2	2
<b>Total non-current liabilities</b>		<b>59</b>	<b>295</b>	<b>291</b>
<b>Current liabilities</b>				
Liabilities to credit institutions		5	7	7
Lease liabilities		1	1	1
Other current liabilities		114	130	130
<b>Total current liabilities</b>		<b>120</b>	<b>139</b>	<b>138</b>
<b>TOTAL LIABILITIES</b>		<b>176</b>	<b>434</b>	<b>429</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>438</b>	<b>404</b>	<b>413</b>

## Condensed consolidated statement of changes in equity

SEK m	30 Sep 2021	30 Sep 2020	31 Dec 2020
<b>Opening balance</b>	-16	-50	-50
Profit for the period	0	20	33
Other comprehensive income	-1	0	0
<b>Total comprehensive income</b>	-1	20	33
New share issue	300	—	—
Cost of new share issue	-26	—	—
Warrant premiums received	5	—	—
<b>Total transactions with shareholders</b>	280	0	0
<b>Equity attributable to Parent Company shareholders</b>	262	-30	-16
<b>Closing balance</b>	262	-30	-16

## Condensed consolidated cash flow statement

SEK m	Jul–Sep 2021	Jul–Sep 2020	Jan–Sep 2021	Jan–Sep 2020	Jan–Dec 2020
Operating profit	14	21	8	38	60
Depreciation and amortization of tangible and intangible assets	4	3	11	9	13
Other items not affecting cash flow	0	0	1	0	0
Interest paid	0	-4	-6	-11	-15
Income tax paid	-3	-1	-14	-2	-1
<b>Cash flow from operating activities before changes in working capital</b>	15	19	1	33	56
Cash flow from change in working capital	17	-35	-22	-12	-3
<b>Cash flow from operating activities</b>	32	-16	-21	21	53
Investments in tangible and intangible assets	-6	-5	-14	-34	-44
<b>Cash flow from investing activities</b>	-6	-5	-14	-34	-44
New share issue	—	—	305	—	—
Issue costs	0	—	-26	—	—
Repayment of borrowings	—	—	-250	—	—
Increase/decrease in current borrowings	-16	14	17	-4	-10
Repayment of non-current liabilities	-2	-2	-5	-5	-5
Lease payments	0	0	-1	-1	-2
<b>Cash flow from financing activities</b>	-18	12	40	-11	-17
<b>Cash flow for the period</b>	8	-9	5	-23	-8
Cash and cash equivalents at beginning of period	16	13	19	27	27
Exchange-rate differences in cash and cash equivalents	0	0	0	0	0
Cash and cash equivalents at end of period	24	3	24	3	19

## Condensed Parent Company income statement

SEK m	Note	Jul–Sep 2021	Jul–Sep 2020	Jan–Sep 2021	Jan–Sep 2020	Nov 2019– Dec 2020
Sales	2	1	—	4	—	—
Administrative expenses		-11	—	-21	—	-1
<b>Operating profit/loss (EBIT)</b>		<b>-10</b>	<b>0</b>	<b>-17</b>	<b>0</b>	<b>-1</b>
Intra-Group interest income		6	6	18	18	26
Interest expenses		0	—	0	—	—
<b>Profit/loss before tax (EBT)</b>		<b>-5</b>	<b>6</b>	<b>1</b>	<b>18</b>	<b>25</b>
Income tax		—	—	—	—	—
<b>Profit/loss for the period</b>		<b>-5</b>	<b>6</b>	<b>1</b>	<b>18</b>	<b>25</b>

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

## Condensed Parent Company balance sheet

SEK m	Note	30 Sep 2021	30 Sep 2020	31 Dec 2020
<b>ASSETS</b>				
<b>Non-current assets</b>				
Shares in subsidiaries		0	0	0
Non-current receivables from Group companies		732	480	480
<b>Total non-current assets</b>		<b>732</b>	<b>480</b>	<b>480</b>
<b>Current assets</b>				
Current receivables		59	20	29
<b>Total current assets</b>		<b>59</b>	<b>20</b>	<b>29</b>
<b>TOTAL ASSETS</b>		<b>791</b>	<b>500</b>	<b>509</b>
<b>EQUITY AND LIABILITIES</b>				
Restricted equity		2	2	2
Non-restricted equity		784	498	503
<b>Total equity</b>		<b>786</b>	<b>500</b>	<b>505</b>
<b>Current liabilities</b>		<b>5</b>	<b>0</b>	<b>4</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>791</b>	<b>500</b>	<b>509</b>

## Notes to the financial statements

### Note 1. Accounting policies

This consolidated interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Annual Accounts Act. Permascand applies International Financial Reporting Standards (IFRS) as adopted by the European Union. The Parent Company financial statements have been prepared in accordance with the Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR2 Accounting for Legal Entities. The accounting policies applied are consistent with the reporting and measurement principles presented in the 2020 Annual Report. The options issued by the company, which were issued after the Annual Report was published, are recognized in accordance with IFRS 2. The assessments and assumptions that form the basis of the management's application of accounting policies and the degree of uncertainty remain unchanged compared with the data presented in the 2020 Annual Report. The 2020 Annual Report is available on the company's website. In addition to the financial statements and the accompanying notes, disclosures under IAS 34.16A also appear in other parts of this interim report.

### Note 2. Segments and revenue

The following table explains the distribution of revenue, expenses and gross profit between segment reporting and the Group's total accounting for the period:

Jul-sep 2021						Jul-sep 2020					
(msek)	Industrial Solutions	Electrification & Renewables	Water Treatment	Unallocated group costs	Total Permascand	(msek)	Industrial Solutions	Electrification & Renewables	Water Treatment	Unallocated group costs	Total Permascand
Net sales	28	13	35		76	Net sales	28	6	77		111
Cost of goods	-18	-10	-21		-49	Cost of goods	-20	-5	-56		-81
Gross profit	10	4	14		27	Gross profit	8	1	21		30
Gross margin, %	34%	27%	39%		35%	Gross margin, %	28%	14%	28%		27%
Operating profit (EBIT)				-13	14	Operating profit (EBIT)				-9	21
Net finance cost				-5	-1	Net finance cost				-4	-4
Profit before tax					13	Profit before tax					17

Jan-sep 2021						Jan-sep 2020					
(msek)	Industrial Solutions	Electrification & Renewables	Water Treatment	Unallocated group costs	Total Permascand	(msek)	Industrial Solutions	Electrification & Renewables	Water Treatment	Unallocated group costs	Total Permascand
Net sales	108	37	130		274	Net sales	91	17	189		297
Cost of goods	-74	-31	-93		-199	Cost of goods	-69	-15	-145		-229
Gross profit	34	6	36		76	Gross profit	23	2	44		68
Gross margin, %	31%	16%	28%		28%	Gross margin, %	25%	10%	23%		23%
Operating profit (EBIT)				-67	8	Operating profit (EBIT)				-30	38
Net finance cost				-9	-9	Net finance cost				-11	-11
Profit before tax					0	Profit before tax					27

Jan-dec 2020					
(msek)	Industrial Solutions	Electrification & Renewables	Water Treatment	Unallocated group costs	Total Permascand
Net sales	131	29	255		415
Cost of goods	-94	-25	-193		-311
Gross profit	38	4	62		104
Gross margin, %	29%	13%	24%		25%
Operating profit (EBIT)				-43	60
Net finance cost				-15	-15
Profit before tax					45

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

(msek)	Jul-sep 2021				Jul-sep 2020				Jan-dec 2020			
	Industrial Solutions	Electrification & Renewables	Water Treatment	Total	Industrial Solutions	Electrification & Renewables	Water Treatment	Total	Industrial Solutions	Electrification & Renewables	Water Treatment	Total
Over time	28	7	35	70	27	1	78	107	130	6	255	391
At a certain time		6		6	0	5	0	5	1	23	0	24
Total	28	13	35	76	27	6	78	111	131	29	255	415

(msek)	Jan-sep 2021				Jan-sep 2020			
	Industrial Solutions	Electrification & Renewables	Water Treatment	Total	Industrial Solutions	Electrification & Renewables	Water Treatment	Total
Over time	108	17	130	255	91	3	190	283
At a certain time		20	20		0	13	0	14
Total	108	37	130	274	91	16	190	297

### Note 3. Administrative expenses

Out of the total administrative expenses for the quarter, SEK 0 million pertains to costs attributable to the company's listing. For the half-year period, these costs totaled SEK 20 million. These costs have been treated as items affecting comparability.

### Note 4. Financial instruments

The Group's financial assets consist of trade receivables, cash and cash equivalents, and derivatives. The Group's financial liabilities consist of borrowings and trade payables. All derivatives are measured at fair value and classified according to Level 2, which means that all significant input data required for valuation is observable. As of September 30, 2021, the value of the derivative amounted to SEK 0.05 million (SEK 0.8 million at the beginning of the year). For forward contracts, fair value is determined on the basis of quoted prices. The market price is calculated on the basis of the current price adjusted for the interest-rate difference between the currencies and the number of days, compared with the contract price to obtain fair value.

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

### Note 5. Related-party transactions

Apart from the transactions conducted in conjunction with the company's listing, which pertained to the sale of shares and purchase of warrants, no transactions with related parties were conducted that materially impacted the Group's earnings or financial position. The transactions pertaining to sale of shares and purchase of warrants are described in the prospectus that has been published on the company's website.

### Note 6. Parent company

Permascand Top Holding AB is the Parent Company of the Permascand Group. The Parent Company manages shares in the subsidiaries and conducts Group-wide services. As of June 2021, the CEO of the Group was an employee of the Parent Company. The only assets in the Parent Company are its shares in the subsidiaries and Group-wide receivables. The Parent Company was formed on 20 November 2019, and 2020 was the company's first extended fiscal year. The Parent Company's financial position and earnings, as well as its operational risks, are largely associated with the Group's risks and uncertainties.

### Note 7. Seasonal variations

Permascand's sales vary during the year; however, this is not a direct impact of seasonal variations, but rather of one of the prevailing conditions in the market and of customers' investment plans, primarily in the Industrial Solutions segment. In Water Treatment, the Group's largest segment, sales are normally evenly distributed throughout the year but were impacted by the COVID-19 pandemic in 2020 and 2021.

### Note 8. Alternative performance measures

Permascand presents certain financial measurements in its interim reports that are not defined under IFRS. Permascand believes that these measurements provide valuable supplementary information to investors and the company's management, since they facilitate an evaluation of trends and performance. Since not all companies calculate financial measurements in the same way, these are not always comparable with measurements used by other companies. These financial measurements should therefore not be regarded as a replacement for measurements defined under IFRS.

Permascand uses the alternative performance measures "net debt" and "equity/assets ratio", which are deemed to be useful for readers of the financial reports as a supplement to other key performance indicators in order to assess the possibility of a dividend and to assess the Group's possibilities of compliance with its financial commitments. Moreover, Permascand uses the key performance indicators "adjusted operating profit", "operating profit as a percentage of sales" and "EBITDA", which are measurements that are relevant to investors who wish to understand earnings generation excluding items affecting comparability. "Return on equity" and "Return on assets" are earnings set in relation to key balance sheet items. For definitions of key performance indicators, refer to page 20.

### Adjusted operating profit

SEK m	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020
Operating profit	14	21	8	38	60
Items affecting comparability attributable to the IPO	0	—	20	0	5
<b>Adjusted operating profit</b>	<b>14</b>	<b>21</b>	<b>28</b>	<b>38</b>	<b>65</b>

### Operating margin

SEK m	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020
Operating profit	14	21	8	38	60
Sales	76	111	274	297	415
%	<b>18%</b>	<b>19%</b>	<b>3%</b>	<b>13%</b>	<b>15%</b>

### Adjusted operating margin

SEK m	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020
Adjusted operating profit	14	21	28	38	65
Sales	76	111	274	297	415
%	<b>18%</b>	<b>19%</b>	<b>10%</b>	<b>13%</b>	<b>16%</b>

### EBITDA

SEK m	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020
Profit for the period	10	13	0	20	33
Tax	3	4	0	7	12
Net financial items	1	4	9	11	15
Depreciation/amortization	4	3	11	9	13
<b>EBITDA</b>	<b>18</b>	<b>24</b>	<b>20</b>	<b>47</b>	<b>73</b>

### Net debt

SEK m	30 Sep 2021	30 Sep 2020	31 Dec 2020
Non-current liabilities to credit institutions	46	286	280
Non-current lease liability	1	2	2
Current liabilities to credit institutions	5	7	7
Current lease liability	1	1	1
Cash and cash equivalents	-24	-4	-19
<b>Net debt</b>	<b>30</b>	<b>293</b>	<b>271</b>

### Equity/assets ratio

SEK m	30 Sep 2021	30 Sep 2020	31 Dec 2020
Equity	262	-30	-16
Total assets	438	404	413
<b>Equity/assets ratio, %</b>	<b>60%</b>	<b>-7%</b>	<b>-4%</b>



### Net debt/EBITDA

SEK m	30 Sep 2021	30 Sep 2020	31 Dec 2020
EBITDA, LTM	46	52	73
Net debt	30	293	271
<b>Net debt/EBITDA</b>	<b>0.65</b>	<b>5.60</b>	<b>3.69</b>

### Return on equity

SEK m	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020
Earnings for the period, LTM	13	20	13	20	33
Opening equity	-30	178	-30	178	-50
Closing equity	262	-30	262	-30	-16
Average equity, LTM	116	74	116	74	-33
<b>Return on equity, %</b>	<b>11.0%</b>	<b>26.9%</b>	<b>11.0%</b>	<b>26.9%</b>	<b>-100.1%</b>

### Return on assets

SEK m	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020
Operating profit, LTM	31	40	31	40	60
Financial income, LTM	0	0	0	0	0
Opening total assets	404	353	404	353	382
Closing total assets	438	404	438	404	413
Average total assets, LTM	421	378	421	378	397
<b>Return on assets, %</b>	<b>7.2%</b>	<b>10.6%</b>	<b>7.2%</b>	<b>10.6%</b>	<b>15.2%</b>

## Assurance

The Board of Directors and the President and CEO affirm that this interim report provides a true and fair view of the Parent Company's and the Group's operations, position and earnings, and describes the significant risks and uncertainties facing the Parent Company and the companies included in the Group.

Stockholm, November 10, 2021

### **Per Lindberg**

Chairman of the Board

### **Ingar Jensen**

Board member

### **Johan Karlsson**

Board member

### **Marie Grönborg**

Board member

### **Mario Houde**

Board member

### **Pernilla Lundin**

Board member

### **Per-Ola Baalerud**

Board member

### **Emil Wiljesäter**

Employee representative

### **Erik Zimmerman**

Employee representative

### **Peter Lundström**

CEO

### **Permascand Top Holding AB**

Folkets Husvägen 50

SE-840 99 Ljungaverk

Corp. Reg. No. 559227-6147

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

### **Additional information**

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

*This information is such that Permascand Top Holding AB (publ) is obligated to disclose in accordance with the EU Market Abuse Regulation. The information was submitted for disclosure on November 10, 2021 at 7:45 a.m. CET.*

## Consolidated quarterly data

SEK m	2021				2020			2019	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	
Order intake	203	41	57	82	228	57	104	20	
<b>Income statement</b>									
Sales	76	123	75	118	111	78	108	105	
Gross profit	27	31	18	36	30	11	27	17	
Operating profit/loss	14	-3	-3	22	21	1	16	2	
Adjusted operating profit*	14	12	2	27	21	1	16	3	
EBITDA	18	1	1	26	24	4	19	5	
Profit/loss before tax	13	-7	-7	18	17	-3	13	1	
Gross profit/loss, % of sales	35%	25%	24%	30%	27%	14%	25%	16%	
Operating profit/loss, % of sales	18%	-2%	-4%	19%	19%	1%	15%	2%	
Adjusted operating profit*, % of sales	18%	9%	3%	23%	19%	1%	15%	3%	
<b>Balance sheet</b>									
Tangible assets	145	146	143	146	144	143	136	122	
Total assets	438	440	408	413	404	359	375	381	
Cash and cash equivalents	24	16	13	19	4	13	28	27	
Non-current interest-bearing liabilities	47	64	293	282	288	276	290	297	
<b>Cash flow</b>									
Operating activities	32	-39	-14	32	-16	10	27	29	
Investing activities	-6	-7	-2	-10	-5	-10	-18	-31	
Financing activities	-18	49	10	-6	12	-16	-7	-2	
Cash flow for the period	8	3	-6	16	-9	-16	2	19	
<b>Capital structure</b>									
Net debt	30	55	287	271	293	272	272	281	
<b>Per share data, SEK</b>									
Earnings per share before and after dilution	0.18	-0.10	-0.11	0.26	0.26	-0.06	0.19	0.18	
Number of shares before dilution	59,313,529	53,204,932	50,490,000	50,490,000	50,490,000	50,490,000	50,490,000	50,490,000	
Number of shares after dilution	59,318,361	53,206,569	50,490,000	50,490,000	50,490,000	50,490,000	50,490,000	50,490,000	

\*Adjusted for items affecting comparability attributable to the IPO.

## Definitions of key performance indicators

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

## Glossary

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