



YEAR-END REPORT

JANUARY-DECEMBER 2022
PERMASCAND TOP HOLDING AB

"Robust order intake and profitable growth demonstrate the strength of Permascand's business."



Robust order intake and profitable growth demonstrate the strength of Permascand's business

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.

Q4 2022 (Q4 2021)

- Order intake increased 43 per cent year-on-year to SEK 107 million (74)
- Sales increased 13 per cent to SEK 147 million (130)
Operating profit totalled SEK 18 million (30), corresponding to 12 per cent (23) of revenue
- Adjusted operating profit totalled SEK 14 million (32)
- Profit after tax totalled SEK 15 million (21)
- Earnings per share amounted to SEK 0.25 (0.35)
- Cash flow from operating activities totalled SEK -5 million (33)

Jan-Dec 2022 (Jan-Dec 2021)

- Order intake increased 35 per cent, totalling SEK 508 million (377). Taking into account the write-down of a previous order, net order intake amounted to SEK 445 million.
- Sales increased 41 per cent to SEK 569 million (405)
- Operating profit totalled SEK 105 million (38), corresponding to 18 per cent (9) of revenue
- Adjusted operating profit totalled SEK 95 million (60)
- Earnings after tax totalled SEK 81 million (20)
- Earnings per share before and after dilution amounted to SEK 1.37 (0.37)
- Cash flow from operating activities totalled SEK 113 million (11)

Events during the fourth quarter of 2022

On 15 December, Permascand announced the signing of a master supply agreement to deliver service and refurbishment of electrochemical cells to a significant client. The estimated value of the agreement is in the range of SEK 30–45 million per year for a period of two years.

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's registered office is 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. The Certified Adviser is FNCA Sweden AB, info@fnca.se, +46 (0) 8528 00 399.

KEY PERFORMANCE INDICATORS

SEK m	OCT-DEC 2022	OCT-DEC 2021	Δ%	JAN-DEC 2022	JAN-DEC 2021	Δ%
Order intake *)	107	74	43%	445	377	18%
Order backlog	350	451	-22%	350	451	-22%
Sales	147	130	13%	569	405	41%
Operating profit	18	30	-40%	105	38	176%
Adjusted operating profit	14	32	-57%	95	60	59%
Profit/loss after tax	15	21	-28%	81	20	299%
Earnings per share before dilution (SEK)	0,25	0,35	-28%	1,37	0,37	270%
Earnings per share after dilution (SEK)	0,25	0,35	-28%	1,37	0,37	270%
Cash flow from operating activities	-5	33	-116%	113	11	910%
Equity/assets ratio (%)	68%	62%	10%	68%	62%	10%
Net debt/EBITDA	-0,49	0,11	525%	-0,49	0,11	525%

*) Total order intake for the year was SEK 508 million (377), an increase of 35 per cent. The impairment of previous orders had an impact of SEK -63 million, yielding a net value of SEK 445 million

Robust order intake and profitable growth demonstrate the strength of Permascand's business



"2022 added up to a record-setting year where we increased sales by 40 per cent compared with full-year 2021."

The strength of Permascand's business clearly showed through in the fourth quarter of 2022, where profitable growth and robust order intake were the result of broad and growing demand for the company's products and solutions in combination with flexible, efficient production capacity.

2022 added up to a record-setting year where we increased sales by 40 per cent compared with full-year 2021. At the same time, we took some key strategic steps on our journey of growth, including through attractive partnership agreements and exciting customer projects.

Order intake for the fourth quarter totalled SEK 107 million. This is an increase of 43 per cent year-on-year. Order placement was primarily in Electrification & Renewables and Industrial Solutions.

Sales totalled SEK 147 million during the quarter, up 13 per cent year-on-year. Sales for the quarter were driven primarily by Industrial Solutions, where we successfully delivered on the robust order intake in late 2021 and early 2022. During the quarter, new patterns in our business segments emerged, as decreased sales and order intake in Water Treatment were offset by a strong quarter in Industrial Solutions, and Electrification & Renewables picked up momentum. This is a sign of strength showing that with efficient, flexible, and scalable production we can meet reduced demand in a segment by switching over and meeting increased demand in other segments.

Gross profit for the quarter totalled SEK 45 million, corresponding to a gross margin of 31 per cent. It is gratifying to once again report stronger profitability after lower capacity utilisation and disruptions to operations temporarily burdened profitability in the third quarter.

Electrification & Renewables

Electrification & Renewables returned one of its strongest quarters in the company's history, with good sales and a robust order intake as a result of the high level of activity in previous quarters. We enter 2023 with a strong order book, demand that continues to increase, and an excellent outlook in the segment.

Our initiative to establish a technology and innovation hub to develop, and be a leader in, the field of hydrogen gas made tremendous steps during the quarter and continues to develop in accordance with plans. Completion of the research centre, and the facility where we are introducing a new coating method, is estimated for the summer. As part of this same strategic plan, this spring we will be launching a research partnership with Umeå University and the Swedish Foundation for Strategic Research (SSF in Swedish) with a focus on producing green hydrogen without or with the reduced use of precious metals, with lowered production costs and reduced climate impact as goals. We are continuing to invest in the organization and in our plant to secure our leading position and to enhance the efficiency of our processes and working methods. Naturally, this will have some impact on our profitability over the short term, but this way we will be ready for commercial orders for hydrogen – the first of which is expected to come in during the year. The partnership with RES was strengthened during the year after signing a declaration of intent in April on the joint development of a commercial research centre in a new production facility in the town of

Alby in Ånge Municipality. This partnership strengthens our prospects for building up a customer portfolio in Sweden and the Nordic region – a welcome contribution to the base of international customers we have today.

Industrial Solutions

The green transition pushed the growing demand in Industrial Solutions at a faster pace than previously expected. Here, we have won new customers while demand grows among existing customers. One successful advance was the two-year framework agreement for service and recoating of electrochemical cells that we signed with a major existing customer. The agreement is estimated to be worth between SEK 30–45 million per year, with an option to extend for an additional two years.

Water Treatment

We experienced a slowdown in Water Treatment during the quarter. The order pattern in marine transport has changed, as order placement today is more frequent at shorter notice and with less scope than in previous years when customers often placed orders on an annual basis. This, combined with a more competitive market with increased price pressures, gave rise to some challenges that we are meeting with the next generation of water purification cells so as to best confront the final phase of the installation cycle, which is expected to reach its peak in 2024.

Outlook

Given a high level of activity, we expect the robust order intake in Industrial Solutions to continue and an increase in Electrification & Renewables. We therefore expect that these segments will offset the slowing growth in Water Treatment for ballast water until the segment's aftermarket business is expected to achieve significant revenue after 2026. We are also seeing growing interest in industrial water purification, though levels remain low. The total ballast water treatment market is expected to remain the same size as before, and our market shares unchanged. In our opinion, orders for remaining installations will be placed at shorter intervals before installation compared to previously. So far, production for Electrification & Renewables is generally in smaller series compared with production in Water Treatment, which initially requires larger production adjustments with lower efficiency as a result. Over the short term, this could lower profitability before larger orders come in and production can take place in larger series and thus with stronger profitability.

We leave a year with record-setting sales, strong profitability, and several key strategic successes behind us. We enter 2023 with confidence owing to the high level of activity with more customer inquiries as well as a strong order book that is more equally divided among our business segments. In conclusion, I would like to extend a warm thanks to all our customers, suppliers, partners, and especially our fantastic employees for their impressive efforts that allow Permascand to continue to develop and facilitate the global green transformation.

Peter Lundström, CEO Permascand

Permascand in brief

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

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

The Group's operations are divided into three business segments: Electrification & Renewables, Industrial Solutions and Water Treatment. 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.

FINANCIAL TARGETS AND DIVIDEND POLICY

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

Vision

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

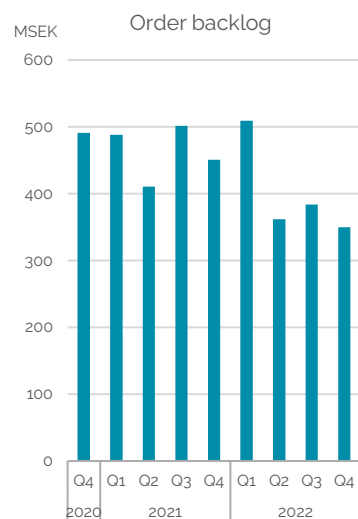
Mission

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

Permascand's contribution to UN Sustainable Development Goals



Financial performance during the fourth quarter of 2022



Order intake

Order intake during the fourth quarter totalled SEK 107 million (74), divided among Electrification & Renewables, SEK 47 million (14); Industrial Solutions, SEK 50 million (55); and Water Treatment, SEK 10 million (6). At the end of the period, the value of the order backlog was SEK 350 million (451). Considering the SEK 63 million in impairment of orders that took place during the year, the comparison figure at the previous year-end would amount to SEK 388 million.

Sales

Sales totalled SEK 147 million (130), an increase of 13 per cent compared with the year-earlier period. Compared with Q3 2022, the increase was 23 per cent from SEK 120 million.

The increase in sales compared with the year-earlier period took place in Electrification & Renewables – where the increase was 18 per cent, or SEK 26 million (22) – and primarily in Industrial Solutions where the increase was 60 per cent, or SEK 69 million (43). In the Water Treatment segment, sales decreased 22 per cent, totalling SEK 51 million (66).

Gross profit

Gross profit totalled SEK 45 million (47), corresponding to a gross margin of 31 per cent (36). The company's gross margin varies between quarters depending on product mix and capacity utilization in production, and in 2022 the volatility in the market for precious metals also had an impact on the trend in purchase prices. Seen over time, the gross margin improved as a result of more efficient production processes and automation. For full-year 2022, the gross margin totalled 31 per cent, compared with 30 per cent in 2021 and 25 per cent in 2020.

Operating profit/loss—Adjusted operating profit/loss

Operating profit for the period totalled SEK 18 million (30), corresponding to an operating margin of 12 per cent (23). Cost related to faster technology development and to meet future customer projects, as well as the creation of a technology center in green transformation technologies, have increased costs for quality, sales and research and development, which decreases operating profit

Revaluation of balance sheet items due to changes in exchange rates has had a negative impact on operating profit of SEK 7 million (0) in the quarter, the effect is reported within other operating income and expenses.

The items reported in other operating income and operating costs, also include insurance compensation and costs during the quarter related in part to damage in a treatment plant and in part to damage to a power supply. Costs of SEK 2 million were recognized as other operating expenses, and compensation of SEK 7 million is included in other operating income, yielding a net effect of SEK 5 million adjusted as an item affecting comparability.

Profit/loss for the period and earnings per share

Profit before tax totalled SEK 17 million (28). The net of financial income and expenses amounted to SEK -1 million (-2) and consisted of interest. Tax in the fourth quarter totalled SEK -2 million (-7). The profit for the period decreased to MSEK 15 (21), and earnings per share were SEK 0.25 (0.35).

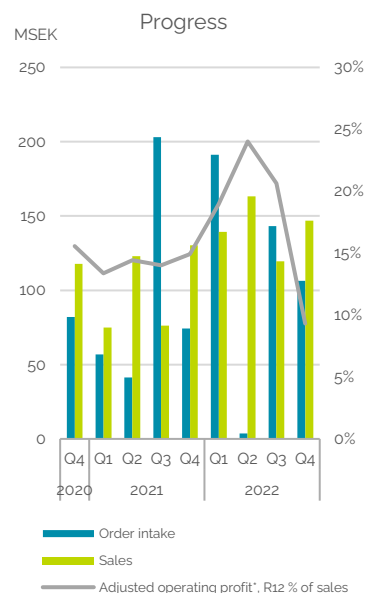
Cash flow

Cash flow from operating activities totalled SEK -5 million (pos: 33). The positive operating profit, together with a positive effect from final tax of SEK 5 million (-2) yielded a cash flow from operating activities before change in working capital totalling SEK 27 million (30). Change in working capital for the quarter was SEK -33 million (3), primarily the result of increased stockpiles but also in conjunction with the final settlement of a depreciated order that involved a partial refund of a previously paid advance. The refund totalled around SEK 20 million. Investments in non-current assets during the period totalled SEK -13 million (-9), the majority of which pertained to coating facilities and the reconstruction of a treatment plant. Decreased use of overdraft facilities meant that cash flow from financing activities totalled SEK -2 million (-10). Cash flow for the quarter totalled SEK -20 million (12).

Uncertainty linked to Russia's invasion of Ukraine

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

Financial performance during full-year 2022



Order intake and sales

Total order intake for the year was SEK 508 million (377), an increase of 35 per cent. An impairment of previous orders had an impact of SEK -63 million, yielding a net value of SEK 445 million. The level of activity remained high, with inquiries and tenders as well as development projects and partnerships for forthcoming commercial orders. Patterns in how customers place orders have shifted from a smaller number of very large orders to several smaller orders placed more frequently. At year-end, the company had an order backlog totalling SEK 350 million, the majority of which pertains to deliveries planned for the first nine months of 2023.

Sales for the year amounted to SEK 569 million (405), up 41 per cent. Sales increased primarily within the Water Treatment segment compared with the year-earlier period, totalling SEK 320 million (195), an increase of 64 per cent; sales also increased in Industrial Solutions, totalling SEK 195 million (150), an increase of 30 per cent. Sales in Electrification & Renewables are on a par with the preceding year. The distribution of the segments in the company is: Water Treatment, 56 per cent; Industrial Solutions, 34 per cent; and Electrification & Renewables, 10 per cent.

Results

Operating profit for the year totalled SEK 105 million (38) and adjusted operating profit was SEK 95 million (60), which yields an adjusted operating margin of 17 per cent (15). A stronger gross profit and higher margins comes from increased sales – and thereby optimised capacity utilisation over time. Other contributing factors to the improved result is cost reductions from automation investments. Gross profit totalled SEK 185 million (123), corresponding to a margin of 32 per cent (30).

Operating profit was impacted by increased overhead costs of roughly SEK 13 million as a result of employment to add cutting-edge competence in research and development as well as initiatives in areas including sales and quality. These initiatives are part of Permascand's strategy and were carried out primarily in order to address the rapidly growing market and demand in the Electrification & Renewables segment.

The administrative expenses of -50 MSEK (-56) seems to have decreased compare to previous year, but 2021 included SEK 22 million in administrative expenses pertaining to the listing of the company, which was adjusted as an item affecting comparability.

Other operating income and operating expenses comprised SEK 4 million (11) in restatements of currency and other contributions received, as well as insurance compensation and costs linked to damages at a treatment plant and a power supply. Settlement of the insurance claims, which totalled SEK 9 million, is managed as an item affecting comparability.

The net of financial income and expenses amounted to SEK -4 million (-11) and consisted of interest expense. As a result of the lower loan-to-value ratio, interest expense was lower than in the comparison period. Tax expenses totalled SEK -19 million (-7). The comprehensive income for the period increased to SEK 81 million (20), and earnings per share were SEK 1.37 (-0.01).

Cash flow

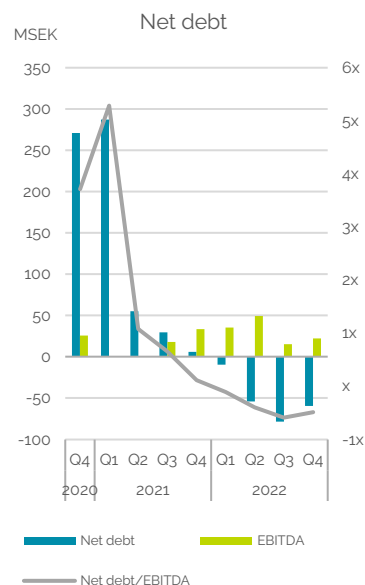
Cash flow for the period totalled SEK 35 million (17). Material items that contributed to the positive cash flow were primarily a strong operating profit, which was used for investments of SEK -45 million (23) in non-current assets, and repayments of non-current liabilities totalling SEK -24 million (-7).

Investments

For several years, Permascand has had an investment plan for an automated production process, which largely went into full operation in late 2021. In April 2021, a major innovation drive for developing the hydrogen gas technology of the future and constructing a full-scale technology and innovation hub was presented. In total, the company plans to invest around SEK 300 million over the next three years.

During the year, the company invested primarily in space for research and development, including a new laboratory, as well as in coating methods and surface treatments. A total of SEK 45 million (23) has been invested in tangible and intangible assets.

Financial position 31 December



Total assets at the end of December amounted to SEK 533 million (455 at the beginning of the year). The assets largely comprise non-current assets in the form of robot cells for automation, coating facilities, and inventory and current receivables (primarily trade receivables). Cash and cash equivalents totalled SEK 71 million (36).

Equity continued to strengthen as the result of positive earnings, totalling SEK 364 million (283). The company's equity/assets ratio remained strong at 68 per cent (62). A more detailed explanation of the change in equity is available in the Condensed consolidated statement of changes in equity on page 14.

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

Working capital

Operating assets are primarily inventories and trade receivables, and the majority of operating liabilities are trade payables and prepayments from customers. Net working capital amounted to SEK 135 million, or 14% relation to sales during the last 12 months. Working capital has increased since the previous quarter due to higher inventories and decreased in prepayments from customer.

Net debt

As a result of strong cash and bank balances and decreased utilisation of bank overdraft facilities, the Group's net debt was below 0 at the end of December. Since June 2021, when the company conducted a share issue and paid off major bank loans, indebtedness has been low. The remaining interest-bearing liabilities consist primarily of borrowing in banks.

On the balance sheet date, loans outstanding totalled SEK 11 million (42 at the beginning of the year) and cash and cash equivalents in banks totalled SEK 71 million (36 at the beginning of the year). The carrying amount of borrowing corresponds to the fair value of the Group's borrowing as the loans have a variable interest rate and the credit spread is not such that the carrying amount deviates materially from the fair value. The credit facilities have the customary covenants.

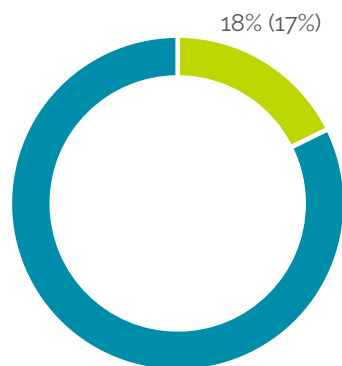
Derivatives

Permascand has currency derivatives in the form of swap contracts in EUR and USD. The total market value of the contracts on the balance sheet date was SEK -1.2 million (-0.3 at the beginning of the year).

Segment reporting – Electrification & Renewables

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

Share of Group sales Q4 2022 (Q4 2021)



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

Sales and earnings

Order intake for Electrification & Renewables in the fourth quarter was SEK 47 million (14). The increase is attributable to a higher level of activity and rising demand in the segment. At the end of the year, the value of the order backlog was SEK 75 million. Activity in the segment remains high, with several development projects in progress.

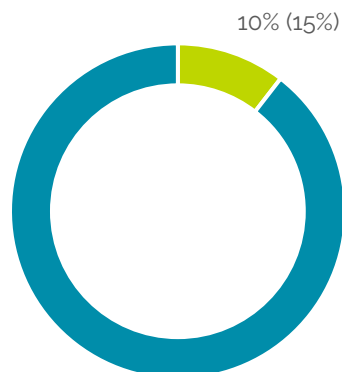
One example is the partnership with RES, an independent developer of renewable energy and energy storage, which was developed further during the quarter. We have a declaration of intent with RES linked to a project – one of Sweden's largest industrial initiatives – that aims to jointly develop a commercial research hub at a new production facility for green hydrogen for which RES is pursuing development and establishment in Ånge Municipality.

Thanks to successful demonstration tests in hydrogen, several customers intend to significantly scale up operations and place orders already in an initial stage. This means that we expect the first commercial orders in 2023. Revenue for the fourth quarter totalled SEK 26 million (22), an increase from the SEK 13 million that was reached in the third quarter of 2022. Of total sales in the fourth quarter, Electrification & Renewables comprised 18 per cent (17).

The gross margin in the segment for the fourth quarter totalled 4 per cent, which was due largely to the final settlement and final delivery of the order that was impaired during the year. Furthermore, the margin was impacted by production still taking place in small series, which requires relatively large adjustments to production. The gross margin in the segment is also expected to increase in pace with larger orders being received, which will make production in larger series possible.

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

Share of Group sales LTM



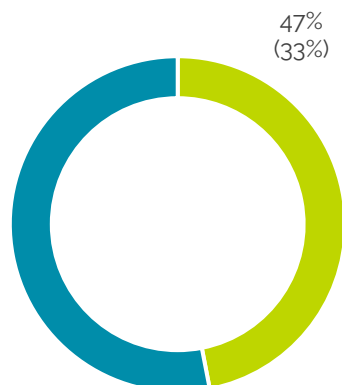
SEK m	OCT-DEC 2022	OCT-DEC 2021	JAN-DEC 2022	JAN-DEC 2021
Order backlog	75	100	75	100
Order intake *)	47	14	26	38
Sales	26	22	54	59
Gross profit	1	4	10	10
Gross margin	4%	18%	18%	16%

*) Total order intake for the year was SEK 89 million (38), an increase of 134 per cent. The impairment of previous orders had an impact of SEK -63 million, yielding a net value of SEK 26 million

Segment reporting – Industrial Solutions

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

Share of Group sales Q4 2022 (Q4 2021)



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

Sales and earnings

Order intake in Industrial Solutions for the fourth quarter remained strong, totalling SEK 50 million (55). This was due to increased installations, primarily within chlorate, and expanded capacity – which also strengthens the aftermarket business.

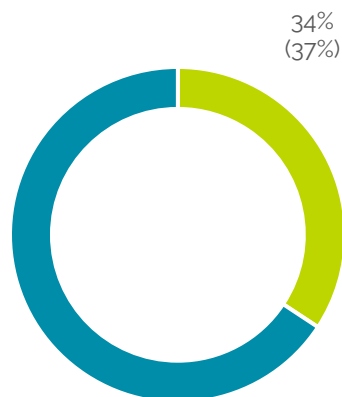
The level of activity and general demand remain high in the market. In December a master supply agreement to provide service and recoating was announced. The estimated value agreement is between 30-45 million (SEK) per year for two years.

In Industrial Solutions, North America is the market with the greatest potential for growth, which is the reason the company reinforced its organisation there through such measures as recruiting a new Director of Sales for the region.

At the end of the quarter, the value of the order backlog was SEK 178 million. Revenue for the fourth quarter increased to SEK 69 million (43). In the preceding quarter (third quarter of 2022), sales totalled SEK 41 million.

Of the company's total sales in the fourth quarter, Industrial Solutions comprised 47 per cent (33). The gross margin in the segment rose to 40 per cent during the quarter, from 26 per cent the previous quarters.

Share of Group sales LTM

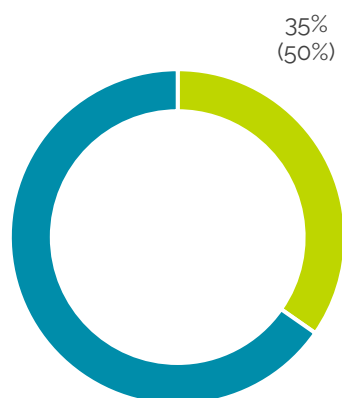


SEK m	OCT-DEC 2022	OCT-DEC 2021	JAN-DEC 2022	JAN-DEC 2021
Order backlog	178	99	178	99
Order intake	50	55	258	147
Sales	69	43	195	150
Gross profit	28	20	80	54
Gross margin	40%	47%	41%	36%

Segment reporting – Water Treatment

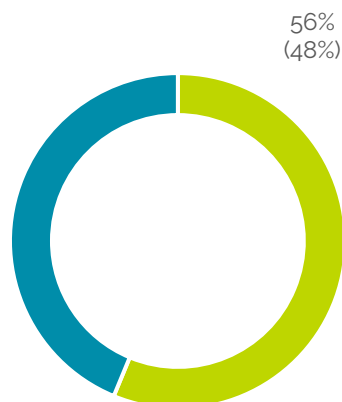
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Share of Group sales Q4 2022 (Q4 2021)



Permascand's Water Treatment segment offers products for electrochemical disinfection of water, primarily for the marine sector, and purification of ballast water for ships as well as standard systems with other areas of application. Demand is driven primarily by tightened international requirements for purification of ballast water from the International Maritime Organization (IMO) and the US Coast Guard (USCG). The technology behind the company's ballast water purification product has been approved by the IMO and USCG, and is built on Permascand's electrochemical cells, which purify ballast water of marine organisms upon contact and thereby prevent invasive species from spreading into alien environments. A small but growing part of the segment is water purification in both industry and public water supply, where stricter regulatory requirements and expectations regarding sustainability mean that companies around the world are increasingly demanding efficient methods for treating water in these areas as well.

Share of Group sales LTM



Sales and earnings

Water Treatment reported a low order intake of SEK 10 million (6) in the fourth quarter. At the end of the fourth quarter, the value of the order backlog was SEK 97 million. Contributing factors to the smaller order backlog include shorter lead times and faster deliveries than previously. This has meant that customers, to a greater extent, are placing smaller orders more often instead of fewer large orders, which is also reflected in the figures for the full year.

Sales fell to SEK 51 million (66), which is somewhat lower than in the previous quarter.

The gross margin decreased to 32 per cent in the fourth quarter and was affected primarily by price pressure in the ballast water treatment market. Permascand is working strategically to retain market shares and serve the subsequent aftermarket business within ballast water treatment. It is estimated that the aftermarket business will achieve meaningful volumes after 2026, when the systems installed up to, and including 2018 are expected to require recoating.

Of total sales in the fourth quarter, Water Treatment comprised 35 per cent (50).

SEK m	OCT-DEC 2022	OCT-DEC 2021	JAN-DEC 2022	JAN-DEC 2021
Order backlog	97	252	97	252
Order intake	10	5	160	191
Sales	51	66	320	195
Gross profit	16	23	95	60
Gross margin	32%	36%	30%	31%

Other

FINANCIAL CALENDAR

- **2022 Annual Report**
6 April 2023
- **Q1 2023**
10 May 2023
- **Annual General Meeting**
9 May 2023
- **Q2 2023**
16 August 2023
- **Q3 2023**
9 November 2023

Employees

On the balance sheet date, the Group had 124 employees, of whom 43 per cent were under collective bargaining agreements and 57 per cent were salaried employees.

Significant events after the end of the reporting period

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

Material risks and uncertainties

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

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

The share

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

As of 31 December, the share capital totalled SEK 2.2 million with a quota value of SEK 0.037. The total number of shares registered is 59,313,529. The share price at 31 December 2022 was SEK 22.80 per share, corresponding to a total market value of SEK 1,352 million. Permascand's shareholder register with its ten largest shareholders is presented on the company's website.

Review

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

Presentation of year-end report

A teleconference and webcast will be held on 9 February 2023 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: +46-8-5051-6386

UK: +44-20-319-84884

US: +1-412-317-6300, Pin code: 0469191#

Link: <https://ir.financialhearings.com/permascand-top-holding-q4-2022>

Consolidated statement of comprehensive income

SEK m	Note	OCT-DEC 2022	OCT-DEC 2021	JAN-DEC 2022	JAN-DEC 2021
Sales	2	147	130	569	405
Cost of goods sold		-101	-83	-384	-282
Gross profit		45	47	185	123
Sales expenses		-6	-5	-18	-17
Administrative expenses	3	-12	-8	-50	-56
Research and development expenses		-7	-5	-28	-17
Other operating income/expenses		-2	0	17	5
Operating income		18	30	105	38
Net financial items		-1	-2	-4	-11
Profit/loss before tax		17	28	100	27
Income tax		-2	-7	-19	-7
Net profit /loss for the period		15	21	81	20
Other comprehensive income					
<i>Items that are or may be reclassified subsequently to profit or loss</i>					
Change in fair value of cash flow hedging		2	0	-1	-1
Tax attributable to changed value of cash flow hedging		0	0	0	0
Translation differences on foreign subsidiaries		0	0	0	0
Total other comprehensive income		2	0	-1	-1
Total comprehensive income for the period		17	20	81	20
Comprehensive income for the period attributable to Parent Company shareholders		17	20	81	20
Earnings per share, calculated on profit for the period attributable to Parent Company shareholders					
Earnings per share before and after dilution, SEK		0,25	0,35	1,37	0,37
Average no. of shares before dilution		59 313 529	59 313 529	59 313 529	55 616 036
Average number of shares after dilution		59 313 529	59 313 529	59 313 529	55 616 036

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

Condensed consolidated balance sheet

SEK m	Note	31 DEC 2022	31 DEC 2021
Assets			
Fixed assets			
<i>Intangible fixed assets</i>			
Goodwill		56	56
Other intellectual property rights		16	17
Property plant and equipment		175	146
Right-of-use assets		2	3
Financial assets		0	0
Total non-current assets		248	221
Current assets			
Inventories		124	109
Current receivables		90	88
Cash and cash equivalents		71	36
Total current assets		285	233
Total assets		533	455
EQUITY AND LIABILITIES			
Equity			
Non-current liabilities			
Liabilities to credit institutions		7	34
Deferred tax liabilities		13	11
Lease liabilities		0	2
Total non-current liabilities		20	47
Current liabilities			
Liabilities to credit institutions		3	5
Lease liabilities		1	1
Other current liabilities		145	119
Total current liabilities		150	125
TOTAL LIABILITIES		170	172
TOTAL EQUITY AND LIABILITIES		533	455

Condensed consolidated statement of changes in equity

SEK m	Note	31 DEC 2022	31 DEC 2021
Opening balance		283	-16
Net profit /loss for the period		81	20
Other comprehensive income		-1	-1
Total comprehensive income		81	19
New share issue		0	300
Cost of new share issue		0	-26
Warrant premiums received		0	5
Total transactions with shareholders		0	280
Equity attributable to Parent Company shareholders		364	283
Closing balance		364	283



Condensed consolidated cash flow statement

SEK m	Note	OCT-DEC 2022	OCT-DEC 2021	JAN-DEC 2022	JAN-DEC 2021
Operating income		18	30	105	38
Depreciation and amortisation of tangible and intangible assets		5	4	17	15
Other items not affecting cash flow		1	0	2	1
Interest paid		-1	-2	-3	-8
Income tax paid		5	-2	-10	-16
Cash flow from operating activities before changes in working capital		27	30	112	30
Cash flow from change in working capital		-33	3	2	-19
Cash flow from operating activities		-5	33	113	11
Investments in tangible and intangible assets		-13	-9	-45	-23
Cash flow from investing activities		-13	-9	-45	-23
New share issue		0	0	0	305
Issue costs		0	0	0	-26
Repayment of borrowings		0	0	0	-250
Increase/decrease in current borrowings		-2	-10	-7	7
Repayment of non-current liabilities		0	-2	-24	-7
Lease payments		0	0	-2	-2
Cash flow from financing activities		-2	-12	-33	28
Cash flow for the period		-20	12	35	17
Cash and cash equivalents at the beginning of period		91	24	36	19
Exchange-rate differences in cash and cash equivalents		0	0	0	0
Cash and cash equivalents at the end of period		71	36	71	36

Condensed Parent Company income statement

SEK m	Note	OCT-DEC 2022	OCT-DEC 2021	JAN-DEC 2022	JAN-DEC 2021
Sales		1	0	5	5
Administrative expenses		-4	-3	-14	-24
Operating profit (EBIT)		-3	-2	-10	-19
Inter-comapny interest income		-18	6	0	24
Interest expenses		-2	0	-2	0
Income after financial items		-23	4	-12	5
Received Group contributions		34	20	34	20
Profit before tax (EBT)		11	24	22	24
Income tax		-3	0	-3	0
Net profit /loss for the period		8	24	19	24

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



Condensed Parent Company balance sheet

SEK m	Note	31 DEC 2022	31 DEC 2021
Assets			
Non-current assets			
Shares in subsidiaries		690	0
Non-current receivables from Group companies		22	732
Total non-current assets		711	732
Current assets			
Current receivables from Group companies		67	71
Current receivables		2	0
Cash and cash equivalents		4	13
Total current assets		72	84
Total assets		784	816
EQUITY AND LIABILITIES			
Restricted equity		2	2
Non-restricted equity		772	807
Total equity		774	809
Current liabilities		10	6
TOTAL EQUITY AND LIABILITIES		784	816

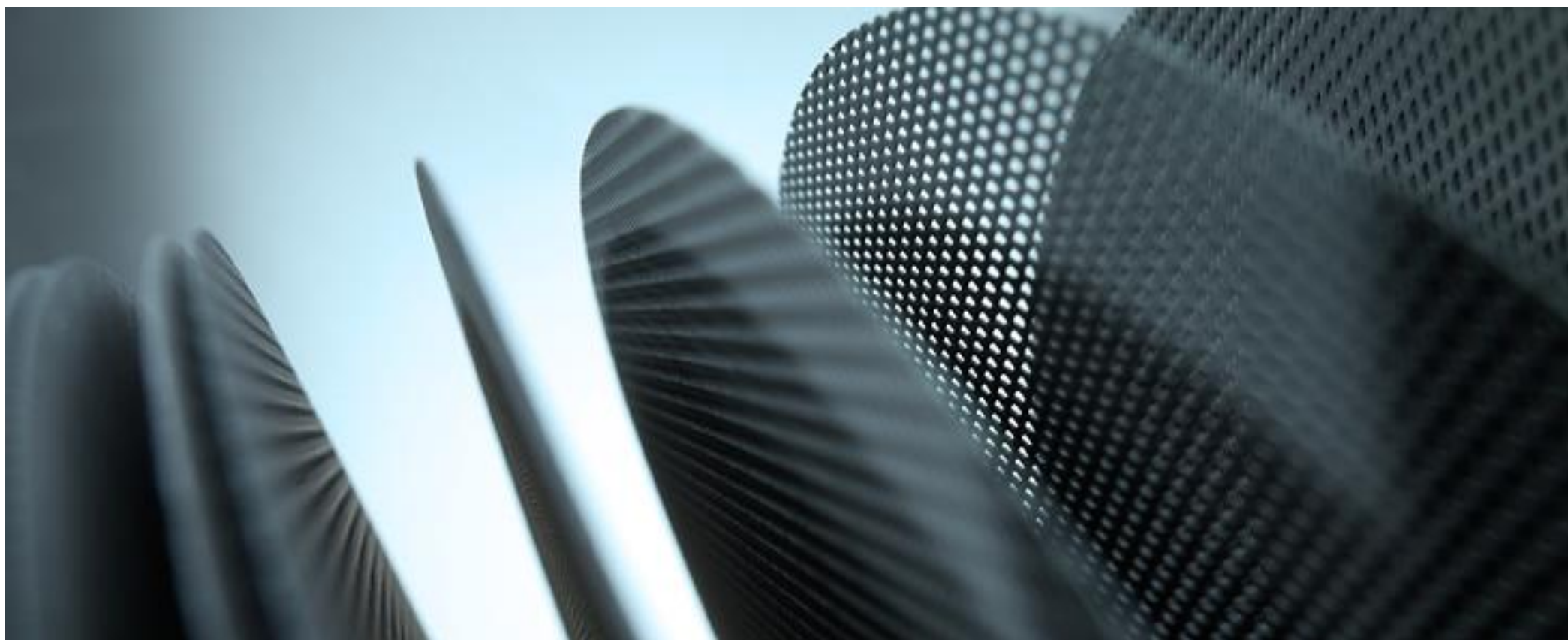
The Parent Company has no items that are recognised as other comprehensive income. Total comprehensive income is therefore the same as net profit for the year.

Notes to the financial statements

Not 1. Accounting policies

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

Board's recommendation RFR2 Accounting for Legal Entities. The accounting policies applied are consistent with the reporting and measurement principles presented in the Annual Report. The assessments and assumptions that form the basis of the management's application of accounting policies and the degree of uncertainty remain unchanged compared to previous years. The 2021 Annual Report is available on the company's website.



Notes to the financial statements

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

OCT-DEC 2022	Industrial Solutions	Electrification & Renewables	Water Treatment	Unallocated Group cost	Total Permascand
Sales	69	26	51		147
Cost of goods sold	-42	-25	-35		-101
Gross profit	28	1	16		45
Gross margin	40%	4%	32%		31%
Operating profit (EBIT)				-27	18
Net financial items				-1	-1
Profit before tax (EBT)					17

OCT-DEC 2021	Industrial Solutions	Electrification & Renewables	Water Treatment	Unallocated Group cost	Total Permascand
Sales	43	22	66		130
Cost of goods sold	-23	-18	-42		-83
Gross profit	20	4	23		47
Gross margin	47%	18%	36%		36%
Operating profit (EBIT)				-18	30
Net financial items				-2	-2
Profit before tax (EBT)					28

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

JAN-DEC 2021	Industrial Solutions	Electrification & Renewables	Water Treatment	Unallocated Group cost	Total Permascand
Sales	150	59	195		405
Cost of goods sold	-97	-49	-136		-282
Gross profit	54	10	60		123
Gross margin	36%	16%	31%		30%
Operating profit (EBIT)				-85	38
Net financial items				-11	-11
Profit before tax (EBT)					27

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

OCT-DEC 2022	Industrial Solutions	Electrification & Renewables	Water Treatment	Total
Over time	69	24	51	145
At a point in time	0	2	0	2
Total	69	26	51	147

OCT-DEC 2021	Industrial Solutions	Electrification & Renewables	Water Treatment	Total
Over time	42	9	65	116
At a point in time	0	14	0	14
Total	42	23	65	130

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

JAN-DEC 2021	Industrial Solutions	Electrification & Renewables	Water Treatment	Total
Over time	150	25	195	371
At a point in time	0	34	0	34
Total	150	59	195	405

Notes to the financial statements

Not 3. Administrative expenses

In the comparison figures for administrative expenses for 2021, SEK 22 million pertained to costs attributable to the company's listing, which has been treated as an item affecting comparability.

Not 4. Financial instruments

The Group's financial assets consist of trade receivables, cash and cash equivalents, and derivatives. The Group's financial liabilities consist of borrowings and trade payables. All derivatives are measured at fair value and classified according to Level 2, which means that all significant input data required for valuation is observable. As of 31 December 2022, the value of derivatives amounted to SEK -1.2 (SEK 0.3 million at the beginning of the year). For forward contracts, fair value is determined on the basis of quoted prices. The market price is calculated on the basis of the current price adjusted for the interest-rate difference between the currencies and the number of days, compared with the contract price to obtain fair value.

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

Not 5. Related-party transactions

No related-party transactions took place during the period.

Not 6. Parent Company

Permascand Top Holding AB is the Parent Company of the Permascand Group. The Parent Company manages shares in the subsidiaries and conducts Group-wide services. 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's financial position and earnings, as well as its operational risks, are largely associated with the Group's risks and uncertainties. During November, an intra-group merger took place which increased the book value of the parent company's shares in subsidiaries.

Not 7. Seasonal variations

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

Alternative performance measures

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

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

Adjusted operating profit

SEK m	OCT-DEC 2022	OCT-DEC 2021	JAN-DEC 2022	JAN-DEC 2021
Operating income	18	30	105	38
Items affecting comparability	-4	2	-9	22
Adjusted operating profit	14	32	95	60

Operating margin

SEK m	OCT-DEC 2022	OCT-DEC 2021	JAN-DEC 2022	JAN-DEC 2021
Operating income	18	30	105	38
Sales	147	130	569	405
%	12%	23%	18%	9%

Adjusted operating margin

SEK m	OCT-DEC 2022	OCT-DEC 2021	JAN-DEC 2022	JAN-DEC 2021
Adjusted operating profit	14	32	95	60
Sales	147	130	569	405
%	9%	25%	17%	15%

Alternative performance measures cont.

EBITDA

SEK m	OCT-DEC 2022	OCT-DEC 2021	JAN-DEC 2022	JAN-DEC 2021
Net profit /loss for the period	15	21	81	20
Income tax	2	7	19	7
Net financial items	1	2	4	11
Depreciation	5	4	17	15
EBITDA	22	34	122	53

Net debt

SEK m	31 DEC 2022	31 DEC 2021
Non-current liabilities to credit institutions	7	34
Non-current lease liability	0	2
Current liabilities to credit institutions	3	5
Current lease liability	1	1
Cash and cash equivalents	-71	-36
Net debt	-59	6

Equity/assets ratio

SEK m	31 DEC 2022	31 DEC 2021
Equity	364	283
Total assets	533	455
Equity/assets ratio, %	68%	62%

Net debt/EBITDA

SEK m	31 DEC 2022	31 DEC 2021
EBITDA, LTM	122	53
Net debt	-59	6
Net debt/EBITDA	-0,49	0,11

Return on equity

SEK m	31 DEC 2022	31 DEC 2021
Earnings for the period, LTM	81	20
Opening equity	283	-16
Closing equity	364	283
Average equity, LTM	323	133
Return on equity, %	25,1%	15,2%

Return on assets

SEK m	31 DEC 2022	31 DEC 2021
Operating profit, LTM	105	38
Financial income, LTM	0	0
Opening total assets	455	413
Closing total assets	533	455
Average total assets, LTM	494	434
Return on assets, %	21,2%	8,8%

Assurance

Permascand Top Holding AB

Folkets Husvägen 50

SE-841 99 Ljungaverk

Corp. Reg. No. 559227-6147

Website: www.permascand.com

Additional information

Linda Ekman, CFO

linda.ekman@permascand.com

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 9 February 2023 at 7:45 a.m. CET.

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, financial position and earnings, and describes the significant risks and uncertainties facing the Parent Company and the companies included in the Group.

Stockholm, 9 February 2023

Per Lindberg

Chairman of the Board

Anna Alexandersson

Board member

Ingar Jensen

Board member

Johan Karlsson

Board member

Karl Bergman

Board member

Marie Grönborg

Board member

Mario Houde

Board member

Peter Lundström

CEO

Erik Zimmerman

Employee representative

Consolidated quarterly data

SEK m	2022				2021				2020			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Order intake	107	143	4	191	74	202	41	57	82	228	57	104
Income statement												
Sales	147	120	163	139	130	76	123	75	118	111	78	108
Gross profit	45	26	62	52	47	27	31	18	36	30	11	27
Operating income	18	11	45	31	30	14	-3	-3	22	21	1	16
Adjusted operating profit	14	6	45	31	32	14	12	2	27	21	1	16
EBITDA	22	15	49	35	34	18	1	1	26	24	4	19
Profit/loss before tax	17	10	44	30	28	13	-7	-7	18	17	-3	13
Gross profit/loss, % of sales	31%	22%	38%	37%	36%	35%	25%	24%	30%	27%	14%	25%
Operating profit/loss, % of sales	12%	9%	28%	22%	23%	18%	-2%	-4%	19%	19%	1%	15%
Adjusted operating profit*, % of sales	9%	5%	28%	22%	25%	18%	9%	3%	23%	19%	1%	15%
Balance sheet												
Property plant and equipment	175	167	157	148	146	145	146	143	146	144	143	136
Tangible assets	533	551	562	519	455	438	440	408	413	404	359	375
Cash and cash equivalents	71	91	68	48	36	24	16	13	19	4	13	28
Non-current interest-bearing liabilities	7	9	9	34	36	47	64	293	282	288	276	290
Cash flow												
Operating activities	-5	39	58	22	33	32	-39	-14	32	-16	10	27
Investing activities	-13	-13	-13	-6	-9	-6	-7	-2	-10	-5	-10	-18
Financing activities	-2	-2	-25	-3	-12	-18	49	10	-6	12	-16	-7
Cash flow for the period	-20	23	20	13	12	8	3	-6	16	-9	-16	2
Capital structure												
Net debt	-59	-79	-54	-9	6	30	55	287	271	293	272	272
Per share data, SEK												
Earnings per share before and after dilution	0,25	0,13	0,58	0,40	0,35	0,18	-0,10	-0,11	0,26	0,26	-0,06	0,19
Number of shares before dilution	59 313 529	59 313 529	59 313 529	59 313 529	59 313 529	59 313 529	53 204 932	50 490 000	50 490 000	50 490 000	50 490 000	50 490 000
Number of shares after dilution	59 313 529	59 313 529	59 313 529	59 313 529	59 313 529	59 318 361	53 206 569	50 490 000	50 490 000	50 490 000	50 490 000	50 490 000

Definitions of key performance indicators

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

Glossary

WORD/TERM	DEFINITION
Ballast water	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
BWTS	Abbreviation for Ballast Water Treatment System, a product for the treatment of ballast water
Aftermarket services	The collective term for Permascand's offering to customers, primarily in terms of recoating electrodes or replacing electrochemical cells
Electrification & Renewables	Permascand's segment for products within electrification and renewable energy
Electrode	The collective term for anodes and cathodes
Electrochemical cell	Consists of several coated electrodes than are assembled into a single cell; used to induce chemical reactions through the application of electricity
Electrochemical solutions	The collective term for Permascand's products
Greenfield	New establishment of production plants
Industrial Solutions	Permascand's segment for products primarily in the chemical industry
Catalytic coatings	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
Chlorate	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
Recoating	The process by which electrodes are given new catalytic coatings
Water Treatment	Permascand's segment for products within water treatment
Equity/assets ratio	Equity divided by total assets



 **PERMASCAND**

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