PERMASCAND

INVITATION TO ACQUIRE SHARES IN PERMASCAND TOP HOLDING AB (PUBL)

in connection with listing on Nasdaq First North Premier Growth Market

JOINT GLOBAL COORDINATORS

ABG SUNDAL COLLIER

Carnegie

Validity of this prospectus

This Prospectus was approved by the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) on 27 May, 2021. The Prospectus is valid for a period of maximum 12 months from this date, provided that Permascand Top Holding AB (publ) fulfils the obligation, in accordance with the Prospectus Regulation, if applicable, to provide supplements to the Prospectus in the event of significant new factors, material mistakes or material inaccuracies, which may affect the assessment of the shares in the Offering. The obligation to prepare a supplement to the Prospectus is valid from the time of approval until the end of the offering period. The Company is under no obligation to prepare a supplement to the Prospectus after the end of the offering period.

Nasdaq First North Premier Growth Market

Nasdaq First North Growth Market is a registered growth market for small- and medium-sized growth enterprises in accordance with MiFID II, as implemented in national law in Denmark, Finland and Sweden, and is operated by a stock exchange within the Nasdaq Group. Companies on Nasdaq First North Growth Market are not subject to the same rules as companies on the regulated market, as defined in EU law and implemented in national law. Instead, they are subject to a less extensive set of rules and regulations adapted to small growth companies. The risks attributable to investing in a company on Nasdaq First North Growth Market may therefore be higher than investing in a company on a regulated market. All companies with shares traded on Nasdaq First North Premier Growth Market have a Certified Adviser who monitors that the rules are followed. The Company's Certified Adviser is FNCA Sweden AB. Nasdaq Stockholm AB approves the application for admission to trading.

IMPORTANT INFORMATION TO INVESTORS

This prospectus (the "**Prospectus**") has been prepared in connection with an offering to the public in Sweden and to institutional investors in Sweden and abroad to acquire new and existing shares in Permascand Top Holding AB (publ) (the "**Offering**"). The Company has, in connection with the Offering, applied for admission to trading of the Company's shares on Nasdaq First North Premier Growth Market in Stockholm. In the Prospectus, depending on the context, "**Permascand**", the "**Group**" or the "**Company**" refers to Permascand Top Holding AB (a Swedish public limited liability company), reg. no. 559227-6124, or, one or more subsidiaries of Permascand, or the group in which Permascand Top Holding AB is the parent company. "**Main Shareholder**" refers to Norvestor VI, L.P and "**Selling Shareholders**" refers to the Main Shareholder and Ulven Invest AB, MCHoude Consulting LLC, JL Executive Consulting AB, Linda Ekman, Chlorcell Technologies Inc., Lindstrand Executive AB and Lars Nyman.

"**ABG Sundal Collier**" refers to ABG Sundal Collier AB and "**Carnegie**" refers to Carnegie Investment Bank AB (publ). ABGSC and Carnegie are jointly referred to as the "**Joint Global Coordinators"**. References to the "**Nasdaq First North Premier Growth Market**", refers to the multilateral trading platform and the growth market for small and medium-sized enterprises operated by Nasdaq Stockholm AB in accordance with the Directive (EU) 2014/65 of the European Parliament and of the Council ("**MiFID II**"). References to "**Euroclear**" refers to Euroclear Sweden AB.

Approval of the Prospectus

The Prospectus has been prepared in accordance with article 13 of the Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, as amended (the "**Prospectus Regulation**"). The Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) (the "**SFSA**"), as the national competent authority, has approved the Prospectus in accordance with article 20 of the Prospectus Regulation. The SFSA only approves the Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. The approval should not be considered as an endorsement of the Group or support for the securities described in the Prospectus. The SFSA does not guarantee that the information in the Prospectus is correct or complete. Each investor should make its own assessment of whether it is appropriate to invest in the Offering. Swedish law applies to the Prospectus. Disputes arising from the Prospectus and related legal matters shall be decided exclusively by the Swedish court, whereby Stockholm District Court shall constitute the first instance.

Offering restrictions

The Offering is not directed to the public in any country other than Sweden. Nor is the Offering directed to any individuals whose participation would require additional prospectuses, registration or actions other than those required by Swedish law. No measures have been or will be taken in any jurisdiction other than Sweden that would allow securities to be offered to the public or allow the Prospectus or any other documents pertaining to the Company or the Company's shares to be held or distributed in such a jurisdiction. Applications to acquire shares that violate such rules may be deemed invalid. Individuals who obtain copies of the Prospectus are requested by the Company and the Joint Global Coordinators to inform themselves of and observe such restrictions. Neither the Company nor the Joint Global Coordinators accept any legal responsibility for any violation of any such restrictions, regardless of whether or not such a violation is made by a prospective investor.

The shares in the Offering have not been and will not be registered under the United States Securities Act of 1933, as amended (the "US Securities Act") or the securities legislation of any other state or other jurisdiction in the US and may not be offered, sold or otherwise transferred, directly or indirectly, in or into the US except under an available exemption from, or in a transaction not subject to, the registration requirements under the US Securities Act and in compliance with securities legislation in the relevant state or any other jurisdiction of the US. The shares in the Offering are being offered and sold in the US only to qualified institutional buyers ("**QIBs**"), as defined in and in reliance on Rule 144A under the US Securities Act, or another exemption from the registration requirements under the US Securities Act, and outside the United States in accordance with Regulation S under the US Securities Act. Any offer of shares in the Offering in the US will solely be made by one or more broker-dealers registered in accordance with the United States Securities Exchange Act of 1934, as amended (the "**US Exchange Act**").

Prospective investors are hereby informed that the sellers of the shares in the Offering may be relying upon the exemption from the registration requirements in Section 5 of the US Securities Act provided by Rule 144A, or another exemption from the registration requirements under the US Securities Act. In the US, the Prospectus is being provided to qualified institutional buyers only on a confidential basis exclusively for the purpose of enabling potential investors to consider acquiring the specific securities described herein. Neither the United States Securities and Exchange Commission nor any state securities commission in the United States has approved or disapproved the Offering of the shares or passed upon the adequacy or accuracy of the Prospectus. Any representation to the contrary is a criminal offence in the US.

Investment information

An investment in securities is associated with certain risks. When investors make an investment decision, they must rely on their own assessment of Permascand including applicable facts and risks. Prior to making an investment decision, prospective investors should engage their own professional adviser and carefully evaluate and give due consideration to the investment decision. Investors may rely only on the information contained in the Prospectus and any supplements to the Prospectus. No person has been authorized to provide any information or make any statements other than those contained in the Prospectus. If this nevertheless takes place, such information and such statements are not to be deemed as approved by the Company or the Joint Global Coordinators and neither the Company nor the Joint Global Coordinators are responsible for such information or such statements. Neither publication nor distribution of the Prospectus, nor any transactions that take place on the basis of the Prospectus, are to be deemed to implicate that the information in the Prospectus is correct and valid at any other time than the date of publication or that any changes have been made to Permascand's operations after this date. A supplementary prospectus in accordance with the Prospectus Regulation will be published in the event of significant new factors, material mistakes or material inaccuracies, which may affect the assessment of the shares in the Offering.

Stabilization measures

In connection with the Offering, ABG Sundal Collier (the "**Stabilization Manage**r") may, acting on behalf of the Joint Global Coordinators, over-allot shares to conduct transactions aimed to stabilize, maintain or in other ways support the market price of the Company's shares at a higher level than the one that might otherwise have prevailed in the open market. Such stabilization transactions may be conducted on Nasdaq First North Premier Growth Market, over-the-counter market or any other way and may be executed any time during the period that starts from the first day of trading in the Company's shares on Nasdaq First North Premier Growth Market and ending not later than 30 calendar days thereafter. The Stabilization Manager is, however, not required to conduct such transactions and there is no assurance that such measures will be undertaken. Under no circumstances will transactions be carried out at a higher price than that the price in the Offering.

The stabilization manager may utilize the Overallotment Option to over-allot shares in order to enable stabilization measures. The stabilization measures, if conducted, may be discontinued at any time without prior notice but must be discontinued no later than within the aforementioned 30-day period. The Stabilization Manager must, no later than by the end of the seventh daily market session after the stabilization measures have been undertaken, in accordance with article 5(4) of the Market Abuse Regulation (EU) 596/2014 and the Commission Delegated Regulation (EU) 2016/1052, disclose that stabilization measures have been undertaken. Within one week after the end of the stabilization period, the Stabilization Manager will, through the agency of the Company, disclose whether or not stabilization measures were undertaken, the date on which stabilization started, the date on which stabilization was last carried out as well as the price range within which stabilization was carried out for each of the dates when stabilization measures were conducted.

Forward-looking statements

The Prospectus contains certain forward-looking statements and opinions. Forward-looking statements are statements that do not relate to historical facts and events, and such statements and opinions pertaining to the future that, for example, contain wordings such as "according to estimates", "anticipates", "assumes", "believes", "could", "estimates", "expects", "forecasts", "intends", "is of the opinion", "may", "plans", "potential", "predicts", "projects", "should", "to the knowledge of" "will", "would" or similar expressions, which are intended to identify a statement as forward-looking. This applies, in particular, to statements and opinions in the Prospectus concerning future financial returns, plans and expectations with respect to the business and management of the Company, future growth and profitability, and the general economic and regulatory environment, and other matters affecting the Company.

Forward-looking statements are based on estimates and assumptions made to the best of the Company's knowledge as of the date of the Prospectus, unless otherwise is stated. Such forward-looking statements are subject to risks, uncertainties, and other factors that could cause the actual results, including the Company's cash flow, financial position and operating profit, to differ from the information presented in such statements, to fail to meet expectations expressly or implicitly assumed or described in those statements or to turn out to be less favorable than the results expressly or implicitly assumed or described in those statements. Accordingly, prospective investors should not place undue reliance on the forward-looking statements contained herein, and are strongly advised to read the entire Prospectus. Neither the Company nor the Joint Global Coordinators can give any assurance regarding the future accuracy of the opinions set forth herein or as to the actual occurrence of any predicted developments.

In light of the risks, uncertainties and assumptions associated with forward-looking statements, it is possible that the future events mentioned in the Prospectus may not occur. Moreover, the forward-looking estimates and forecasts derived from third party studies referred to in the Prospectus may prove to be inaccurate. Actual results, performance or events may differ materially from those presented in such statements due to, without limitation: changes in general economic conditions, in particular economic conditions in the markets in which the Company operates, changes affecting interest rate levels, changes affecting currency exchange rates, changes in levels of competition, changes in laws and regulations, and the occurrence of accidents or environmental damages. After the date of the Prospectus, neither the Company nor the Joint Global Coordinators assumes any obligation, except as required by applicable law or Nasdaq First North Premier Growth Market's Rule Book for Issuers, to update any forward-looking statements or to conform these forward-looking statements to actual events or developments.

Industry and market information

The Prospectus contains information about the Company's geographic markets and product markets, market size, market shares, market position and other market information pertaining to Permascand's business and market. Unless otherwise stated, such information is based on the Company's analysis of several different sources, including statistics and information from external industry and market reports, market research, public information and commercial publications. Such information provided by third parties has been accurately reproduced and, as far as the Company is aware and is able to ascertain from information published by the third party from which the information was obtained, no facts have been omitted which would render the reproduced information inaccurate or misleading. Industry and market publications generally state that the information reproduced therein has been obtained from sources deemed to be reliable, but the accuracy and completeness of such information cannot be guaranteed. The information has not been independently verified by the Company and the Company cannot guarantee the correctness of the market information contained in the Prospectus or that it has been collected or derived from such market publications. Market information and market statistics are inherently forward-looking, subject to uncertainty, could be interpreted subjectively and do not necessarily reflect actual or future market conditions. Such information and statistics are based on market research, which itself is based on selection and subjective interpretations and assessments by both the researchers and the respondents, including assessments about what types of products and transactions should be included in the relevant market. Accordingly, prospective investors should be aware that the financial information, market information and forecast and estimated market information contained in the Prospectus do not necessarily constitute reliable indicators of the Company's future results.

Availability

The Prospectus is available on Permascand's investor relation web page (www.permascand.com), ABG Sundal Collier's web page (www.abgsc.com), Carnegie's web page (www.carnegie.se), the web page of the SFSA (https://fi.se/sv/vara-register/prospektregistret/) and the European Securities and Markets Authority's web page (www.esma.europa.eu).

Financial information

Certain financial and other information presented in the Prospectus has been rounded to make the information easily comprehensible to the reader. Accordingly, the figures contained in certain columns do not tally exactly with the total amount specified. Except as expressly indicated herein, no information in the Prospectus has been audited or reviewed by the Company's auditor. All financial amounts are presented in Swedish Krona ("**SEK**"), Euro ("**EUR**") or US dollars ("**USD**") unless otherwise stated.

CONTENTS

SUMMARY OF THE OFFERING

Price per share:	SEK 34
Application period for the public in Sweden and institutional investors:	28 May - 3 June 2021
First day of trading:	4 June 2021
Settlement date:	8 June 2021

FINANCIAL CALENDAR

Interim report for the period 1 January – 30 June 2021	11 August 2021
Interim report for the period 1 January – 30 September 2021	10 November 2021
Year-end report 2021	10 February 2022

OTHER INFORMATION

Ticker:	PSCAND
ISIN code:	SE0015962048

SUMMARY

INTRODUCTION AND WARNINGS

Introduction and warnings	This summary should be read as an introduction to the Prospectus. Any decision to invest in the securities should be based on a consideration of the Prospectus as a whole by the investor. The investor may lose all or part of the invested capital. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under Swedish law, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have prepared the summary, including any translations thereof, but only where the summary is misleading, inaccurate or inconsistent, when read together with the other parts of the Prospectus, or where it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.
Information about the issuer	Permascand Top Holding AB (publ) ("**Permascand**", the "**Group**" or the"**Company**") is a public limited liability company incorporated in Sweden with the corporate registration number 559227-6124. The address of the Company's head office is Folkets husvägen 50, 841 99, Ljungaverk, Sweden. The Company's Legal Entity Identifier (LEI) code is 549300DL6L1EC-CBK1158. All shares in the Offering have the ISIN code SE0015962048.
Information about Selling Share-holders	As of the date of the Prospectus, Permascand has 12 shareholders. In addition to the shares offered by Permascand, the Selling Shareholders are offering up to 8,266,192 existing shares in the Offering, provided that the Overallotment Option is exercised in full. Information about the Selling Shareholders is presented in the table below.

Shareholder	Address	LEI code	Legal form	Country of registration and jurisdiction
Norvestor VI, L.P. (the "**Main Sharholder**")	PO BOX 656 East wing Trafalgar Court Les Banques, GY1 3PP, St Peter Port, Guernsey	213800KAH-2PJEXNWY933	Limited partnership	UK, Guernsey
Fyra L Holding AB[1]	Hellbergsgatan 20, 856 31 Sundsvall	5493000PJ1-AW88SQZE65	Swedish limited liability company	Sweden
MCHoude Consulting LLC[2]	1657 San Marina Blvd, 32550, Miramar Beach, Florida USA	54930054SKLE-6GEVEF06	Limited Liability Company	United States, FL
JL Executive Consulting AB	Härlövsvägen 2 M, 352 50 Växjö	894500JKVW-4WI26GZ796	Swedish limited liability company	Sweden
Linda Ekman[3]	Company's address	-	-	-
Chlorcell Technologies, Inc.	6538 Marine Drive, V7W 2S7,West Vancouver Canada	2549000E4PE7J-JAD3U54	Company	Canada, BC
Lindstrand Executive AB[4]	Spånvägen 9, 854 60 Sundsvall	98450060F653R-DY63873	Swedish limited liability company	Sweden
Lars Nyman	Company's address	-	-	-

1) Controlled by Peter Lundström, CEO
2) Controlled by Mario Houde, member of the board
3) Senior executive
4) Controlled by Viktoria Lindstrand, senior executive

Competent authority	The Prospectus has been reviewed and approved by the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) (the "***SFSA***") on 27 May 2021, which is the competent authority in Sweden for approving prospectuses under the Prospectus Regulation. The SFSA may be contacted on the following details: **Finansinspektionen** Box 7821, SE-103 97 Stockholm +46 (0)8 408 980 00 finansinspektionen@fi.se www.fi.se

KEY INFORMATION ABOUT THE ISSUER

Who is the issuer of the securities?

Company's registrated office and legal form	Permascand Top Holding AB (publ) is a public limited liability company incorporated in Sweden on 14 November 2019. The Company's name was registered on 17 December 2019. Permascand Top Holding AB's corporate registration number is 559227-6124 and its registered office is located at Folkets husvägen 50, 841 99, Ljungaverk, Sweden. The Company's operations are being conducted in accordance with Swedish law. Permascand Top Holding AB has five wholly owned subsidiaries. The Company's LEI code is 549300DL6L1ECCBK1158.

Permascand's principal activities

Permascand is a 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 nearly 50 years. The core technology is centred on being able to deliver the optimal catalytic coating for specific applications in a cost-effective way that is suitable for large-scale production. Permascand has successfully adapted its technology platform and product range from an initial focus on industrial solutions, primarily within the chlorate and chlorine alkali industry, to new applications within environmental technology that reduces the environmental impact of the industry. Permascand is currently active in three segments: Electrification & Renewables, Water Treatment market and Industrial Solutions market.

Permascand is headquartered in Ljungaverk, Sweden, with operations including R&D, technology development and production. In addition, the Company has offices in Gothenburg, Sweden and Vancouver, Canada. As of 31 March 2021, the Company had 111 employees.

Major shareholders

As of the date of the Prospectus, the Company has 12 shareholders, presented in the table below. In addition, the table presents the holding of shares in the Company after the completion of the Offering, assuming that the Overallotment Option is exercised in full and that the Main Shareholder grant the Joint Global Coordinators full discretionary fee. In connection with the Offering, a restructuring of the shareholder structure will be conducted following which only one share class will exist, ordinary shares. The holdings below are presented as if the restructuring of the current share structure and the subsequent adjustment of the shareholders' share of the total number of shares have already been conducted. In connection with the completion of the Offering, a share split 1:27 will also be conducted.

	Holding immediately prior to the Offering (after conversion of class B shares into class A shares and share split 1:27)		Number of shares sold in the Offering	After the Offering (if the Offering is fully subscribed and the Overallotment Option is exercised in full)	
Shareholder	**Number of shares**	**Percent**	**Number of shares**	**Number of shares**	**Percent**
Norvestor VI, L.P.	32,824,703	65.0	6,561,954[1]	26,262,749	44.3
Ulven Invest AB[2]	6,125,167	12.1	-	6,125,167	10.3
5J Holding AB[3]	6,125,203	12.1	-	6,125,203	10.3
Fyra L Holding AB[4]	2,328,525	4.6	734,898	1,593,627	2.7
MCHoude Consulting LLC[5]	1,397,122	2.8	209,568	1,187,554	2.0
JL Executive Consulting AB	303,297	0.6	181,978	121,319	0.2
Linda Ekman[6]	272,968	0.5	67,928	205,040	0.3
Chlorcell Technologies, Inc.	465,719	0.9	349,290	116,429	0.2
Lindstrand Executive AB[7]	202,191	0.4	51,514	150,677	0.3
Lars Nyman	232,842	0.5	109,062	123,780	0.2
Johan Karlsson	106,176	0.2	-	106,176	0.2
Peymar Holding AB[8]	106,087	0.2	-	106,087	0.2
Total existing shareholders	**50,490,000**	**100.0**	**8,266,192**	**42,223,808**	**71.2**
Newly issued shares			**8,823,529**		
New shareholders			**17,089,721**	**17,089,721**	**28.8**
Total new and existing shareholders	**50,490,000**	**100.0**		**59,313,529**	**100.0**

1) Of which 2,229,094 shares are attributable to the Overallotment Option
2) Controlled by Ingar Jensen, member of the board
3) Controlled by Fredrik Herlitz, senior executive
4) Controlled by Peter Lundström, CEO
5) Controlled by Mario Houde, member of the board
6) Senior executive
7) Controlled by Viktoria Lindstrand, senior executive
8) Controlled by Per Lindberg, Chairman of the board

Senior executives

The Company's board of directors consists of Per Lindberg (1959) (chairman), Marie Grönberg (1970), Mario Houde (1960), Ingar Jensen (1955), Pernilla Lundin (1969), Per-Ola Baalerud (1972) and Johan Karlsson (1965). The Group's CEO is Peter Lundström (born 1968). The other members of the management team are CFO Linda Ekman (1979), CTO Fredrik Herlitz (1966), CCO Viktoria Lindstrand (1971), COO Lars Nyman (1969), HR Manager Lena Oskarsson Engberg (1966) and Quality Environmental Health Safety Manager Jens Michael Povlsen (1976).

Auditor

KPMG AB is the independent auditor of the parent company in the Group, Permascand Top Holding AB (publ) with Helena Nilsson as the responsible auditor since 2020. Helena Nilsson is an authorized public accountant and a member of FAR (the professional institute for authorized public accountants). Lars Skoglund was the responsible auditor during the period 2018 to 2020. Lars Skoglund is an authorized public accountant and a member of FAR. Put together, Helena Nilsson and Lars Skoglund have been auditors for the periods covered by the historical financial information in the Prospectus. KPMG's address is Vasagatan 16, 111 20, Stockholm, Sweden.

Key financial information of the issuer

Key financial information in summary

Certain key financial items for the Group for the 2020, 2019 and 2018 financial years, and interim financial information for the period 1 January - 31 March 2021, including comparative figures for the corresponding period in 2020, is presented below. The financial information for the 2020, 2019 and 2018 financial years is derived from the Company's audited consolidated financial statements, which have been prepared in accordance with International Financial Reporting Standards as adopted by the EU ("**IFRS**"), the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 1 (Supplementary Accounting Rules for Groups), and has been audited by the Company's auditor, for the purposes of the Prospectus, in accordance with Swedish Institute of Authorized Public Accountants (FAR) recommendation RevR 5 - Examination of financial information in prospectuses. The interim financial information for the period 1 January - 31 March 2021, with financial comparative figures for the corresponding period in 2020, has been prepared in accordance with IAS 34 interim financial reporting and reviewed, but not audited, by the Company's auditor in accordance with International Standards on Review Engagements (ISRE) 2410 - review of interim financial information.

Key items in the Group's consolidated statement of comprehensive income

	1 January - 31 December			1 January - 31 March	
SEK million	**2020**	**2019**	**2018**	**2021**	**2020**
Net sales	415.0	444.5	323.5	75.0	107.5
Operating profit/loss	60.3	43.4	21.7	-3.1	16.3
Profit/loss for the period	32.9	32.0	13.9	-5.5	9.5
Operating Margin, %	14.5	9.8	6.7	-4.2	15.2
Earnings per share before and after dilution, SEK	17.61	17.12	7.43	-2.96	5.11

Key items in the Groups consolidated balance sheet

	1 January - 31 December			31 March
SEK million	**2020**	**2019**	**2018**	**2021**
Total assets	413.4	381.5	291.2	407.6
Total equity	-16.2	-49.6	138.4	-22.4
Net Debt	270.6	280.6	44.2	287.1

Key items in the Group's consolidated cash flow statement

	1 January - 31 December			1 January - 31 March	
SEK	**2020**	**2019**	**2018**	**2021**	**2020**
Net cash from operating activities	53.1	64.4	-10.7	-13.9	26.7
Net cash used in investing activities	-43.8	-79.2	-24.0	-1.8	-18.2
Net cash (used in) from financing activities	-16.9	40.5	34.5	9.7	-7.0
Net increase/decrease in cash and cash equivalents	-7.6	25.8	-0.3	-6.0	1.6

Specific key risks for the issuer

Key risks related to the Company's operations

Risks related to the Company's operations and its industry

Risks related to prolonged sales processes due to the complexity of the Company's products and the level of customisation

Permascand spends an average of four to five years together with the client designing, testing and adapting its products before it receives a final order from the customer. There is a risk that customers ultimately choose not to buy the product that Permascand has produced, which means there is a risk that Permascand will lose a future business relationship with that customer. There is also a risk that new technology or better-suited catalytic coatings may appear during the evaluation process, leading to customers changing their specifications or changing suppliers. As a result of the often prolonged process for the development and implementation of the Company's products, it is important to evaluate and carry out all product or project requests. If Permascand were to lose a customer to a competitor, it may take many years before the customer returns with a new order or request for a quote. If Permascand does not receive the new order, the Company also loses revenue from recoating or recurring maintenance as required on a regular basis.

Risks related to access to raw materials

Permascand regularly makes forecasts for the coming 12 to 18 months to estimate the need for raw materials and then enters into preliminary purchase orders with its distribution partners. The lead time to receive the raw materials is normally 3 to 12 months from the order date. The iridium and ruthenium markets have both been affected in 2020 by the COVID-19 pandemic as well as problems with smelters in South Africa, which has affected availability and created a shortage of supply in both markets. In particular, it is expected that the availability of iridium, which has the longest processing time of precious metals, will decrease considerably well into 2021. The most probable scenario indicates an annual deficit of two tonnes in the market from 2021/22. There is a risk that lead times will increase as a result of reduced access to raw materials on the market, due to transport problems or because deliveries of ruthenium and iridium are cancelled.

Risks related to price increases on raw materials

Permascand uses precious metals such as titanium, nickel, ruthenium and iridium as additives in its production processes. Prices for iridium and ruthenium in particular, but also nickel and titanium, vary significantly as a result of, among other things, fluctuations in supply and demand, transport costs, state regulations and tariffs, price control, inflation and the economic situation. The prices of these raw materials have increased during the past few years due to an increase in

Key risks related to the Company's operations (cont.)

demand. If Permascand chooses to pass on any price increases to its customers, this may have a negative impact on demand for the Company's products. There is also a risk that Permascand, in whole or in part, will not be able to pass on price increases for raw materials to its customers, which would have a negative effect on the Company's margins.

Risk of damage to production plant and other events that adversely affect the production site
The processes and chemicals used in Permascand's production methods and storage can constitute environmental hazards at the production site. A serious incident related to hazardous or toxic chemicals may lead to an emergency or incident at Permascand's facility. In the event of an accident or a major disruption to Permascand's production or if the production facility is completely or partly destroyed or any equipment is seriously damaged, production and distribution of Permascand's products may be temporarily or completely suspended, which would have an adverse effect on its ability to fulfil its obligations to its customers. Permascand is therefore subject to risks such as system faults, mechanical faults, equipment faults, theft, fire and explosions. Furthermore, Permascand stores and uses large quantities of chemical products that are highly flammable or toxic to humans, such as up to approximately 20 m3 of hydrochloric acid and caustic solutions. There is therefore an increased risk of major damage to the equipment and to Permascand's production plant in the event of fire.

Risks relating to workplace accidents in the Company's industrial activities
At Permascand's production facility, employees work closely with heavy mechanical equipment, moving vehicles, chemicals and manufacturing processes, and with strictly regulated materials that may be hazardous if not handled or maintained correctly. If the Company fails to adhere to the required procedures or if the procedures introduced are ineffective, employees may be injured and Permascand may, as a result, be held responsible for the damages. In 2013, Permascand was ordered to pay fines of SEK 200,000 for a breach of the Work Environment Act (1977:1160) as a result of an accident with a semi-automatic saw which took place at its production premises in 2011. After the accident, the equipment was immediately replaced and the entire workshop was sold in 2016. Accidents or incidents that cause personal injury, material damage or environmental damage at Permascand's facility (including its production facility and warehouse) or in the immediate area surrounding the facilities may lead to major losses, production interruptions, expensive disputes, penalties and sanction fees or withdrawal of permits and licences.

Sustainability and environmental risks
Permascand's operations have different degrees of environmental exposure and are subject to environmental laws and regulations. At the properties where Permascand operates, there is an asbestos landfill site and Permascand is responsible for monitoring the ground to avoid contamination of watercourses and/or groundwater. As the owner and current occupier of the properties, Permascand may be subject to liability if these properties were to be polluted. Permascand can therefore be subject to claims for damages relating to cost compensation or measures for remediation of the land or restoration of the property in the condition prescribed in the Environmental Code (1998:808) or other applicable legislation, as a result of or suspicion of contamination of land, water bodies and/or groundwater. Permascand's operations are subject to permits and notifications under the environmental code. The current permit held by Permascand relates to surface treatment involving the use of titanium, carbon steel and nickel, and covers certain emissions into water and air as well as noise.

Investments in research and development may not provide the expected dividend
The development of new applications, products and other solutions for its customers is one of Permascand's most important strategic areas of focus. Permascand continuously focuses on developing customised applications, products and improved production processes to meet customer demand. For the 2020, 2019 and 2018 financial years, the Company's research and development expenses amounted to SEK 11.6 million, SEK 12.2 million and SEK 11.2 million. On average, the product development process takes four to five years, but may in some cases take ten years or more. There is a risk that customers will be unwilling to buy the products that Permascand has developed and manufactured and therefore they do not generate the return that Permascand had expected.

Financial risks

Risks related to currency exchange rate fluctuations
For the 2020 financial year, 71 percent of Permascand's net sales were denominated in EUR and 16 percent were denominated in USD. Accordingly, Permascand's profit and assets are affected by fluctuations in the value of EUR and USD compared to SEK. A change of SEK of +/- 10 percent compared to other currencies in 2020 would have resulted in a change of +/- SEK 34 million for the 2020 financial year and an impact on earnings after tax and the Group's equity of +/- SEK 16 million. The sensitivity analysis assumes that all other factors (e.g. the interest rate) remain unchanged.

Risks related to political and legal aspects

Permascand is dependent on the ability to obtain and maintain protection for its intellectual property rights
Patents and other intellectual property rights and know-how are key assets in the Company's business and the value of the Company is significantly dependent on its ability to obtain and defend patents and to protect other intellectual property rights and specific knowledge regarding its business. There is a risk that the Company may not succeed in obtaining sufficient protection for its intellectual property rights, and that the existing and/or future patent portfolio and other intellectual property rights held by the Company do not provide the Company with adequate commercial protection. Even if a patent has been granted, there is a risk that competitors or similar technologies may circumvent the patent. Furthermore, there is a risk that the Company may not succeed in maintaining granted patents or that patents may be limited in the future.

Permascand operates in a global market and is exposed to risks related to sanctions and trade regulations and to changes in laws and regulations
Permascand operates in a global environment with local presence through own sales offices or sales partners in six countries. It conducts sales to certain countries with higher risks from a sanction perspective, such as Russia and China. Permascand is thus subject to a number of international, EU, national and local sanctions, laws and regulations introduced by the authorities of the countries in which Permascand operates. Permascand's operations are also subject to risks related to customs, export and import controls, anti-cartel legislation and anti-corruption and anti-bribery legislation.

KEY INFORMATION ABOUT THE SECURITIES

The main features of the securities

Information regarding the Company's shares and dividend policy	*Key information about the securities* As of the date of the Prospectus, there are two share classes in the Company, A-shares and B-shares. According to the Company's current articles of association, the share capital may not be less than SEK 1,870,000 and may not exceed SEK 7,480,000, and the number of shares may not be less than 1,870,000 and not exceed 7,480,000. As per the date of the Prospectus, the Company's share capital amounted to SEK 1,870,000 represented by 1,870,000 shares, divided into 1,630,000 A-shares and 240,000 B-shares, each with a quota value of SEK 1. In connection with the Offering, all B-shares will be converted into A-shares (1:1) whereby only one share class remains, ordinary shares. In addition, a share split 1:27 will be conducted. Following the conversion and the share split, the number of shares in the Company will amount to 50,490,000, each with a quota value of approximately SEK 0.037037. The information below will apply also after these restructuring steps have been taken. The shares are denominated in SEK with ISIN code: SE0015962048. The shares in the Company have been issued in accordance with Swedish law. All issued shares are fully paid and freely transferable. No public takeover bid has been made for the offered shares during the current or preceding financial year. Each share in the Company entitles the holder to one vote at general meetings of shareholders, and each shareholder is entitled to cast votes equal in number to the number of shares held by the shareholder in the Company. *Preferential rights to new shares, etc.* If the Company issues new shares, warrants or convertibles in a cash issue or a set-off issue, as a general rule, shareholders have preferential rights to subscribe for such securities proportionally to the number of shares held prior to the issue. *Rights to dividends and balances in the event of liquidation* All shares carry equal rights to dividends and to the Company's assets and any potential surplus in the event of liquidation. Decisions regarding dividends in limited liability companies are made by the general meeting of shareholders. Entitlement to receive dividends accrues to those who, on the record date adopted by the general meeting of shareholders, are registered in the share register maintained by Euroclear as shareholders. Dividends are normally distributed to the shareholders as a cash amount per share through Euroclear, but may also be distributed in forms other than cash (distribution in kind). Should a shareholder be unable to be reached through Euroclear, the shareholder will continue to have a claim against the Company with regard to the dividend limited in time pursuant to a ten-year statute of limitation. Should the claim become barred by the statute of limitations, the dividend amount accrues to the Company. No restrictions on the right to receive dividends apply to shareholders resident outside of Sweden. With reservation for any limitations imposed by the banks and clearing systems in the jurisdictions concerned, disbursements to such shareholders are conducted in the same manner as those to shareholders in Sweden. Shareholders who are not subject to taxation in Sweden are usually subject to Swedish withholding tax. *Dividend policy* Permascand's board of directors intends to use generated cash flow for continued growth and do not expect to propose a dividend in the short term. The board of directors will, however, each year evaluate the possibility of a dividend, taking into account the Company's business conditions, growth opportunities and financial position. The Company has not decided on dividends for the period covered by the historical financial information in the Prospectus.

Where will the securities be traded?

Admission to trading on Nasdaq First North Premier Growth Market	The Company's board has applied for a listing of the Company's shares on the multilateral trading platform and the growth market for small and medium-sized enterprises Nasdaq First North Premier Growth Market. Nasdaq Stockholm AB, who operates Nasdaq First North Premier Growth Market, has on 7 May 2021 assessed that the Company meets the listing requirements provided that customary terms and conditions, including the distribution requirement for the Company's shares, are met no later than the first day of trading in the Company's shares. The Company's board of directors intend to apply for admission to trading of the Company's shares on Nasdaq First North Premier Growth Market and trading is expected to commence on 4 June 2021.

What are the key risks specific to the securities?

Key risks that are specific to Permascand's securities	**Risks related to the Company's Shares and the Offering** *Risk of an illiquid market and volatile exchange rate* Permascand's shares have not previously been the subject of trading on a marketplace. It is therefore difficult to predict the level of trading and what interest will be shown for the shares. There is a risk that the price of the shares will be very volatile in connection with the admission to trading. If active and liquid trading does not develop or does not remain sustainable, this may make it difficult for shareholders to dispose of shares and the market price may differ significantly from the price of the shares in the Offering. *The Main Shareholders interests may differ from the interests of minority owners* Norvestor VI, L.P (the "**Main Shareholder**") is Permascand's largest shareholders and control, as of the date of the Prospectus, 65.0 percent of the votes and the shares in the Company. Through its ownership, the Main Shareholder has the possibility to exert a significant influence on matters requiring approval of the shareholders at a general meeting. The interests of the Main Shareholder may therefore differ from the interests of the Company or other shareholders and could exercise influence over the Company in a way that does not promote the interests of the other shareholders in the best possible way.

KEY INFORMATION ON THE OFFERING OF SECURITIES TO THE PUBLIC

Under which conditions and timetable can I invest in these securities?

Terms and conditions of the Offering

The offering

The offering comprises a maximum of 14,860,627 shares, of which 8,823,529 new shares are issued by the Company. The remaining 6,037,098 existing shares are offered by the Selling Shareholders (the "**Offering**"). The Offering is divided into two components:

i. the Offering to the public in Sweden;[1] and
ii. the Offering to institutional investors in Sweden and abroad.[2]

The Offering, provided the Offering is fully subscribed, is expected to provide the Company with proceeds amounting to approximately SEK 300 million before deduction of costs related to the Offering amounting to approximately SEK 35 million.[3]

The total Offering, including the offering of existing shares from the Selling Shareholders, amounts to approximately SEK 505 million. Provided that the Offering is fully subscribed, the number of shares in the Company will increase from 50,490,000 till 59,313,529, corresponding to a dilution of 17.5 percent of the total number of shares in the Company after completion of the Offering.

Overallotment Option

To cover any overallotment in connection with the Offering, the Main Shareholder has issued an option to Joint Global Coordinators, to offer not more than 2,229,094 additional shares, corresponding to a maximum of 15 percent of the number of shares included in the Offering which may be used in whole or in part for 30 days from the first day of trading on Nasdaq First North Premier Growth Market (the "**Overallotment Option**"). If the Overallotment Option is utilized in full, the Offering will comprise in total 17,089,721 shares, corresponding to a total Offering value of approximately SEK 581 million. The Overallotment Option may only be exercised to cover any overallotments in the Offering.

Offering Price

The Offering Price is SEK 34 per share. No commission is payable in connection with the Offering.

Application period

Applications from the public for the acquisition of shares must be made between 28 May 2021 and 3 June 2021. Institutional investors in Sweden and abroad are invited to participate in a form of bidding (also known as book-building) during the same period.

Allotment

Decisions concerning the allotment of shares will be made by the Company and the Main Shareholder in consultation with the Joint Global Coordinators, whereby the objective will be to achieve a strong institutional ownership base and a wide spread of shares among the public in Sweden to enable regular and liquid trading of the Company's shares on Nasdaq First North Premier Growth Market.

Allotment is expected to take place on 4 June 2021.

Announcement of outcome of the Offering

The outcome of the Offering is expected to be published in a press release around 4 June 2021.

Terms and conditions for the Offering

The Offering is conditional on the Company, the Selling Shareholders and the Joint Global Coordinators signing a placing agreement (the "**Placing Agreement**"), which is expected to take place on or about 3 June 2021. In addition, the Offering is conditional on the Joint Global Coordinators believing there to be sufficient interest in the Offering to enable trading in the share, certain terms and conditions in the Placing Agreement being fulfilled and the Placing Agreement not being terminated.

1) The term "public" refers to private individuals and legal entities in Sweden applying to subscribe for a maximum of 27,000 shares.
2) The term "institutional investors" refers to private individuals and legal entities applying to subscribe for more than more 27,000 shares.
3) The Company's costs related to the Offering are expected to amount to approximately SEK 50 million, of which approximately SEK 35 million remains to be paid after the completion of the Offering.

Who is the offeror?

Offeror of the securities

In addition to the newly issued shares that the Company are offering, the Selling Shareholders are offering existing shares.

Shareholder	Address	Legal form	Country of registration and jurisdiction
Norvestor VI, L.P. (the "**Main Sharholder**")	PO BOX 656 East wing Trafalgar Court Les Banques, GY1 3PP, St Peter Port, Guernsey	Limited partnership	UK, Guernsey
Fyra L Holding AB[1]	Hellbergsgatan 20, 856 31 Sundsvall	Swedish limited liability company	Sweden
MCHoude Consulting LLC[2]	1657 San Marina Blvd, 32550, Miramar Beach, Florida USA	Limited Liability Company	United States, FL
JL Executive Consulting AB	Härlövsvägen 2 M, 352 50 Växjö	Swedish limited liability company	Sweden
Linda Ekman[3]	Company's address	-	-
Chlorcell Technologies, Inc.	6538 Marine Drive, V7W 2S7,West Vancouver Canada	Company	Canada, BC
Lindstrand Executive AB[4]	Spånvägen 9, 854 60 Sundsvall	Swedish limited liability company	Sweden
Lars Nyman	Company's address	-	-

1) Controlled by Peter Lundström, CEO
2) Controlled by Mario Houde, member of the board
3) Senior executive
4) Controlled by Viktoria Lindstrand, senior executive

Why is this Prospectus being produced?

Background and rationale

Background
Permascand's board of directors and management, together with the Main Shareholder, believe that it is an appropriate time to broaden the Company's shareholder base and apply for listing on Nasdaq First North Premier Growth Market. The Offering and listing will give Permascand access to the Swedish and international capital markets and a diversified base of shareholders, which the board of directors and management consider favourable to the Company's growth strategy. The board of directors and management further assess that a listing of the shares on Nasdaq First North Premier Growth Market will increase awareness of the Company and its operations as well as enhance Permascand's profile with investors, business partners, customers and other important stakeholders.

Use of net proceeds
The Offering includes both existing and newly issued shares. The Offering is expected to provide Permascand with approximately SEK 300 million before deduction of remaining costs related to the Offering, which are expected to amount to approximately SEK 35 million.[1] The Company is therefore expected to receive approximately SEK 265 million after deduction of costs related to the Offering.

Permascand intends to use the net proceeds to;

(i) repay bank loans totalling approximately SEK 252 million; and

(ii) use the remaining SEK 13 million to increase the Company's financial flexibility in order to promote continued growth.

In connection with the Offering, the Company also expects to refinance its existing liabilities through new credit facilities in order to achieve more favourable terms as a result of an improved indebtedness ratio and that after the Offering the Company will be listed.

Permascand will not receive any proceeds from the sale of shares by the Main Shareholder and the Selling Shareholders under the Offering and the Overallotment Option.

1) The Company's costs related to the Offering are expected to amount to approximately SEK 50 million, of which approximately SEK 35 million remains to be paid after the completion of the Offering.

Interests of advisors

In connection with the Offering, the Joint Global Coordinators, ABG Sundal Collier AB and Carnegie Investment Bank AB (publ), provides financial advisory and other services to the Company, services for which they will receive remuneration. From time to time, the Joint Global Coordinators may provide services to the Company in the ordinary course of business and in connection with other transactions, for which they may receive remuneration. In addition to the above stated, there are no material conflicts of interest in connection with the Offering.

RISK FACTORS

An investment in securities is associated with various risks. This section describes the risk factors and important circumstances that are considered significant to the Permascand Top Holding AB's (publ) ("Permascand", the "Group" or the"Company") business and future development. In accordance with the Prospectus Regulation, the risk factors listed in this section are limited to such risks that are deemed to be specific to the Group and/or the Group's shares and which are considered significant in order for an investor to be able to make a well-informed investment decision.

Permascand has assessed the materiality of the risks based on the likelihood of the risks occurring and the expected extent of their negative effects. The risk factors are presented in a limited number of categories that include risks attributable to Permascand's business, industry, legal and regulatory risks, financial risks and risks related to Permascand's shares and the Offering. The risk factors presented below are based on the Company's assessment and information available as of the date of the Prospectus. The risk factors that are considered to be most significant as of the date of the Prospectus are presented first within each category, while subsequent risk factors are presented without any particular ranking. Financial information presented in parentheses constitutes comparative information for the corresponding period in the financial year 2019.

RISKS RELATED TO THE COMPANY'S BUSINESS AND ITS INDUSTRY

Risks related to prolonged sales processes due to the complexity of the Company's products and the level of customisation

Permascand is a technology-driven manufacturer of electrochemical solutions based on proprietary catalytic coatings for clean tech applications. The Company offers customised solutions and aftermarket services for a range of electrochemical processes. Customisation is crucial to maximise performance and durability. Permascand spends an average of four to five years together with the client designing, testing and adapting its products before it receives a final order from the customer.

Placing an order after this evaluation process is a strategic decision for many customers and appointing a supplier of catalytic coatings such as Permascand is usually a large and long-term investment for customers. Normally, Permascand concludes cooperation agreements with its customers under which the Company is compensated for the costs incurred as part of the services performed during the evaluation process. There is a risk that customers ultimately choose not to buy the product that Permascand has produced, which means there is a risk that Permascand will lose a future business relationship with that customer. There is also a risk that new technology or better-suited catalytic coatings may appear during the evaluation process, leading to customers changing their specifications or changing suppliers.

As a result of the often lengthy process for the development and implementation of the Company's products or aftermarket services, it is important to prioritize all product or project requests. If Permascand were to lose a customer to a competitor, it may take many years before the customer may return with a new order or request for a quote. If Permascand does not receive the new order, the Company also loses revenue from recoating or recurring maintenance as required on a regular basis. This is partly due to the fact that recoating and maintenance usually requires that the same supplier continues to maintain the product/solution that the customer has chosen.

Permascand and its competitors compete to provide customers with complete electrochemical process systems or cells that are used in production as well as additional aftermarket services such as recoating and renovation. All recoating is carried out in Ljungaverk, Sweden and there is a risk that customers consider the transports required to and from Ljungaverk to perform the recoating to be too expensive or time-consuming compared to suppliers located closer geographically. There is also a risk that Permascand's customers will not be able to receive financing on reasonable terms, including in the rapidly growing green hydrogen market, and that they will therefore not be able to fulfil their orders from Permascand, which may cause delays in the decision-making process and deliveries and thus further extend the sales process.

The Company depends on its largest customer, Erma First ESK Engineering Solutions S.A. ("**Erma First**"), a global company that offers ballast water treatment systems. During the 2020 financial year, 61 percent (51 percent) of the Group's net sales were attributable to orders from Erma First, while the net sales from the Company's second largest customer for the 2020 financial year amounted to 15 percent (20 percent). These revenues are attributable to the Company's products and services within ballast water treatment systems. If Erma First were to cease to purchase products and services from the Company, if the number or size of orders placed were to decrease, or if the terms of its agreement were to change in a manner adverse to Permascand, there is a risk that the Company's revenue would be adversely affected, which may significantly reduce the Group's earnings.

If Permascand is unable to acquire new customers or retain its existing customers, there is a risk that the Company will not be able to implement its business plan or it will need to reduce its costs or postpone planned investments, which could have a negative impact on Permascand's operations, profits and financial position.

Risks related to access to raw materials

Permascand uses precious metals such as titanium, nickel, ruthenium and iridium as additives in its production processes. Titanium and nickel are used as anodes and ruthenium and iridium are important inputs in Permascand's catalytic coatings.

Ruthenium and iridium are by-products of platinum mines. Only very limited quantities of these two materials are available. The global supply of newly produced ruthenium and iridium in 2020 amounted to approximately 35 and 8 tonnes, respectively. Iridium and ruthenium market producers have both been hit by temporary shutdowns in 2020 and early 2021 due to the effects of COVID-19. This has affected supply at the same time as demand has increased with rising prices as a result. However, the market outlook is that supply will return to normal levels later in the year and that the current deficit is temporary.[1] If there is a continued problem with production or continued shutdowns in the long term, there is a risk that deliveries of ruthenium and iridium in particular will be delayed or, in the worst case, suspended. If these risks materialize, they could have a negative effect on Permascand's operations, earnings and financial position.

There are also risks related to changes in international laws, EU laws and national and local laws and regulations that govern how large quantities of raw materials may be extracted in a particular region. Permascand's business is also subject to risks related to sanctions and export and import controls. In recent years, there has been a trade war where the US, China and the EU have introduced trade restrictions for the import and export of certain products and materials. Political, social or economic instability in regions where Permascand operates its business or purchases raw materials can lead to interruptions in access to raw materials. Since Permascand buys raw materials from the US and China, there is a risk that the Company may be affected by various trade restrictions and duties. Trade restrictions, including new or extended duties or fees, embargoes, sanctions, security measures and customs restrictions as well as foreign strikes and work suspensions or boycotts, may lead to a lack of raw materials on the global market and thus constitute a risk that Permascand cannot purchase sufficient raw materials for its business. If the volumes needed are lower than expected, this can lead to increased inventory costs and capital being tied up for storing the raw materials. If the volumes needed are higher than expected, there is a risk that the shortage of material will delay product deliveries or that new orders will not be placed. The lack of raw materials may delay the delivery of products, which in turn may lead to contractual penalties, which could have a negative impact on Permascand's customer relations. In addition, there is a risk that a shortage of raw materials may lead to missed or postponed orders, which in its turn may adversely affect the financial position and/or profits of the Company.

Risks related to price increases on raw materials

Permascand uses three distribution partners for ordering titanium and nickel. There are two dominant suppliers of iridium and ruthenium on the world market and Permascand uses both of them as its main suppliers for these two types of precious metals. In addition, Permsacand has established relations with additional, smaller, suppliers of Iridium and ruthenium. Iridium and ruthenium are very expensive precious metals and during the first quarter of 2021, the average price of iridium amounted to EUR 148 per gram while the average price of ruthenium was 12.5 EUR per gram. Permascand regularly makes forecasts for the coming 12 to 18 months to estimate the need for raw materials and then enters into preliminary purchase orders with its distribution partners. Permascand has the right to adjust the orders up to a certain time for a fee. The lead time to receive the raw materials is normally 3 to 12 months from the order date. Prices for iridium and ruthenium in particular, but also nickel and titanium, vary significantly as a result of, among other things, fluctuations in supply and demand, transport costs, state regulations and tariffs, price control, inflation and the economic situation. The iridium and ruthenium markets have both been affected in 2020 by the COVID-19 pandemic as well as problems with smelters in South Africa, which has affected availability and created a shortage of supply in both markets. These factors have affected the supply and driven both markets into supply deficits, which led to price increases in 2020 and 2021. While the purchase of ruthenium and iridium are governed by long-term agreements, titanium and nickel are normally ordered several months in advance but can also be traded directly on the spot market. There is a risk that Permascand may not be able to deliver the growth scenario volumes and associated margins from the sale of its products due to price increases for iridium and ruthenium in particular in the coming years, which is primarily a consequence of the fact that there is limited availability of such precious metals.

If raw material prices change by more than a certain percentage, Permascand reserves the right in some of its agreements to recalculate the price of its products offered to customers and ask for a new price acceptance from the date of the purchase order until the raw material is ordered. If Permascand chooses to forward any price increases to its customers, this may have a negative impact on demand for the Company's products or lead to previously submitted orders being cancelled. There is also a risk that Permascand, in whole or in part, will not be able to pass on price increases for raw materials to its customers, which would have a negative effect on the Company's margins. Consequently, Permascand is exposed to the risk of fluctuations in the market price of the above raw materials. If Permascand misjudges what volumes the Company actually needs, the Company may also be forced to pay penalties to change its order volumes.

In addition, there is a risk that price changes of the above-mentioned raw materials may lead to missed or delayed orders or that the Company's margins deteriorate, which in turn may adversely affect the Company's financial position and/or profits.

Risk of damage to production plant and other events that adversely affect the production site

The processes and chemicals used in Permascand's production methods and storage can constitute environmental hazards

1) Heraeus Precious Forecast 2021.

at the production site. A serious incident related to hazardous or toxic chemicals may lead to an emergency or incident at Permascand's facility. In the event of an accident or a major disruption to Permascand's production or if the production facility is completely or partly destroyed or any equipment is seriously damaged, production and distribution of Permascand's products may be temporarily or completely suspended, which would have an adverse effect on the Company's ability to fulfil its obligations to its customers. In November 2020, a neutralisation tank exploded in the factory in Ljungaverk, Sweden. The accident occurred after the end of the working day and no-one was injured. The cause of the accident has been investigated by the police and the work environment authority, but the cause of the accident has not yet been determined as of the date of the Prospectus. On May 4, 2021, the Swedish Work Environment Authority announced that it had closed the investigation without further actions. There is a risk that the Company will incur penalties, fines or other penalty fees as a result of the accident. If that risk were to materialize, it could negatively affect the Company's reputation and imply extra costs.

Permascand is subject to risks such as system faults, mechanical faults, equipment faults, theft, fire and explosions. Furthermore, Permascand stores and uses large quantities of chemical products that are very flammable or toxic to humans, such as up to approximately 20 m3 of hydrochloric acid and caustic solutions. There is therefore an increased risk of major damage to the equipment and to Permascand's production plant in the event of fire. Replacing assets damaged through such events can be both difficult and costly. These risks and hazards may result in damage to properties or the production facility and may result in a reduction or cessation of production at the property or production facility, reduced product quality, increased costs or delayed deliveries, personal injury, environmental damage, business interruption and legal liability, and actual production deviating from the estimated production.

If Permascand's production were to suffer unforeseen interruptions, disruptions or delays, to the extent that these losses are not fully covered by insurance, it could have a negative impact on Permascand's business, profits and financial position.

Permascand is dependent on third party suppliers and may be adversely affected if the relationship with the suppliers is impaired or if the suppliers cannot deliver

In addition to raw material suppliers, Permascand is currently dependent on, and expects to continue to be dependent on, third party suppliers and their subcontractors, for example (i) Eitech Electro AB for the provision of electronic installation services at Permascand's facility, (ii) Nordpipe Composite Engineering Oy for the delivery of plastic shells used in the manufacture of Permascand's ballast water treatment systems, (iii) Gulf Machine Shop, Inc. for Glanor chloralkali cells of the diaphragm type used in, for example, the production of new and renovation of existing industrial chemical plant equipment, and (iii) Torps Vattenskärning AB for the delivery of titanium plates for use in Permascand's anode and cathode production. Eitech Electro AB and Torps Vattenskärning AB are suppliers of materials for all of Permascand's business segments. As of the date of the Prospectus, Permascand is mainly dependent on its relationship with Nordpipe Composite Engineering Oy for the Water Treatment segment and Gulf Machine Shop, Inc. for the Industrial Solutions segment.

Consequently, Permascand is dependent on maintaining a good relationship with its suppliers. There is a risk that Permascand may lose or have an impaired relationship with its suppliers, which may have a negative impact on Permascand's business. There is also a risk that one or more of Permascand's suppliers may cease its business or may no longer be able to collaborate with Permascand. Furthermore, there is a risk that suppliers, for various reasons, do not perform their services to Permascand's satisfaction, that they do not meet agreed or necessary quantitative or qualitative standards or that they cannot deliver on time. Deliveries can also be delayed or cancelled due to events that lie within or outside an external carrier's control.

If Permascand's relationship with its suppliers is impaired in some way, for example because the supplier loses trust in Permascand, or if the suppliers or their subcontractors for some other reason cannot fulfil their commitments, Permascand may have difficulties in delivering its products to end customers on time or at the stated price. Permascand may also fail to fulfil its contractual commitments to customers if the agreements with the suppliers cannot be extended on terms that are acceptable to the Company, or at all.

If any of these risks materialize, they could have a negative impact on Permascand's business, profits and financial position.

Risks related to the delivery of products

Permascand is dependent on global distribution channels to deliver its products on time. According to the majority of the agreements with its customers, Permascand shall deliver the products FCA (Incoterms 2010) at Permascand's facility in Ljungaverk and the customer is responsible for the delivery from Ljungaverk. Disruptions in distribution channels can occur as a result of, for example, accidents, trade and travel restrictions, or major global events such as a pandemic. Disruptions in these distribution channels can have a negative impact on Permascand's logistics operations. Customers may be dependent on planned deliveries from Permascand and customers who are forced to make changes to their own businesses due to delays in deliveries from Permascand may raise claims for compensation against Permascand. Permascand's agreements with customers provide that customers are entitled to a penalty fee of up to a certain percentage of the order value for each week of delay of the products and services. The penalty fee may not exceed 10 percent of the price of the delayed products or services in the specific order. Delays in the Company's deliveries may also damage Permascand's reputation among current and potential customers and possibly lead to impaired customer relationships and reduced sales.

If Permascand's deliveries were to suffer from unforeseen interruptions, disruptions or delays, to the extent that these losses are not fully covered by insurance, it could have a materially negative effect on Permascand's business, profits and financial position.

Risks relating to workplace accidents in the Company's industrial activities

During the first quarter of 2021, there were an average of 80 Permascand employees working in production. At Permascand's production facility, employees work closely with heavy mechanical equipment, moving vehicles, chemicals and manufacturing processes, and with strictly regulated materials that may be hazardous if not handled or maintained correctly. Furthermore, valuable precious metals are used in Permascand's production processes and contamination or incorrect handling of these metals may render them worthless and require Permascand to buy more precious metals.

Permascand is responsible for safety at its facility and must therefore maintain adequate safety procedures. If the Company fails to maintain such procedures or if the procedures introduced are ineffective, this may increase the risk of accidents where property and/or employees are injured and Permascand may, as a result, be held responsible for the damages.

Furthermore, in 2013 Permascand was ordered to pay fines of SEK 200,000 for a breach of the Work Environment Act (1977:1160) as a result of an accident with a semi-automatic saw which took place in the Company's production premises in 2011. After the accident, the equipment was immediately replaced and the entire workshop was sold in 2016.

There is a risk that Permascand may not succeed in conducting correct risk assessments or fail to implement adequate safety procedures at the workplace, or that the procedures introduced prove to be ineffective, leading to workplace accidents.

New or amended health and safety legislation may also lead to increased operating expenses or, in the event of non-compliance, sanctions or fines. Accidents or incidents that cause personal injury, material damage or environmental damage at Permascand's facilities (production facility and warehouse) or in the immediate area surrounding the facilities may lead to major losses, production interruptions, expensive disputes, penalties and sanction fees or withdrawal of permits and licenses.

As of the date of the Prospectus, Permascand is using approximately 50 percent of its technical production capacity. The Company eventually plans to increase utilisation in accordance with its growth plans. There is a risk that higher production levels may lead to an increased risk of workplace accidents. Accidents can lead to production interruptions and financial losses that may have a negative impact on Permascand's business, financial position and profits.

Risks related to interruptions in production as a result of maintenance of machinery and equipment

Permascand's business is dependent on the Company's production facility in Ljungaverk, Sweden. The Company's machines and equipment require regular maintenance. The machines and equipment may also require repairs due to mechanical faults, system faults, equipment faults or other reasons. There is a risk that certain production lines may have to be temporarily closed when the maintenance is performed and that production volumes are adversely affected during the closure. Permascand uses internal resources and also hires external consultants to manage maintenance and repairs. For production-critical machines and processes, Permascand has hired a number of certified external consultants who help with maintenance and repairs. Any delays due to repairs and maintenance or for other reasons may have a negative impact on Permascand's ability to fulfil its obligations to its customers, which may lead to a penalty fee for late delivery of the products and have a negative impact on Permascand's customer relationships.

Sustainability and environmental risks

Permascand conducts its business at sites where the Company has had industrial operations since 1971. Permascand's operations have different degrees of environmental exposure and are subject to environmental laws and regulations. In the properties where Permascand operates, there is a landfill site that contains asbestos. The landfill site was used until the end of the 1980s and originates from activities carried out by third parties and not Permascand, and goes back to the time when another company had chemical operations on the opposite side of the river Ljungan, which runs along Permascand's property. The landfill site contains dust from electrostatic filters and there is a certain quantity of asbestos. The asbestos at the landfill site has been stored in the ground and Permascand is responsible for monitoring the ground to avoid contamination of watercourses and/or groundwater. The control authority at Ånge municipality considers the area to be a passive landfill and carries out regular investigations to assess the risk of pollution. The latest site assessment was carried out by Sweco in June 2018. The contamination levels were then confirmed to be chemically stable and lower than the benchmark for sensitive land use and no measures were needed to reduce this leakage. As the owner and current occupier of the properties, Permascand may be subject to liability if these properties were to be polluted. Permascand could therefore be subject to claims for damages relating to cost compensation or measures for remediation of the land or restoration of the property in the condition prescribed in the Environmental Code (1998:808) or other applicable legislation, as a result of or in case of suspicion of contamination of land, water bodies and/or groundwater.

Permascand's operations are subject to permits and notifications under the Environmental Code. The current permit held by Permascand relates to surface treatment involving the use of titanium, carbon steel and nickel, and covers certain emissions into water and air as well as noise. According to the permit, Permascand must submit annual reports to the control authority Ånge municipality with details regarding the control processes and investigations that Permascand performs. There is a risk that Permascand may be liable for environmental damage, be forced to carry out extensive remediation measures or pay for government-ordered remediation measures, even in cases where the damage has been caused by previous or subsequent owners or inhabitants of the property, by previous or current owners of adjacent properties or by independent third party contractors who perform services for the Company.

Environmental laws change frequently and Permascand may not always be able to anticipate or adapt its business quickly enough to take such changes into account. Changes to laws or regulations that prescribe stricter or amended requirements regarding health, safety or environment or a trend towards stricter enforcement of laws and regulations by public authorities may require additional investment. Such changes may also lead to higher costs and/or other measures for the Group's business covered by the regulations. Changing legal standards and higher requirements can also lead to more disputes and higher costs in connection with these disputes.

If any of the above risks materialize, it may have a negative impact on Permascand's business, financial position and business profits.

Investments in research and development may not provide the expected dividend

Permascand's business and competitiveness depend on the Company's ability to develop and sell new, innovative products and solutions. As of the date of the Prospectus, 15 percent of the Company's full-time employees are directly or indirectly employed in functions related to research and development, product development and related product adaptation and optimisation. The development of new applications, products and other solutions for customers is one of Permascand's most important strategic areas. Permascand continuously focuses on developing customised applications, products and improved production processes to meet customer demand. All research and development projects are based on Permascand's core technology which was developed in the 1970s. The majority of Permascand's research and development projects stem from cooperation agreements with customers where Permascand is asked to develop customised products for various purposes. Thus, only a limited part of the total research and development activities conducted by Permascand is activated as Intangible Assets. For the 2020, 2019 and 2018 financial years, the Company's research and development expenses amounted to SEK 11.6 million, SEK 12.2 million and SEK 11.2 million.

The product development process with customers typically consists of (i) a research phase for producing samples of catalytic coatings, (ii) a design phase for developing the product's technical specifications and (iii) a test phase in which electrode and cell prototypes are tested, updated and optimised for specific purposes and/or products. On average, the product development process takes four to five years, but may in some cases take ten years or more. During the product development process, the customer, in the vast majority of cases, bears Permascand's costs for the research and development project (including material and consultancy costs). However, there is a risk that Permascand's product development project does not lead to the customer ordering the final product, or that Permascand will have to cover part of or the entire cost related to the project. During a collaboration with one of Permascand's customers, for example, the product development process was cancelled after ten years, when the customer decided not to order the end product. There is a risk that customers are unwilling to buy the products that Permascand has developed and manufactured and therefore they do not generate the return that Permascand had expected. A misguided focus on Permascand's research and development activities as a result of failed product development projects with customers may have a negative impact on Permascand's business, financial position and operating results.

Risks associated with disputes and warranty claims or product liability

Permascand's customers have high expectations in terms of the quality and performance of Permascand's products. Permascand's products are subject to comprehensive warranties of up to twelve years, depending on the specific product and the customer. There is a risk that Permascand's products may not meet the customer's quality expectations, warranties issued by Permascand or that the products are otherwise defective or faulty. Defects, errors, or poor quality of Permascand's products may lead to significant claims against Permascand. This may be the case, for example, when recalling an end product that contains a built-in defective Permascand product, if the Permascand product is difficult to replace once it is built-in to the end product. If this risk materializes, it can also lead to production stoppages or harm to staff or damage to property. Furthermore, Permascand's products are often built into large systems in, for example, ships. There is a risk that defects in Permascand's products may lead to additional costs for dismantling such systems and that customers cannot carry out their business as usual because their systems are at a standstill.

Defending warranty and product liability claims can be expensive and time-consuming and lead to the diversion of management's focus from its day-to-day tasks. Warranty and product liability claims may not be fully covered by Permascand's insurance. Disputes and claims related to warranty claims and product liability may therefore have a negative effect on Permascand's business, results and financial position. Furthermore, the market's acceptance of Permascand's products can be adversely affected by guarantee and product liability disputes and Permascand's reputation may be damaged.

Permascand's insurance coverage may not be sufficient to protect the Group from any liability that may arise through the business

Permascand has property insurance, interruption, transport and life insurance. Permascand does not apply credit insurance. Permascand applies prepayment and customary credit rating.

Permascand takes out insurance coverage to the extent that is considered commercially justified. There is a risk that the insurance cover will prove not to be sufficient or that Permascand will not be able to receive compensation to the extent desired. If this is the case, it may have a negative impact on the Company's business, financial position and results.

Permascand's business is affected by the COVID-19 pandemic

The COVID-19 pandemic and the measures that governments around the world have introduced have led to major disruptions in the economies that are relevant to Permascand. The COVID-19 pandemic has also directly affected Permascand's business because customers have requested later deliveries than originally planned. Permascand has adjusted its production capacity during 2020 and the first quarter of 2021 and has used short-term pay-out support implemented by the Swedish government. Permascand has invested in automation solutions for handling, processing and welding of products to be able to handle increased production volumes. Permascand's suppliers of automation solutions within the Water Treatment and Industrial Solutions business segments have been affected by delivery challenges linked to the COVID-19 pandemic, which has led to delays in timetables of about twelve months.

This has led to delays in the installation of ballast water treatment systems and the Company expects continued delays and post-poned installations in 2021. Ships subject to relevant regulations such as the International Maritime Organization's ("**IMO**") Ballast Water Convention must install ballast water treatment systems by September 2024, and in some cases before that date in connection with the renewal of their oil protection certificates (IOPP certificates). The US Coastal Monitoring department has submitted a request to delay the compliance date for the installation of ballast water treatment systems by one year, from 2024 to 2025, in order to provide relief to shipping companies and operators from the costs associated with the installation of these systems. It is possible that delays may occur in the future, even with respect to deadlines as determined by the IMO, which may adversely affect customer demand in Permascand's Water Treatment business segment. Net sales in the Water Treatment business segment corresponded to 61 percent of Permascand's total net sales in 2020.

Permascand's revenue from refurbishment and other aftermarket services in the Industrial Solutions business segment has also been affected by the COVID-19 pandemic. Aftermarket services represent a significant revenue stream for Permascand, since a substantial proportion of customers to whom Permascand has sold its solutions return to Permascand for these services. However, customers have some flexibility in scheduling recoatings. In poor production years with weak cash flows, customers may choose to postpone recoating to maintain financial flexibility. During the COVID-19 pandemic, the Company has experienced customers postponing the re-coating of the cells. Postponement can not usually be longer than two to three years because the cell's effectiveness ultimately becomes too poor, but exceptions to this can occur. In these cases, the customer saves more money on recoating than operating the cell sub-optimally with large quantities of electricity to achieve the desired effect.

If the COVID-19 pandemic worsens or if further restrictions are imposed, there may continue to be delays or postponements in customer orders in the Water Treatment and Industrial Solutions business segments, which may lead to reduced sales or a delay in revenue, which in turn may have a negative impact on Permascand's financial position and cash flow.

As of the date of the Prospectus, Permascand has not suffered any credit losses or had customers who have declared bankruptcy as a result of the COVID-19 pandemic. However, there is a risk that customers and suppliers with outstanding payments will not be able to fulfil their obligations to Permascand in time, or that they become bankrupt or insolvent as a result of the effects of the pandemic. This may mean that Permascand will not receive all outstanding payments, which would have a negative impact on the Company's operations, financial position and profits.

Inability to retain and recruit qualified employees and managers may have a negative impact on Permascand's business

Permascand's business involves complex products. All production of Permascand products is performed and documented by trained and experienced personnel in accordance with strict guidelines. Being able to attract and retain qualified employees and managers is important for Permascand's future strategy and business and the Company is dependent on its senior executives and other key employees associated with its research and develop-ment. For example, Permascand has three employees who have a PhD in the relevant areas of expertise. These employees are very important to Permascand and they could be difficult to replace if they were to leave the Company. Furthermore, there is a significant demand for qualified personnel and Permascand may not succeed in attracting and retaining qualified employees to replace key staff if necessary. Permascand's head office and production facility are also located in a sparsely populated region and as a result, the recruitment base is limited, which can make it more difficult to recruit new employees.

A loss of members of the Company management or other key employees may have a negative effect on Permascand's ability to conduct and expand its business, improve operations or develop new products. This may have a negative impact on Permascand's business, financial position and business profits.

Risk of increased electricity prices

Permascand's electricity costs constituted one percent of the Company's operating expenses in the first quarter of 2021. Permascand uses electricity that is mainly based on hydroelectric power to meet the Company's electricity needs. Permascand signed the current electricity price agreement in 2016 and it is valid until 1 January 2024. Electricity prices have been affected and will continue to be affected by factors beyond Permascand's control, such as supply and demand in both local and regional markets, as well as state regulations and increased electricity taxes. There is a risk that electricity prices will increase when the electricity price agreement is renegotiated. The current agreement is at a fixed price and runs during the contact period. Future fluctuations in electricity prices can have a negative impact on Permascand's business, financial position and business profits.

Risks related to the Company's international business

Permascand operates a global business, delivering products to around 15 countries outside of Sweden. In the first quarter of 2021, 85 percent of the Group's net sales came from customers located outside Sweden. As a result of its international business, Permascand is exposed to a number of complex laws, regulations and controls as well as treaties and guidelines, including related to labour law and environmental laws. Negative changes in legal requirements, sanctions, economic and political instability, customs and other trade barriers and price or currency controls may limit Permascand's profitability in the countries in question. Furthermore, terrorist acts, armed conflicts, natural disasters, government measures and epidemics and pandemics can have a significant negative impact on Permascand's business, interfere with the delivery of raw materials and impair the Company's ability to manufacture and deliver its products to customers. The global political landscape is constantly changing due to the world's changing political situation. In recent years, there has been a trade war among the US, China and the EU, which have introduced trade restrictions for the import and export of certain products and materials. There is a risk that the trade war will escalate and lead to trade embargos. As Permascand conducts business internationally, this may affect customers and suppliers. Trade restrictions, including new or extended duties or fees, embargoes, sanctions, security measures and customs restrictions as well as foreign strikes and work suspensions or boycotts, may have a negative impact on Permascand's business, financial position and business profits.

Rapid growth can put pressure on Permascand's resources

Permascand expects demand for its products to increase in the future and its volumes are therefore also expected to increase. Any future growth will expose the Group management, administration, IT systems and the operational and financial infrastructure to several challenges. Furthermore, Permascand's ability to scale up the business depends on its suppliers' ability to increase the volume of supply of raw materials. There is a risk that suppliers cannot meet Permascand's demand, which may prevent the Company from increasing its production in accordance with the growth plans.

Permascand is dependent on its production facility in Ljungaverk in Sweden to manufacture its products. The Company has made major investments in its production facility to increase capacity. Currently, the Company uses around 50 percent of its theoretical capacity. The Company eventually plans to increase utilization in accordance with its growth plans. Future growth will lead to an increased pressure on the Company's production lines and there is a risk that it will not scale up the business effectively. Increased production can lead to increased environmental problems by putting pressure on Permascand's control mechanisms. It can also lead to a more demanding work environment for employees, which can affect the quality of and delivery times for Permascand's products. There is also a risk that investments in the production plant are not sufficient to meet the increased demand, and in that case Permascand may need to make further investments in the plant to achieve future growth targets. Investments to increase capacity may have a negative impact on Permascand's financial position.

Permascand's future success will partly depend on the Company's ability to effectively manage its growth. If Permascand is unable to handle its growth effectively, it may have a negative impact on Permascand's business, prospects, profits and financial position.

FINANCIAL RISKS

Risks related to currency exchange rate fluctuations

Currency risk refers to the risk that currency fluctuations adversely affect the Group's cash flow, income statement or balance sheet. Exchange rate fluctuations affect the Group's profit/loss when sales and purchases are made in different currencies. The Group's transaction exposure is primarily in EUR and USD, as its sales and cost base are mainly denominated in these currencies. The Group attempts to hedge this exposure through currency swap contracts with quarterly maturities.

For the 2020 financial year, 71 percent of Permascand's net sales were denominated in EUR and 16 percent were denominated in USD. Accordingly, Permascand's profit and assets are affected by fluctuations in the value of EUR and USD compared to SEK. A change of SEK of +/- 10 percent compared to other currencies in 2020 would have resulted in a change of +/- SEK 34 million for the 2020 financial year and impact on earnings after tax and the Group's equity of +/- SEK 16 million. The sensitivity analysis assumes that all other factors (e.g. the interest rate) remain unchanged.

Exchange risk arises when foreign subsidiaries' net assets are converted to the reporting currency SEK. The Group is affected by the fact that the income statement and balance sheets of foreign subsidiaries are converted to SEK.

Risks related to changes in market interest rates

Permascand is exposed to the risk of changes in market interest rates in relation to its financial assets and liabilities. Interest rate risk refers to the risk that changes in the market interest rate affect the Group's net interest rate negatively. Liabilities to credit institutions include loans from banks that are issued with variable interest rates and expose the Group to interest rate risk regarding cash flow. The Group does not hedge its interest rate risk regarding future cash flows. Liabilities to credit institutions amounted to SEK 286.9 million as of 31 December 2020 (SEK 303.4 million). Group loan agreements contain specific conditions linked to financial ratios - so-called covenants that consist of customary conditions. The financial covenants were fulfilled on the balance sheet date. If interest on the loans due on 31 December 2020, had changed by +/- one (1) percentage point, and all other factors remaining the same, the calculated profit after tax for the 2020 financial year would have been +/- SEK 2.3 million (SEK 0.5 million), primarily as a result of changes in interest costs for loans with variable interest.

The Company has historically applied for, and may in the future apply for, loans from third parties. For example, the Company has previously applied for and received loans and promissory notes from, among others, Nordea Bank ab's branch in Sweden. All loans under the current facility with Nordea carry variable interest corresponding to STIBOR plus 3.50-4.25 percent. Interest rates, and the Company's ability to negotiate interest rates, are affected by many factors, some of which are beyond the Company's control. There is a risk that interest rates will increase, for example as a consequence of national and international monetary policy, as well as other measures or events at national or international level. High or increased interest rates may have an adverse effect on the Company's business, financial position and profits.

RISKS RELATED TO POLITICAL AND LEGAL ASPECTS

Permascand is dependent on the ability to obtain and maintain protection for its intellectual property rights

As of the date of the Prospectus, Permascand holds a number of patents. The Group's product portfolio is mainly protected by two patent families: (i) electrodes and (ii) electrochemical filters.

Patents and other intellectual property rights and know-how are key assets in the Company's business and the value of the Company is largely dependent on the ability to obtain and defend patents and the ability to protect other intellectual property rights and specific knowledge about the Company's business. There is a risk that the Company may not succeed in obtaining sufficient protection for its intellectual property rights, and that the existing and/or future patent portfolio and other intellectual property rights held by the Company do not provide the Company with adequate commercial protection. Even if a patent has been granted, there is a risk that competitors or similar technologies may circumvent the patent. Furthermore, there is a risk that the Company may not succeed in maintaining granted patents or that patents may be limited in the future.

If the Company does not obtain a patent for its technology or if the patent is revoked (e.g. by discovering existing technology), a third party who has the necessary know-how may use the technology without providing compensation to the Company. If the combination of patents, trade secrets and contractual commitments that the Company relies on to protect its intellectual property rights is insufficient, the Company's ability to successfully commercialize its products may be damaged, which may lead to the Company not being able to run the business at profit.

If any of the above risks materialize, it may have a negative effect on the Company's business, financial position and profits.

Risk of infringement of the intellectual property rights of other parties

Permascand's success depends to some extent on its ability to run its business without infringing on or using the ownership rights of others. As the Company's industry expands and more patents are approved, there is a risk that the Company may infringe – or allegedly infringe – patents or other intellectual property rights held by third parties. There is also a risk that patents or other intellectual property rights held by third parties may limit the possibilities for Permascand to freely use its products.

If Permascand uses, or is accused of using, products or methods in its own business that are subject to intellectual property protections by another party, the holder of the intellectual property rights may accuse Permascand of intellectual property infringement. Intellectual property rights of third parties may also impede or limit the Company from freely using a certain product or production method. Thus, there is a risk that Permascand becomes subject to a dispute or other proceedings for alleged intellectual property infringement. Such procedures may be expensive and time consuming, even if they are ultimately determined in the Company's favour. If such a dispute or such a procedure results in an unfavourable outcome for Permascand, the Company may be forced to pay damages, discontinue the activity that constitutes an infringement and/or be forced to obtain a license and thus incur additional costs in manufacturing or marketing the products and/or processes concerned.

If Permascand should infringe, or be accused of infringing, upon the intellectual property rights of others, it may have a negative effect on Permascand's reputation, business and financial position.

Permascand operates in a global market and is exposed to risks related to sanctions and trade regulations and to changes in laws and regulations

Permascand operates in a global environment with a local presence through own sales offices or partners in six countries. The Group conducts sales to certain countries with higher risks from a sanctions perspective, such as Russia and China. Permascand is thus subject to a number of international, EU, national and local sanctions, laws and regulations introduced by the authorities of the countries in which Permascand operates. Adapting to changes in laws and regulations may require further investment by the Company. During 2016-2017, when sanctions related to the Joint Comprehensive Plan of Action (JCPOA)[1] were partly lifted, the Company performed reparation services of electrochemical cells on two occasions for an Iranian customer. At the time, the customer was the subject of the US primary sanctions, which stated that non-US parties which has conducted transactions with the customer could be held responsible if any of the transactions included any connection to the US (that is, with US citizens, US products or transactions denominated in USD). It is the Company's understanding that the relevant transactions did not include any such connection to the US and the Company took preventive measures, including product classification and contacted the responsible authority, to ensure that the transactions with the Iranian entity did not violate any EU sanctions or export control restrictions.

Permascand's operations are also subject to risks inherent in the business operations, such as risks related to customs, export and import control and the fighting of cartel formations, corruption and bribery. As an example, the Group operates limited sales to certain countries with a higher corruption risk, such as Russia, Mexico and Brazil. There is a risk that Permascand may not succeed in developing and implementing systems, policies and methods for managing these risks or complying with applicable regulations without incurring additional costs. If Permascand fails

1) Commonly known as the Iran deal. Under the Iran deal, Iran agreed to dismantle much of its nuclear program and open its facilities to more extensive international inspections by the International Atomic Energy Agency, IAEA, in exchange for sanctions relief from EU, UN and the US, which has been established in order to prevent Iran to develop nuclear weapons.

to manage these risks or comply with applicable regulations, it may lead to penalties or enforcement measures against Permascand and damage to the Group's reputation.

If any of these risks materialize, they could have a negative impact on Permascand's business, profits and financial position.

Permascand is dependent on maintaining good relationships with unions

Permascand AB is bound by a collective agreement for officials between Teknikarbetsgivarna (Technical Employers) and Unionen (The Union), Sveriges Ingenjörer (Swedish Engineers) and Ledarna (The Leaders) and collective agreement for workers between Teknikarbetsgivarna (Technical Employers) and IF Metall (IF Metals). There is a risk that the Company may not succeed in renegotiating the collective agreements to satisfactory terms when they expire and may be faced with tougher negotiations or higher salary requirements than would be the case were a collective agreement with unions not in place. Permascand's staff costs accounted for 23 percent of Permascand's total operating expenses in 2020 and 31 percent of Permascand's total operating expenses in the first quarter of 2021. If the Company fails to renegotiate the collective agreements in a satisfactory manner, this may lead to increased staff costs for the Company and affect the Company's financial position.

RISKS RELATED TO THE COMPANY'S SHARES AND THE OFFERING

Risk of an illiquid market and volatile exchange rate

Permascand's shares have not previously been publicly traded. It is therefore difficult to predict the level of trading and demand for the shares. The price at which the shares are traded and the price at which investors make their investment will be affected by a number of factors, some of which are specific to Permascand and its business, while others are applicable to all listed companies and beyond the Company's control. The listing and admission to trading of Permascand's shares on Nasdaq First North Premier Growth Market should not be interpreted as there being a liquid market for the shares. There is a risk that the price of the shares will be very volatile in connection with the admission to trading. If active and liquid trading does not develop or does not remain sustainable, this may make it difficult for shareholders to dispose of shares and the market price may differ significantly from the price of the shares in the Offering.

The Main Shareholder interests may differ from the interests of minority owners

Norvestor VI, L.P (the "**Main Shareholder**") is Permascand's largest shareholder and will after completion of the Offering control 44 percent of the shares and the votes in the Company, assuming that the Offering is subscribed in full, that the Overallotment Option is exercised in full and that the Joint Global Coordinators receive full discretionary fee. The Main Shareholder will be able to exert significant influence on matters requiring approval of the shareholders at the General Meeting. This includes, among other things, the appointment and dismissal of board members, decisions on dividends, decisions on new issues, amendments to the articles of association and other important matters. The interests of the Main Shareholder may differ from the interests of the Company or other shareholders and the Main Shareholder could exercise influence over the Company in a way that does not promote the interests of the other shareholders in the best possible way.

Commitments from Cornerstone investors are not guaranteed

Länsförsäkringar Fondförvaltning, RAM ONE AB for the funds RAM ONE and RAM Equity Long Short and SEB Investment Management are "**Cornerstone Investors**" and have undertaken to acquire shares in the Offering corresponding to a total of SEK 275 million. Provided that the Offering is fully subscribed, and that the Overallotment Option is utilizied in full, the commitments include 8,088,234 shares, corresponding to 47 percent of the total number of shares in the Offer and 14 percent of the share capital and votes in the Company after the completion of the Offering. However, Cornerstone Investors' commitments are not secured through bank guarantees, blocked funds, pledges or similar arrangements, and there is a risk that the Cornerstone Investors will not fulfil their obligations. The Cornerstone Investors' commitments are further subject to certain terms and conditions. In the event that any of these terms and conditions are not met, there is a risk that the Cornerstone Investors will not meet their commitments, which could have a negative impact on the implementation of the Offering.

Shareholders in the US or other countries outside Sweden may not be able to participate in potential future new share issues

If Permascand in the future issues new shares with preferential rights for existing shareholders, shareholders in certain countries may be subject to restrictions which mean that they cannot participate in such issues or that their participation is otherwise hampered or limited. Shareholders in the US cannot, for example, exercise their rights to subscribe for new shares unless there are registration documents in accordance with the Securities Act regarding such shares or if an exemption from the registration requirements of the Securities Act is applicable. Shareholders in other jurisdictions outside Sweden may be affected in a similar manner. Permascand has no obligation to submit registration documents under the Securities Act or to seek similar approvals or relevant exemptions under the legislation of any other jurisdiction outside Sweden, and to do so may be associated with practical difficulties and costs. To the extent Permascand's shareholders in jurisdictions outside Sweden cannot exercise their rights to subscribe for new shares in any future new issues, their proportional ownership in the Company will decrease. Such issues may therefore mean that existing shareholders receive their share of the Company's share capital diluted and may have a negative impact on the share price, earnings per share and the net asset value per share.

The Company's ability to provide dividends to its shareholders depends on its future earnings, financial position, cash flow, working capital needs, investment costs and other factors

Permascand's board of directors intends to use generated cash flow for continued growth and do not expect to propose a dividend in the short term. The Board of Directors will, however, each year evaluate the possibility of a dividend, taking into account the Company's business conditions, growth opportunities and financial position. All possible future dividends that the Company may resolve on depends on a number of factors such as future earnings, cash flow, the need for working capital, investment costs, compliance with loan terms and other factors. There is a risk that the Company will not have sufficient distributable funds and that the Company's shareholders do not resolve to pay dividends in the future. There is thus a risk that a dividend may not be proposed or approved or that there will not be any dividend during a certain year or at all.

INVITATION TO ACQUIRE SHARES IN PERMASCAND TOP HOLDING AB (PUBL)

In order to facilitate Permascand's continued development and growth, the Company's board of directors, together with Norvestor VI, L.P. (the "**Main Shareholder**"), has resolved to carry out a distribution of ownership of the Company's shares. On 7 May 2021, Nasdaq Stockholm AB decided that the Company meets the listing requirements for Nasdaq First North Premier Growth Market, provided that customary conditions, including the distribution requirement for the Company's shares, are met no later than the first day of trading in the Company's shares on Nasdaq First North Premier Growth Market and that the Company applies for admission to trading of the shares on Nasdaq First North Premier Growth Market. The first day of trading in the Company's shares is expected to commence on 4 June 2021.

Pursuant to the terms and conditions in the Prospectus, investors are hereby offered to acquire a maximum of 14,860,627 shares in the Company, consisting of 8,823,529 newly issued shares and 6,037,098 existing shares offered by the Selling Shareholders (the "**Offering**"). The price per share in the Offering has been set to 34 SEK and is based on assessed investment interest shown by Cornerstone Investors, prevailing market conditions as well as a comparison with the market price of other comparable listed companies. Provided that the Offering is fully subscribed, the number of shares in the Company will increase from 50,490,000 till 59,313,529, corresponding to a dilution of 17.5 percent of the total number of shares in the Company after completion of the Offering.

The board of directors of the Company intends to resolve the new share issue in the Offering based on the authorization from the Annual General Meeting held on 22 April 2021. The Offering, provided the Offering is fully subscribed, is expected to provide the Company with proceeds amounting to approximately SEK 300 million before deduction of costs related to the Offering amounting to approximately SEK 35 million.[1] The net proceeds from the Offering is thus expected to amount to approximately SEK 265 million. The total Offering, including the offering of existing shares from the Selling Shareholders, amounts to approximately SEK 505 million. The Company will not receive any proceeds from the Selling Shareholder's offering of existing shares.

OVERALLOTMENT OPTION

To cover any overallotment in connection with the Offering, the Main Shareholder has issued an option to Joint Global Coordinators, to offer not more than 2,229,094 shares, corresponding to a maximum of 15 percent of the number of shares included in the Offering which may be used in whole or in part for 30 days from the first day of trading on Nasdaq First North Premier Growth Market (the "**Overallotment Option**"). If the Overallotment Option is utilized in full, the Offering will comprise in total 17,089,721 shares, corresponding to a total Offering value of approximately SEK 581 million. The Overallotment Option may only be exercised to cover any overallotments in the Offering.

CORNERSTONE INVESTORS

Länsförsäkringar Fondförvaltning, RAM ONE AB for the funds RAM ONE and RAM Equity Long Short and SEB Investment Management are Cornerstone Investors and have undertaken to subscribe for shares to a total of SEK 275 million corresponding to 47 percent of the Offering including the Overallotment Option. These undertakings from the Cornerstone Investors correspond to a total of 14 percent of the Company's share capital and votes after the completion of the Offering. For further information on undertakings from Cornerstone Investors, see section *"Legal considerations and supplementary information — Subscription undertakings (Cornerstone Investors)"*.

For more information, refer to the full Prospectus, which has been prepared by the board of directors of the Company in connection with the Offering. The board of directors of the Company is responsible for the content of the Prospectus. To the best of the board of directors' knowledge, the information provided in the Prospectus complies with the factual circumstances and no information has been omitted from the Prospectus that could affect its content.

The board of directors
Ljungaverk 27 May 2021
Permascand Top Holding AB (publ)

1) The Company's costs related to the Offering are expected to amount to approximately SEK 50 million, of which approximately SEK 35 million remains to be paid after the completion of the Offering.

BACKGROUND AND REASONS

Permascand is a 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, with operations including R&D, technology development and production. In addition, the Company has offices in Gothenburg, Sweden and Vancouver, Canada.

Permascand has continuously developed its core technology platform, know-how and manufacturing capabilities since inception in 1971. The Company served as an in-house R&D focused unit for the years 1971 to 1993 under the joint ownership of De Nora and KemaNord and 1993 to 2012 under the ownership of AkzoNobel. Following a management buy-out of Permascand in 2012 the Company has repositioned its focus towards new clean tech applications. Permascand's products are key enablers in the global transition towards a more sustainable future. Examples of applications delivered by Permascand include electrochemical cells for hydrogen production for energy storage and fuel cells, ballast water treatment systems that help preserve marine ecosystems and technology for the extraction of lithium and green hydrogen, two compounds with importance for the global sustainable energy transformation due to their uses in fossil-free transportation and energy storage.

Permascand's strong market position and positive underlying market drivers have resulted in favourable development over the past years. The Company's net sales have increased from SEK 323.5 million during 2018 to SEK 415.0 million during 2020, representing a compounded annual growth rate ("**CAGR**") of 13 percent. During the same period, the Company has improved its Operating Margin from 6.7 to 14.5 percent. The Adjusted Operating Margin improved from 6.7 percent to 15.6 percent.[1] Since 2018, Permascand has made significant investments in automation and robotization resulting in improved operational efficiency and capacity improvement.

Permascand's s management and the board of director, together with the Main Shareholder, believes that the Company is well positioned to continue the positive development in all of the Company's segments and continue to capitalize on the favourable underlying market tailwinds for years to come. The Company's management and board of directors believes there is a great opportunity within the market for green hydrogen produced through electrolysis, an application for which Permascand has supplied electrodes to for nearly 20 years. Permascand's addressable market within hydrogen amounted to SEK 33 million during 2020 and is expected to reach SEK 3.4 billion in 2025, corresponding a CAGR of 152 percent.[2] Permascand's management and board of directors recognize the green hydrogen market as the Company's greatest commercial opportunity and have a long-term ambition to establish Permascand as one of the leading independent suppliers of catalytic coatings, electrodes and electrochemical cells within green hydrogen.

REASONS FOR LISTING ON NASDAQ FIRST NORTH PREMIER GROWTH MARKET

Permascand's board of directors and management, together with the Main Shareholder, believe that it is an appropriate time to broaden the Company's shareholder base and apply for listing on Nasdaq First North Premier Growth Market. The Offering and listing will give Permascand access to the capital market and a diversified base of Swedish and international shareholders, which the board of directors and management consider favourable to the Company's growth strategy. The board of directors and management further assess that a listing of the shares on Nasdaq First North Premier Growth Market will increase awareness of the Company and its operations as well as enhance Permascand's profile with investors, business partners, customers, coworkers and other important stakeholders.

The Offering includes both existing and newly issued shares. The Offering is expected to provide Permascand with approximately SEK 300 million before deduction of remaining costs related to the Offering, which are expected to amount to approximately SEK 35 million.[3] The Company is therefore expected to receive approximately SEK 265 million after deduction of costs related to the Offering.

Permascand intends to use the net proceeds to;

i. repay bank loans in a total of approximately SEK 252 million; and
ii. use the remaining SEK 13 million to increase the Company's financial flexibility in order to promote continued growth.

In connection with the Offering, the Company also expects to refinance its existing liabilities through new credit facilities, in order to achieve more favourable terms as a result of an improved indebtedness ratio and that after the Offering the Company will be listed.

Permascand will not receive any proceeds from the sale of shares by the Main Shareholder and the Selling Shareholders under the Offering and the Overallotment Option.

Ljungaverk, 27 May 2021
Permascand Top Holding AB (publ)
The board of directors

The board of directors of Permascand Top Holding AB (publ) alone is responsible for the content of the prospectus. However, the Main Shareholder confirms its commitment to the terms and conditions of the Offering in accordance with what is stated in the section "Terms and instructions".

The Main Shareholder

1) See sections "*Selected consolidated historical financial information – Reconciliation table for alternative key performance measures*" and "*Selected consolidated historical financial information — Consolidated key performance indicators*" for definitions.

2) The Market Study

3) The Company's costs related to the Offering are expected to amount to approximately SEK 50 million, of which approximately SEK 35 million remains to be paid after the completion of the Offering.

TERMS AND INSTRUCTIONS

THE OFFERING

The Offering comprises a maximum of 14,860,627 shares, of which 8,823,529 new shares are offered by the Company and 6,037,098 are existing shares offered by the Selling Shareholders. The Offering is divided into two components: (i) the Offering to the public in Sweden,[1] and (ii) the Offering to institutional investors in Sweden and abroad.[2] The final outcome of the Offering is expected to be announced through a press release on 4 June 2021.

Overallotment Option

To cover any overallotment in connection with the Offering, the Main Shareholder has issued an option to Joint Global Coordinators, to offer not more than 2,229,094 shares, corresponding to a maximum of 15 percent of the number of shares included in the Offering which may be used in whole or in part for 30 days from the first day of trading on Nasdaq First North Premier Growth Market (the "**Overallotment Option**"). The Overallotment Option may only be exercised to cover any overallotments in the Offering.

DISTRIBUTION OF SHARES

The distribution of shares between the two components of the Offering will be based on demand. Distribution will be determined by the The Company's Board of Directors and Selling Shareholders in consultation with the Joint Global Coordinators.

BOOK-BUILDING PROCEDURE

In order to achieve market-based pricing of the shares in the Offering, institutional investors will be given the opportunity to participate in a form of bidding (also known as book-building) by submitting a notice of interest. The tender procedure begins on 28 May 2021 and continues until 3 June 2021.

The tender procedure for institutional investors may be cancelled earlier than or extended over the date specified in this Prospectus. Notification of such cancellation or any extension will be provided by a press release before the end of the tender period. For more information see "*Terms and instructions — Offering to institutional investors*".

OFFERING PRICE

The offering price is SEK 34 per share. The price has been determined by the The Company's Board of Directors and Selling Shareholders in consultation with the Joint Global Coordinators based on a number of factors, including discussions with certain institutional investors, a comparison with the market price of other comparable listed companies, an analysis of previous transactions for companies within the same industry, the current market situation and estimates regarding the Company's business opportunities and future profitability. No commission is payable in connection with the Offering.

APPLICATION

Offering to the public in Sweden

Applications from the public for the acquisition of shares must be made between 28 May 2021 and 3 June 2021 and pertain to a minimum of 200 shares and a maximum of 27,000 shares[3], in even lots of 50 shares.

Only one application per investor may be made. Late applications, as well as applications that are incomplete or incorrectly filled out, may be disregarded. No additions or adjustments may be made on the pre-printed text on the application form. If more than one application is submitted, Carnegie and Nordnet reserve the right to consider only the first application received. Applications are binding. The Company's Board of Directors and Selling Shareholders, in consultation with the Joint Global Coordinators, reserves the right to extend the application period. Notification of such an extension will be given in a press release prior to the end of the application period.

From 3 January 2018, all legal entities need a global identification code or Legal Entity Identifier (LEI) in order to perform a securities transaction. To be entitled to participate in the listing and be allotted shares, a legal entity must hold and state their LEI number. Registration for a LEI code must take place in ample time prior to application since this code must be stated on the application. More information about LEI requirements is available on the Swedish Financial Supervisory Authority's website (fi.se).

Anyone wishing to use an account/a deposit with specific rules for securities transactions, such as endowments, for the acquisition of shares in the Offering must check with the bank or institution providing the endowment if this is possible.

Applications to acquire shares hall be made in accordance with the instructions for each bank as described below. The Prospectus is available on the Company's website (www.permascand.com), ABG Sundal Collier's website (www.abgsc.com) and Carnegie's website (www.carnegie.se).

Applications via Carnegie

Applicants applying to acquire shares through Carnegie must have a securities depository account or investment savings account with Carnegie. For customers with an investment savings account with Carnegie, Carnegie will, if the application results in allotment, acquire the corresponding number of shares in the Offering for further sale to the customer at the price specified in the Offering. Applicants may submit their applications by contacting their advisor at Carnegie. If the applicant does not have an advisor, the applicant may contact Carnegie Private Banking.

Applications via Nordnet

Nordnet clients in Sweden can apply through Nordnets webservice. Application to acquire shares is made via Nordnet's webservice and can be submitted from 28 May 2021 up to and including 15:00 (CET) on 3 June 2021. To ensure that they do not lose their right

1) The term "public" refers to private individuals and legal entities in Sweden applying to subscribe for a maximum of 27,000 shares.
2) The term "institutional investors" refers to private individuals and legal entities applying to subscribe for more than more 27,000 shares.
3) Applicants applying to acquire more than 27,000 shares must contact Carnegie in accordance with the procedures described under "*Application - Offering to institutional investors*".

to any allotment, Nordnet customers must have sufficient funds available in their account from 15:00 (CET) on 3 June 2021 until the settlement date, which is expected to be 8 June 2021. Full details of how to become a Nordnet customer and the application procedure via Nordnet are available on www.nordnet.se. For customers that have an investment savings account at the Company, should an application result in allotment, Nordnet will purchase the equivalent number of shares to the Offering and resell the shares to the customer at a price corresponding to the Offering.

Offering to institutional investors

The application period for institutional investors in Sweden and abroad is between 28 May 2021 and 3 June 2021. The Company's Board of Directors and Selling Shareholders, in consultation with Joint Global Coordinators, reserve the right to shorten or extend the application period for the Offering to institutional investors. Expressions of interest from institutional investors in Sweden and abroad are to be submitted to ABG Sundal Collier and Carnegie according to specific instructions.

Employees

Employees of Permascand who wish to acquire shares in the Offering shall follow specific instructions provided by the Company. Employees will only be allotted shares sold by the Selling Shareholders and will be granted prioritised allocation up to a value of SEK 30,000 per employee.

ALLOTMENT

Decisions concerning the allotment of shares will be made by the Company's Board of Directors and Selling Shareholders in consultation with the Joint Bookrunners, whereby the objective will be to achieve a strong institutional ownership base and a wide spread of shares among the public to enable regular and liquid trading of the Company's shares on Nasdaq First North Premier Growth Market.

Offering to the public in Sweden

Allotment is not dependent on when during the application period the application was submitted. In the event of oversubscription, allotment may be withheld or scaled back to a lower number of shares than that stated in the application, in which case allotment may be carried out entirely or partly through random selection. Allotment may also be made to employees of Carnegie, ABG Sundal Collier and Nordnet without these being prioritized. In such cases, allotment will take place in accordance with the rules of the Swedish Securities Markets Association and the Swedish Financial Supervisory Authority's regulations.

Offering to institutional investors

When determining the allotment of shares in the Offering to institutional investors, the objective will be to achieve a strong institutional ownership base. The allotment of shares to institutional investors that have submitted applications is entirely discretionary. However, the Cornerstone Investors are guaranteed allocation in accordance with their respective undertakings.

INFORMATION REGARDING ALLOTMENT AND PAYMENT

Offering to the public in Sweden

Allotment is expected to take place on or about 4 June 2021. As soon as possible thereafter, contract notes will be sent to those who have been allotted shares in the Offering. Those who have not been allotted shares will not be notified.

Applications received by Carnegie

Those who applied via Carnegie can receive information on allotment through their advisor or customer manager from 9:00 a.m. on 4 June 2021. Funds for payment are to be available in the stated securities depository account or investment savings account on 4 June 2021.

Applications received by Nordnet

Those who applied via Nordnet's internet service will receive information on allotment by the allotted number of shares being booked against payment of funds in the specified account, which is expected to take place on or about 09:00 CET on 4 June 2021. For securities deposit customers with Nordnet, funds for allotted shares will be drawn not later than the settlement date of 8 June 2021. Note that funds for the payment of allotted shares are to be available from 15:00 CET 3 June 2021 up to and including 8 June 2021.

Offering to institutional investors

Institutional investors are expected to receive information regarding allotment according to a special procedure on or about 4 June 2021, after which contract notes will be sent. Full payment for allotted shares must be made in accordance with the contract note and against the delivery of shares not later than 8 June 2021.

Insufficient or incorrect payment

If full payment is not made within the prescribed time, the allotted shares may be transferred to another party. If the selling price for such a sale were to be less than the Offering price, the individual who was originally allotted these shares may have to pay the difference.

REGISTRATION AND RECOGNITION OF ALLOTTED AND PAID SHARES

Registration of allotted and paid shares with Euroclear Sweden, for both institutional investors and the public, is expected to take place on or about 8 June 2021, after which Euroclear Sweden will distribute a notice stating the number of shares in the Company that have been registered in the recipient's securities account. Shareholders whose holdings are nominee-registered will be notified in accordance with the procedures of the individual nominee.

REGISTRATION OF THE NEW ISSUE IN THE OFFERING AT THE SWEDISH COMPANIES REGISTRATION OFFICE

The planned date for registration of the new share issue in the Offering with the Swedish Companies Registration Office is expected to be conducted around 8 June 2021. The specified date is preliminary and may change.

TERMS AND CONDITIONS FOR COMPLETION OF THE OFFERING

The Offering is conditional on the Company, the Selling Shareholders and the Joint Global Coordinators signing a placing agreement (the "**Placing Agreement**"), which is expected to take place on or about 3 June 2021. In addition, the Offering is conditional on the Joint Global Coordinators believing there to be sufficient interest in the Offering to enable trading in the share, certain terms and conditions in the Placing Agreement being fulfilled and the Placing Agreement not being terminated. The Placing Agreement stipulates that Joint Global Coordinator's undertaking to serve as an intermediary for buyers in the acquisition of shares in the Offering is conditional on, inter alia, the Company's representations and warranties being correct and no events occurring that have such a material negative impact on the Company that it would be inappropriate to carry out the Offering. If any material adverse events occur, if the guarantees that the Company has issued to the Joint Global Coordinators should fall short or if any of the other conditions stipulated by the Placing Agreement are not fulfilled, the Joint Global Coordinators are entitled to terminate the Placing Agreement up to and including the settlement date of 8 June 2021. If these conditions are not fulfilled, and if the Joint Global Coordinators terminate the Placing Agreement, the Offering may be terminated. In such cases, neither delivery nor payment will be carried out under the Offering. The Offering may be terminated, due to the above, no later than commencing of trading on the settlement date 8 June 2021. Under the Placing Agreement, the Company will undertake to indemnify Carnegie against certain claims under certain conditions. For full information on the agreement on the placement of shares, see the section "*Legal considerations and supplementary information — Placing Agreement*".

ANNOUNCEMENT OF THE OUTCOME OF THE OFFERING

The final outcome of the Offering is expected to be announced through a press release that will be available on the Company's website (www.permascand.com) on or about 4 June 2021.

ADMISSION TO TRADING ON NASDAQ FIRST NORTH PREMIER GROWTH MARKET

The shares in the Company will be the subject of an application for admission to trading on the multilateral trading platform and the growth market for small and medium-sized companies - Nasdaq First North Premier Growth Market. Nasdaq Stockholm AB, which operates Nasdaq First North Premier Growth Market, has on 7 May 2021 resolved that the Company meets the listing requirements provided that customary conditions, including the distribution requirement, are met no later than the first day of trading in the Company's shares. The Company's Board of Directors intends to complete the application for admission to trading of the Company's shares on the Nasdaq First North Premier Growth Market and trading is expected to commence on 4 June 2021.

The ticker for the Company's on Nasdaq First North Premier Growth Market share will be PSCAND.

STABILIZATION MEASURES

In connection with the Offering, ABG Sundal Collier may carry out transactions for the purpose of supporting the market price of the Company's shares above that which might otherwise prevail in the market. Such stabilization transactions may be carried out on Nasdaq First North Premier Growth Market, the OTC market or otherwise, and may be carried out at any time during the period beginning on the first day of trading in the share on Nasdaq First North Premier Growth Market and ending no later than 30 calendar days thereafter. ABG Sundal Collier is not obliged to carry out stabilization transactions and there is no assurance that stabilization will take place. Commenced stabilization may be discontinued at any time. Stabilization transactions will not be carried out at prices higher than the offering price. No later than by the end of the seventh trading day after a stabilization transaction has been undertaken, ABG Sundal Collier shall disclose information on the stabilization transaction in accordance with Article 5(4) of the Market Abuse Regulation (EU) 596/2014. Within one week after the end of the stabilization period, ABG Sundal Collier shall disclose whether stabilization transactions have been carried out, the dates on which stabilization transactions were carried out (where applicable), including the date at which such actions last occurred, and the price range within which the stabilization transactions were carried out, for each of the dates on which stabilization transactions were carried out.

RIGHT TO DIVIDENDS

The shares offered carry a right to dividends for the first time on the record date for dividends occurring immediately after completion of the Offering. Payment will be administered by Euroclear Sweden or, for nominee-registered shareholdings, in accordance with the procedures of the individual nominee. Entitlement to receive a dividend is limited to shareholders registered in the shareholder register maintained by Euroclear Sweden on the record date determined by the general meeting. For more information, refer to the section "*Share capital and ownership structure*".

IMPORTANT INFORMATION REGARDING THE POTENTIAL SALE OF ALLOTTED SHARES

As soon as payment for the allotted shares has been processed by Carnegie and Nordnet, paid shares will be transferred to the securities depository account or securities account specified by the acquirer. Due to the time required for transferring payment and transferring paid shares to such acquirers, the acquirers will be unable to access said shares in the specified securities depository account or specified account until about 8 June 2021 at the earliest. Trading in the Company's shares on Nasdaq First North Premier Growth Market is expected to commence on 4 June 2021. Given that the shares will not be available in the acquirer's account or securities depository account until about 8 June 2021 at the earliest, the acquirer may only be able to sell the shares once they are available in the securities account, investment savings account or securities depository account. Investors will be able to obtain information on allotment from 4 June 2021. For more information, refer to the section "*Information regarding allotment and payment — Offering to the public in Sweden*".

INFORMATION ABOUT THE PROCESSING OF PERSONAL DATA

Carnegie

Personal data that is submitted to Carnegie, for example contact information and personal identification number, or which is otherwise registered in connection with the preparation or a dministration of the Offering, is processed by Carnegie, as controller of the personal data, for the administration and execution of the Offering. Processing of personal data also takes place to enable Carnegie to comply with its statutory duties.

Personal data may for a defined purpose, in observance of bank secrecy rules, occasionally be disclosed to other companies within the Carnegie Group or to undertakings which co-operate with Carnegie, within and outside the EU/EEA in accordance with EU's approved and appropriate protective measures. In certain cases Carnegie is also under a statutory duty to provide information, e.g. to the SFSA and Swedish Tax Agency.

Similarly to the Securities Market Act, the Banking and Financing Business Act contains confidentiality provisions according to which all of Carnegie's employees are bound by a duty of confidentiality with regard to clients of Carnegie and other parties to whom services are provided. The duty of confidentiality also applies between and within the various companies in the Carnegie Group.

Information regarding what personal data is processed by Carnegie, deletion of personal data, limitation on the processing of personal data, data portability or the rectification of personal data can be requested from Carnegie's Data Protection Officer. It is also possible to contact the data protection officer to obtain further information about how Carnegie processes personal data. If the investor wishes to make a complaint regarding Carnegie's processing of personal data, the investor is entitled to turn to the Swedish Data Protection Authority in its capacity as supervisory authority.

Personal data shall be deleted if it is no longer needed for the purposes for which it was originally collected or otherwise processed, provided that Carnegie has no legal obligation to preserve the personal data. The normal storage time for personal data is 10 years. Address to Carnegie's data protection officer: dpo@carnegie.se.

NORDNET

Nordnet - Information about the processing of personal data

Personal Data

In connection with acquiring shares in the Offering through Nordnets online service personal data may be submitted to Nordnet. Personal Data submitted to Nordnet will be processed and stored in data systems to the extent required to provide services and administer customer arrangements. Personal data obtained from other than the customer in question may also be processed. The personal data may also be processed in the data systems of companies or organisations with which Nordnet cooperates. All relevant personal data will be deleted when the customer relationship ends, in accordance with applicable law. Information on processing of personal data is provided by Nordnet, which also accepts requests for correction of personal data. For further information on how Nordnet processes and stores personal data, please contact Nordnet's customer service, email: info@nordnet.se.

OTHER INFORMATION

Although Carnegie and ABG Sundal Collier are Joint Global Coordinators, this does not necessarily mean that Carnegie or ABG Sundal Collier considers applicants for the Offering to be customers of the respective banks for the investment. For the investment, an acquirer is considered a customer only if the bank has provided advisory services about the investment to the acquirer or has otherwise contacted the acquirer about the investment. Should the bank not consider the acquirer to be a customer for the investment, the investment will not be subject to the rules on investor protection stipulated in the Swedish Securities Market Act (Sw. lagen (2007:528) om värdepappersmarknaden). This means, inter alia, that neither customer categorization nor a suitability assessment will be applied to the investment. Accordingly, the acquirers themselves are responsible for ensuring that they have sufficient experience and knowledge to understand the risks associated with the investment.

INFORMATION TO DISTRIBUTORS

In consideration of the product governance requirements in: (a) EU Directive 2014/65/EU on markets in financial instruments ("**MiFID II**"), (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II, and (c) Chapter 5 of the Swedish Financial Supervisory Authority's regulations regarding investment services and activities (FFFS 2017:2) (jointly referred to below as "**MiFID II's product governance requirements**"), and with no liability to pay damages for claims that may rest with a "manufacturer" (in accordance with MiFID II's product governance requirements) that may otherwise be relevant, the Company's shares have been subject to a product approval process whereby the **target market** for the Company's shares comprises (i) retail clients, and (ii) investors who meet the requirements for non-retail clients and equivalent counterparties, each in accordance with MiFID II (the "target market"). Notwithstanding the assessment of the target market, distributors are to note the following: the value of the the Company's shares may decline and it is not certain that investors will recover all or portions of the amount invested; the Company's shares offer no guaranteed income and no protection of capital; and an investment in the Company's shares is suitable only for investors who do not require a guaranteed income or protection of capital, who (either themselves or together with an appropriate financial advisor or other type of advisor) are capable of evaluating the benefits and risks of such an investment and who have sufficient funds with which to sustain such losses as may arise from the investment. The assessment of the target market does not impact the requirements in the contractual, statutory, regulatory or sales restrictions in relation to the Offering.

The assessment of the target market is not to be considered to be: (a) an assessment of suitability and appropriateness under MiFID II, or (b) a recommendation to any investors or group of investors to invest in, procure or take any other action regarding shares in the Company.

Each distributor is responsible performing their own assessment of the target market regarding the Company's shares and for deciding on suitable channels of distribution.

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MARKET OVERVIEW

The Prospectus contains information about Permascand's activities and the markets in which Permascand operates. Information on market growth, market size and Permascand's market position relative to competitors referred to in this Prospectus are based on Permascand's overall assessment based on both internal and external sources. Unless otherwise stated, the information in this section is based on Permascand's analyses and knowledge of the Company's markets. The sources which form the basis for Permascand's assessment include a range of third party market information providers and, among other sources, a market report produced by Arkwright commissioned by the Company, dated 23 March 2021 (the "Market Study"). The third party information has been accurately reproduced, and, as far as the Company is aware and is able to ascertain from information published by the third party from which the information was obtained, no facts have been omitted which would render the reproduced information inaccurate or misleading. The Company has, however, not independently verified the correctness or completeness of any third party information and the Company can therefore not guarantee its correctness or completeness.

Market and industry information contains estimates regarding future market development and other forward-looking information. Forward-looking information is not a guarantee of future results or developments and actual results may differ materially from those in the forward-looking information.

A glossary of terms can be found in the section "*Glossary*" in the Prospectus.

INTRODUCTION

Overview and introduction to the electrochemical cell and electrode market

Permascand manufactures mission critical electrochemical solutions and electrodes for a wide range of applications. This requires an extensive understanding of customers' applications in a broad range of end markets and geographies. The processes utilising Permascand's solutions are often complex and require high levels of performance and reliability. All Permascand products and solutions are built around the Company's core technology, catalytic coatings, but each with their own distinct end-usage and technological challenges. Catalytic coating is manufactured by applying several layers of a coating formulation based on precious metals (commonly including, inter alia, iridium or ruthenium) and other compounds for titanium and nickel plates, mesh, wires, tubes or combinations thereof, which then act as a catalyst for specific electrochemical reactions. These reactions have several applications, including electrolysis, which is the process of utilising direct electric current to bring about an otherwise non-spontaneous chemical reaction. Electrolysis is commercially important for, among other things, industrial production of certain chemicals and separation of elements when extracting metals. Several of Permascand's products are components in processes and systems which enable the global transition towards a more sustainable future, including products that:

- Provide technology for hydrogen and lithium production, two compounds with importance for the transition to global sustainable energy due to their uses in fossil-free transportation and energy storage;
- Preserve marine ecosystems through ballast water treatment systems, where electrolysis is applied to produce an active substance used to disinfect water; and
- Reduce energy consumption for several industrial processes.

Coated electrodes require regular recoating because performance decreases when the catalytic coating is consumed during the use of electrodes. This means that aftermarket services such as electrode recoating are a significant revenue stream across all market segments.

CURRENTLY ADDRESSABLE MARKET SEGMENTS

Permascand's current addressable market can be divided into three segments: the Electrification & Renewables market, the Water Treatment market, and the Industrial Solutions market. The Electrification & Renewables market segment includes solutions for extracting hydrogen from water through electrolysis, where Permascand delivers electrodes and coating technology that can be used for the production of green hydrogen. The segment also includes sales of components for electrowinning plants and technology for extraction of lithium and energy transmission. End-customers within the Water Treatment segment mainly consist of ship owners in need of ballast water treatment systems. In addition to ballast water treatment systems, a small part of Permascand's revenue is attributable to customers within different areas of the Water Treatment market, such as surface disinfection. However, since these areas are not considered part of Permascand's core business, they are excluded from the addressable market definition in this market overview section. The Industrial Solutions market segment comprises chlorate and chloralkali plants producing chemicals such as chlorate, chlorine and caustic soda. According to the Market Study, Permascand's total addressable market is estimated to approximately SEK 2.5 billion in 2020 and is estimated to grow to approximately SEK 7.9 billion in 2025 which implies a CAGR of 26 percent.

Growth in Permascand's addressable market is expected to be in large part attributable to the Electrification & Renewables segment, and more specifically to the hydrogen sub-segment. Key growth drivers include the widespread commercialisation of alkaline water electrolysis, which is often referred to as "green hydrogen production" since the technology enables fossil-free hydrogen production, and the need for a significant ramp-up of electrolyser capacity to meet long-term demand of green hydrogen.

For ballast water treatment systems, international environmental regulations are expected to drive market demand. Existing vessels will need to be retrofitted with ballast water treatment systems, and sales are expected to peak around 2024. Thereafter, the market is expected to be weighted towards aftermarket services for the installed basis of ballast water treatment systems.

The total addressable market size in 2030 is expected to reach SEK 19 billion with the hydrogen sub-segment constituting SEK 15.5 billion. However, since some of the addressable market segments are in the early stages of commercialisation, especially the hydrogen sub-segment, there is significant uncertainty associated with their future growth and potential due to factors such as the speed of technological adoption, which may be faster or slower than currently expected by the Company.

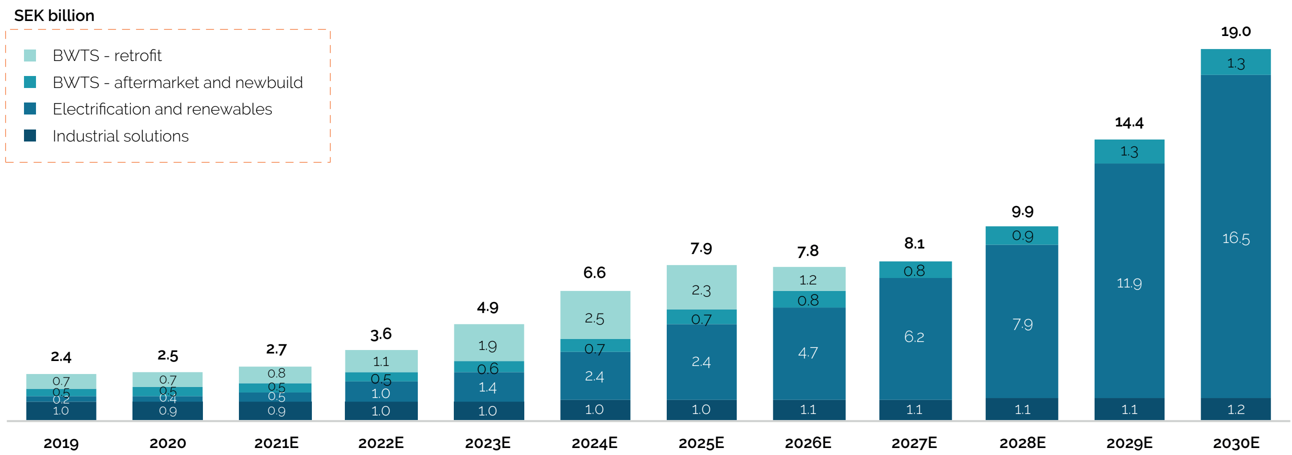


Figure 1: Overview of Permascand's total addressable market by segment. The addressable market is delimited to encompass only Permascand's current technological offering and current geographical focus. Source: The Market Study

Global electrochemical market and other potential market segments

Electrochemistry is used in a variety of applications aimed at various end markets. The annual global sales of products manufactured through an electrochemical process is estimated by the Market Study to amount to approximately SEK 3,000 billion. Permascand's offering is geared towards the electrolysis equipment market segment, which includes electrodes, electrochemical cells and other electrolysis equipment. The electrolysis equipment market (including aftermarket services) is currently estimated to amount to approximately SEK 150 to 200 billion in terms of annual global sales. Permascand's technically addressable market is estimated to amount to approximately SEK 25 billion of this market. This includes the global market for technologies that are currently focus areas for Permascand, as well as certain areas of the market that are not considered focus areas but are addressable with Permascand's current technological capabilities. Taking Permascand's three current focus areas – Electrification & Renewables, Water Treatment Systems and Industrial Solutions – into account, and excluding regions outside of Permascand's geographical focus areas, which are Europe and North America, the current addressable market is assessed to amount to approximately SEK 2.5 billion in 2020.[1]

Since the range of applications for electrolysis equipment is very broad, the main reason that certain technical or geographical areas of the market are not addressable for Permascand is that the Company has not placed strategic focus on these areas. While it is possible for Permascand to focus on electrochemical market areas that are currently not a strategic focus for the Company, such efforts might require significant time and large investments in production plants, machinery, R&D, marketing and/or sales, and are therefore considered not to be addressable as of the date of this Prospectus. As Permascand considers the future market potential in its currently addressable market areas to be substantial, especially within hydrogen and water treatment systems, it is not currently planning to venture into other potential market segments in the near term.

1) The Market Study

THE ELECTRIFICATION & RENEWABLES MARKET

Permascand divides the Electrification & Renewables market into four areas: hydrogen, lithium, electrowinning, and energy transmission. According to the Market Study, these markets, particularly the hydrogen and lithium segments, are in their infancy, with the majority of the addressable market expected to materialise in the medium to long term. Hence, estimating the size and growth rates of these addressable markets is difficult and subject to a high degree of uncertainty. For example, the growth of these markets can in large part depend on the speed of adoption of electric and hydrogen powered vehicles, which is in turn affected by factors such as environmental regulations and technical developments, both relating to lithium-ion batteries and hydrogen gas technologies, but also relating to other competing technologies.

According to the Market Study, Permascand's total addressable Electrification & Renewables market was approximately SEK 0.4 billion in 2020 and is expected to grow at a CAGR of 60 percent between 2020 and 2025 to reach SEK 3.9 billion. By 2030, the market is estimated to amount to approximately SEK 16.5 billion, mainly driven by developments in the hydrogen sub-segment.

Hydrogen

The hydrogen segment consists of the design and manufacturing of electrochemical cells and electrodes that are used in alkaline water[1] electrolysis. This technology is utilised in certain hydrogen production facilities. There are several end-application areas for hydrogen, including as fuel for electric vehicles, energy storage, grid balancing, and as industrial fuel and feedstock. Traditionally, hydrogen has often been generated via the combustion of fossil fuels such as natural gas, a process that emits carbon dioxides and is often referred to as "**grey hydrogen production**". In contrast to grey hydrogen production, the technology relevant for Permascand is based on alkaline water electrolysis, which is powered by electricity. Hydrogen, however, can be generated using solely renewable energy sources without carbon dioxide emissions, which is why it is often referred to as green hydrogen production. According to the Market Study, green hydrogen will be essential to solving the overarching problem of global warming in the 21st century. There are several applications where hydrogen is expected to play a key role in the future, including as an energy carrier, a facilitator of decarbonisation and as a fuel for transportation.

According to the European Commission,[2] there are several indications that the hydrogen market in Europe will grow rapidly in the future as hydrogen does not emit carbon dioxide when used. The European Commission has further stated that hydrogen offers a solution that can be used to decarbonise industrial processes, including in economic sectors where reductions in carbon emissions are difficult to realise. Furthermore, the European Commission has stated that rapid and large-scale deployment of green hydrogen is essential to achieve the EU's climate ambitions, and the cumulative investments in renewable hydrogen in Europe alone could amount to EUR 180-480 billion by 2050.[3] Aside from the strong growth in Europe, it has also been stated that the EU should actively strive towards initiating collaboration regarding clean energy with neighbouring countries and regions, further supporting significant future potential for green hydrogen. Key actions in the transition towards green hydrogen include the development of an investment agenda through the European Clean Hydrogen Alliance, which aims to realise the extensive deployment of hydrogen technologies by 2030.

According to the Market Study, two main green hydrogen extraction technologies are in the commercialising stage: alkaline water electrolysis ("**ALK**") and polymer electrolyte membrane electrolysis ("**PEM**"). Both technologies involve the electrolysis of water.

Overview of the main hydrogen exctraction technologies and their respective advantages and disadvantages.

Green hydrogen production techniques	Advantages	Disadvantages
Alkaline Water Electrolysis	• Well established • Inexpensive • Long lifetime • Suitable for medium or large sized projects • Durable production method	• Lower efficiency and hydrogen gas purity • Not suitable for variable electricity input
Polymer Electrolyte Membrane	• High efficiency • High gas purity • Rapid system response • Suitable for small or medium sized projects	• High cost due to dependence on noble metals such as iridium and platinum • Newer technology and thus higher manufacturing costs • Sensitivity towards the de-activation of the catalytical material

Source: The Market Study and Permascand's analysis.

1) Water mixed with an electrolyte. Usually electrolytes are solutions of salts, acids or bases. Salt water is an example of alkaline water.
2) European Commission (2020), Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, A Hydrogen Strategy for a Climate-Neutral Europe.
3) IRENA (2020), Global Renewables Outlook cited in European Commission (2020), Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, A Hydrogen Strategy for a Climate-Neutral Europe.

According to the Market Study, ALK and PEM are expected to retain their positions as the dominant hydrogen water electrolyser technologies until 2030. The technology relevant to Permascand, ALK, is more suitable for medium to large-scale industrial installation with PEM more suited for handling variable electricity load. The current market share for ALK is approximately 60 percent and for PEM approximately 40 percent. The ALK technology is more mature than the PEM technology, and thus less expensive in general. There are other alternative techniques under development, such as solid oxide electrolysis and anion exchange membrane. However, these techniques are at an early stage of development and have not yet been commercially tested on a large scale.

Value chain

The value chain for the hydrogen market consists of electrode and cell suppliers, electrolyser manufacturers (so called OEM)[1] as well as hydrogen producers and end-users. Electrode and cell suppliers such as Permascand and De Nora sell electrodes that constitute the core of electrolysers. The manufacturers of water electrolysers are technology integrators and include companies such as Hydrogenics and Asahi Kasei. Other companies are vertically integrated and produce both electrodes/cells and electrolysers. Examples of vertically integrated players include Nel and De Nora, the latter through a joint venture with ThyssenKrupp. In order to make hydrogen and the hydrogen market commercially attractive, the Company believes that hydrogen producers that produce hydrogen in very large volumes at a lower cost, will be required. Permascand is an OEM agnostic, independent supplier to manufacturers of electrolysers, since the Company is solely focused on the development, design and manufacturing of efficient electrodes and cells. Due to the efficiency of Permascand's products, the Company can supply both manufacturers and integrated players with electrodes. Finally, hydrogen producers and end-users include producers of hydrogen, hydrogen distribution companies, owners of electric vehicles, energy storage companies and industry.

Market size and growth

According to the Market Study, Permascand's addressable hydrogen market is estimated to amount to SEK 33 million in 2020 and is then expected to grow at a CAGR of 152 percent to 2025, where it is expected to reach a value of SEK 3.4 billion. Due to the early stage of the addressable hydrogen market, it is difficult to precisely estimate the long-term potential of the technology. However, according to the Market Study, it has the potential to reach a total size of approximately SEK 15.5 billion in 2030, with aftermarket services constituting an increasing share of the total market size as it matures. The aforementioned market size is based on the base case scenario for the development of the accumulated electrolysis capacity, described in the Market Study. Estimates vary considerably in terms of market developments to 2030. The accumulated electrolysis capacity for 2030 varies between 27 GW and 82 GW based on different estimates.

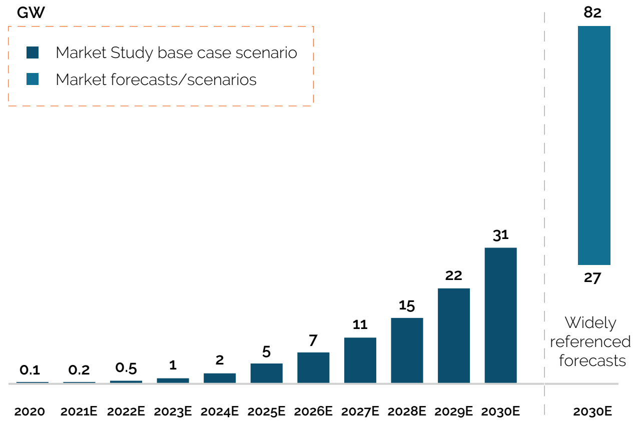


Figure 2: Accumulated electrolysis capacity. "Widely referenced forecasts" refers to BloombergNEF (high case), Rystad Energy, Frost & Sullivan, EU Hydrogen Roadmap and Wood Mackenzie. Source: The Market Study

The market growth is based on the expansion of electrolysis capacity, which is driven by expected new hydrogen gas plants. Permascand's current focus on hydrogen, is to deliver electrodes and electrochemical cells to these expected projects. According to the Market Study, there has been a significant expansion in the number of expected green hydrogen production projects between 2019 and 2020, with upcoming projects amounting to approximately 20 GW at the end of 2019, and approximately 70 GW during 2020, and the pipeline by the end of 2020 of approximately 70 GW, indicating an increase of 3.5 times the original value during the course of only one year. Approximately half of the 228 projects announced globally, are located in Europe. Furthermore, according to the Market Study, several countries launched new or updated roadmaps for hydrogen production in 2020, with significant investments planned in the coming years. Growth in the segment is expected to be driven by strong demand for green hydrogen as it contributes to lower carbon emissions and thus helps tackle global warming and climate change. The accumulated global green electrolysis capacity is expected to increase by 310 times between 2020 and 2030, largely due to a strong up-tick at the end of the decade with several Giga projects (projects with over 1 GW in installed capacity).[2] The expected electrode replacement rate is assessed to be approximately 8 years.

1) An OEM is a company that produces parts and equipment that can be marketed by another producer.
2) The Market Study

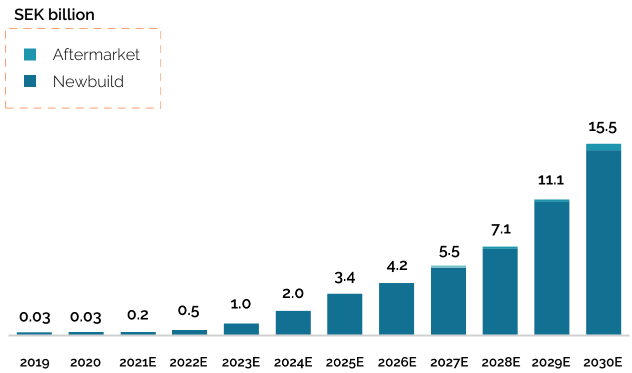


Figure 3: Addressable hydrogen market development. Aftermarket is expected to materialise after 2025. The bar for 2030E illustrates an approximative split between aftermarket and newbuild. Source: The Market Study

Key industry trends and incentives

According to the Market Study, several key trends drive demand in Permascand's addressable hydrogen market. These include a strong push towards green hydrogen which is considered an essential step for reducing carbon emissions from industry. Another key trend is the expected increase in the usage of fuel-cell electric vehicles, as they are characterised by a lower environmental footprint and carbon dioxide emissions compared to vehicles with internal combustion engines. This trend would be further strengthened if the price of carbon dioxide increases since this would result in alternative fuels with lower carbon dioxide emissions being more competitive from a cost perspective. A third key market driver is the increasing need for electricity, energy storage and grid balancing. With the increasing use of renewable energy sources driving the demand for grid balancing methods, hydrogen demand is expected to increase given that it is a promising energy storage medium. State subsidies and strategic action plans can also drive demand for hydrogen.[1]

Competitive landscape

The competitive landscape for the green hydrogen market segment consists of electrode suppliers such as De Nora and Magneto and to some extent electrolyser manufacturers such as Nel, Hydrogenics and Hitachi.[2] Some electrolyser manufacturers produce their own electrodes and cells in-house, meaning that they can be considered both potential customers and indirect competitors. According to the Market Study, the electrode market for ALK is roughly evenly split between self-produced electrodes and electrodes purchased from external suppliers. However, the market perception is that purchasing electrodes from external suppliers is becoming more common. This is considered to be driven mainly by the increasing scale and complexity of hydrogen gas projects for which the electrodes constitute key components for increased performance and reliability. Furthermore, electrodes may, according to the Market Study, have a major impact when it comes to reducing the overall costs of electrolysis, and there are indications that many OEMs may turn to specialist electrode producers with expertise in coatings and electrodes to a greater extent.

Lithium

The lithium segment encompasses the manufacturing of electrochemical cells utilised in selected electrolysis processes used for the extraction of lithium chemicals. According to the Market Study, the most common method of extracting lithium involves a three-step method which is herein referred to as the traditional process. Permascand offers an alternative emerging technology based on electrochemistry, which effectively bypasses one step of the traditional process. The segment of the lithium market which is addressable for Permascand is the electrochemical lithium extraction market, which is herein defined as Permascand's addressable lithium market. The electrochemical method of lithium extraction offers several benefits compared to the traditional process, including a less time-consuming process, lower costs and reduced environmental impact in the sense that it does not generate chemical waste.

The electrochemical lithium extraction technology utilised by Permascand is currently not widespread. Permascand's technology has been successfully tested and verified on a small scale together with its partners. Permascand believes that in order for the technology to reach widespread commercialisation, deployment on a larger scale will be required in order to further verify the value proposition.

Value chain

The value chain for the lithium hydroxide market can be divided into four parts: supplies of electrolysis cells, technology integrators, lithium hydroxide producers and end customers.

Electrolysis cell providers such as Permascand design and manufacture electrochemical cells utilised in the lithium extraction process. Technology integrators such as Noram incorporate the electrochemical cells into fully functioning lithium extraction systems. Lithium hydroxide producers such as Nemaska Lithium use the extraction systems and sell the extracted lithium chemicals to end users who incorporate the lithium into their products, such as batteries. End users can include lithium-ion battery manufacturers such as Tesla and Samsung SDI.

Market size and growth

According to the Market Study, Permascand's addressable lithium market is estimated to properly materialise in 2022, with a total market value of SEK 20 million in that year, and to grow at a CAGR of 77 percent to 2025, where it is expected to reach a value of SEK 110 million.

To the best of its knowledge, Permascand's niche technologies within lithium lack clear competitors offering the same or a similar technology. Hence, assumptions made when estimating the addressable market are in part based on the estimated and extrapolated commercialisation potential of existing and planned Permascand pilot projects. For this reason, Permascand believes that it is in a strong position to capture significant market shares, should the technology be validated and widely commercialised. Under these estimates, the addressable market has the potential

1) The Market Study
2) The Market Study

to reach a total size of approximately SEK 283 million in 2030, with aftermarket services constituting an increasing share of the total market as it matures. However, due to the particularly early stage of Permascand's addressable lithium market, it is difficult to make precise estimates of the technology's long-term potential. Permascand's current focus within the lithium segment is to validate the technology on a large scale through pilot projects with existing and potential customers. If the technology is validated, the focus will shift towards construction of new plants and capacity expansions projects, whereas the lithium aftermarket is expected to increase in relevance from around 2024/2025. The Company assesses the aftermarket potential to be significant due to the relatively short recoating cycles of 2-5 years in the segment.

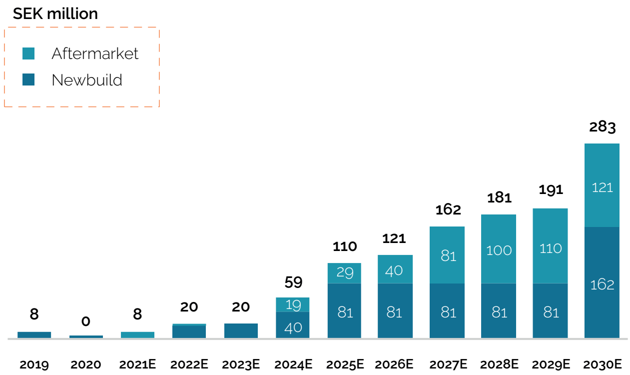


Figure 4: Addressable lithium market development. Source: The Market Study

Key industry trends and incentives

A relatively short recoating cycle for electrochemical cells is the main driver for the strong expected development of the lithium aftermarket. The recoating cycle is driven by the consumption of electrochemical cells as they are utilised for the lithium extraction process. The Market Study estimates that the recoating cycle for the electrochemical cells will be between 2 -5 years.

There are two main market drivers according to the Market Study: the electrification of the transport sector and demand for energy storage. In both cases, the demand for lithium-ion batteries is affected positively, as they are well suited for the storage of electricity. Trends such as regulatory changes regarding electric vehicles, the development of electric vehicle infrastructure and the increased production of electric vehicles by global car manufacturers are key drivers of the electrification of the transport sector. Furthermore, increased demand for energy storage is expected to be driven by the increasing importance of grid management, load shifting and peak management due to electrification and the increased use of renewable energy sources requiring new storage methods.

Competitive landscape

According to the Market Study, the competitive landscape within the lithium segment is comprised of companies offering the traditional method of the extraction of lithium, whereas Permascand's niche technology does not appear to have a clear competitor offering the same or a similar technology. Some of the key players utilising the traditional method of lithium extraction include Albemarle, Orocobre, GanfengLithium and SQM. According to the Market Study, the development of a technology similar to Permascand's would require significant time, R&D expenditure and validation testing. For example, it would likely not be possible for a competitor to acquire the new technology by simply making minor adjustments to an already existing electrochemical cell.

Electrowinning

The electrowinning segment comprises the manufacturing and sales of electrochemical cells utilised in industrial electrowinning processes, which are processes for extracting metallic ores. According to the Market Study there are two main anode types utilised in electrowinning, dimensionally stable anodes ("**DSA**") and lead anodes. The majority of the electrowinning industry still operates with lead anodes, an older and cheaper technology to install compared to DSAs. Permascand manufactures DSAs which are a key component in electrowinning of metals such as nickel and copper. According to the Market Study, the benefits of DSAs compared to lead anodes include the fact that they are more energy efficient (i.e. lower power consumption per yielded ore) and thus cheaper to operate. They also have longer life cycles and are to a larger degree more recyclable than lead anodes, and hence more environmentally friendly. Metals extracted from electrowinning are used in a wide variety of products. For example, nickel is mainly used in the production of stainless steel, alloys and batteries, whereas copper is used in numerous industries and consumer goods, including in construction, electric grid infrastructure and electronics. Permascand has an established customer base within electrowinning and serves an established aftermarket. In addition to the aftermarket, electrowinning plants wishing to convert from lead anodes to DSAs are also a potential source of future income for the Company.

Value chain

The value chain for the mining and metals market can be divided into the following steps: miners, which extract minerals from the earth, smelters which thermally treat metals; refiners, which further treat metals for higher purity; end-users; and recyclers. Electrowinning is utilised by refiners as one of multiple techniques employed for metal refining. Anode suppliers such as Permascand, De Nora and Outotec manufacture coated anodes which are supplied to refining plants. Refining players include Glencore, Vale and Eramet. These refiners utilise electrowinning to produce high purity metals.

Market size and growth

According to the Market Study, Permascand's addressable electrowinning market is estimated to SEK 309 million in 2020 and is expected to grow at a CAGR of 3 percent to 2025, where it is expected to reach a value of SEK 361 million. According to the Market Study, the market has the potential to reach a total size of approximately SEK 607 million in 2030. The newbuild portion of the addressable market consists of both new electrowinning plants with DSAs as well as the conversion of plants from lead anodes to DSAs. The aftermarket refers to recoating of already installed DSAs.

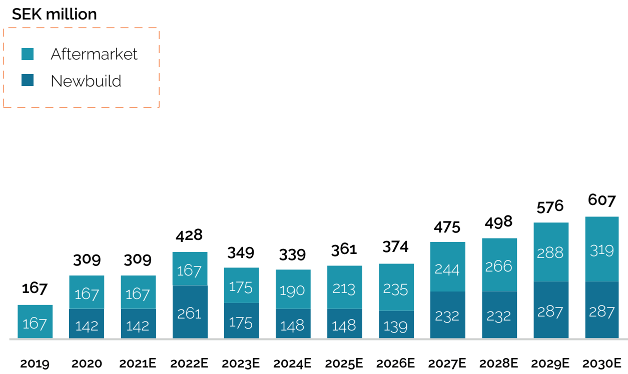


Figure 5: Addressable electrowinning market development. Source: The Market Study

Key industry trends and incentives

The main driver for the electrowinning segment is the required recoating of anodes. According to the Market Study, anodes utilised for electrowinning of copper requires recoating approximately every six years, and anodes utilised for electrowinning of nickel are estimated to require recoating every 13 years. The electrowinning market is also driven by increasing demand for electric vehicles, gross domestic product ("**GDP**") growth, industrialisation and urbanisation, as well as a growing environmental focus within the industrial sector, which is identified by the Market Study as a driver for demand for DSAs compared to traditional lead anodes.

Competitive landscape

According to the Market Study, some of the main players in the dimensionally stable anodes electrode market include Outotec, De Nora, and Arsenalua. These players manufacture and sell DSAs and are considered by the Company to be direct competitors. According to the Market Study, established relationships with key players is an important success factor, and the Company believes that it has established several such relationships.

Energy transmission

The energy transmission market consists of the manufacturing of electrodes used in the cooling of thyristor valves used in high-voltage direct current ("**HVDC**") converter stations. The technology is primarily used in large electricity infrastructure projects where large volumes of high-voltage electricity need to be converted from alternating current to direct current (and vice versa) to be more efficiently transferred across large distances, above ground or below water. Thyristor valves can be said to be the heart of a HVDC converter station as they facilitate the actual conversion.

The value chain

The value chain relevant for Permascand in the energy transmission segment consists of electrode suppliers, HVDC converter station producers and energy and energy transmission companies. Permascand is the sole electrode supplier for one of the largest global HVDC converter station producers, according to the Market Study. The electrodes and cooling technology have been jointly developed by Permascand and the customer in question. The HVDC converter station producers with the largest global market share includes Hitachi ABB, Siemens and General Electric. All operators need to use some form of cooling technology for thyristor valves, but Permascand does not know which technology is used by each individual operator. This means that the technologies used by some operators are not necessarily relevant or directly addressable for Permascand. At the final step of the value chain, large energy and energy transmission companies include players such as Vattenfall, Statkraft and TenneT.

Market size and growth

Permascand's addressable market within energy transmission is defined as the sales made to the customer producing HVDC converter stations with which the technology was jointly developed. Market size and growth for Permascand's current offering within this area is thus closely linked to the sales of its customer's HVDC products and solutions. According to the Market Study, Permascand's addressable energy transmission market is estimated to SEK 26 million in 2020 and is expected to grow at a CAGR of 14 percent to 2025, where it is expected to reach a value of SEK 50 million. According to the Market Study, the market has the potential to reach a total size of SEK 56 million in 2030. The electrodes manufactured by Permascand are designed to last over the HVDC converter's entire lifecycle. Hence the addressable market is solely comprised of newbuilds.

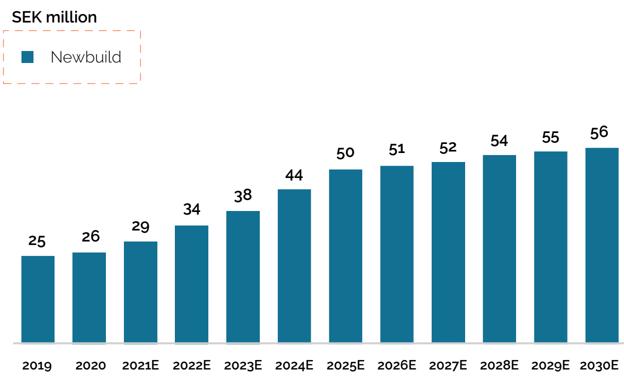


Figure 6: Addressable energy transmission market development. Source: The Market Study

Key industry trends and incentives

Permascand's current offering within energy transmission is closely linked to sales of its customer's HVDC products and solutions. According to the Market Study, the main drivers for the segment include demand for long distance energy transmission, growth in the use of remote renewables such as offshore wind farms, solar and hydropower plants and from the need for electrification of offshore platforms.

Competitive landscape

According to the Market Study, each HVDC converter station producer has likely developed their own technology employed for the purpose of cooling thyristor valves. Transparency around technologies employed is low. For this reason, Permascand has not been able to identify any direct competitors with regard to the manufacturing of electrodes utilised for cooling thyristors utilised in HVDC converters. Permascand is currently the sole electrode supplier to its customer's HVDC converters, a company which according to the Market Study currently has a share of approximately 50 percent of the global HVDC market (excluding China).

THE WATER TREATMENT MARKET

Introduction to addressable end markets

The Water Treatment market encompasses Ballast Water Treatment Systems ("**BWTS**"), as well as public and municipal water treatment systems. Since public and municipal water treatment systems are not included in Permascand's core business offering, the addressable Water Treatment systems market presented in this Prospectus encompasses only the market for BWTS. More specifically, Permascand's addressable market refers to the sale of electrochemical cells utilised within BWTS. According to the Market Study, there are three different technologies that dominate the BWTS market: Electrochlorination ("**EC**"), Ultraviolet ("**UV**"), and Chemical injection ("**CI**").[1] Out of the three, Permascand is solely focused on EC technology. Therefore, BWTS relying on UV and CI technology are excluded for purposes of estimating the size of Permascand's addressable market. In 2019, 71 percent of BWTS sold relied on EC technology. The end market for BWTS includes ship owners and operators of vessels such as tankers, cargo vessels, container vessels and bulk carriers which require functional BWTS to comply with international regulations and standards. These vessels carry significant volumes of ballast water for stabilisation, with the ballast water weighing the vessel down and lowering its centre of gravity. When vessels are loaded, the ballast must be reduced. When loading cargo the vessels need to de-ballast, i.e. reduce the amount of water in the ballast tank filled up in the previous cargo unloading port, which poses a risk of introducing invasive aquatic species into local waters. These invasive aquatic species pose significant economic and health hazards, and there are several documented cases of bio-invasion and its harmful effects. The UN therefore considers bio-invasion as one of the greatest threats to the health of the oceans.[2] By utilising BWTS, the risk of bio-invasion can be significantly reduced. Regulations enforced by the United States Coast Guard ("**USCG**") and the International Maritime Organization ("**IMO**") requires all vessels travelling intercontinentally to install functioning BWTS.[3]

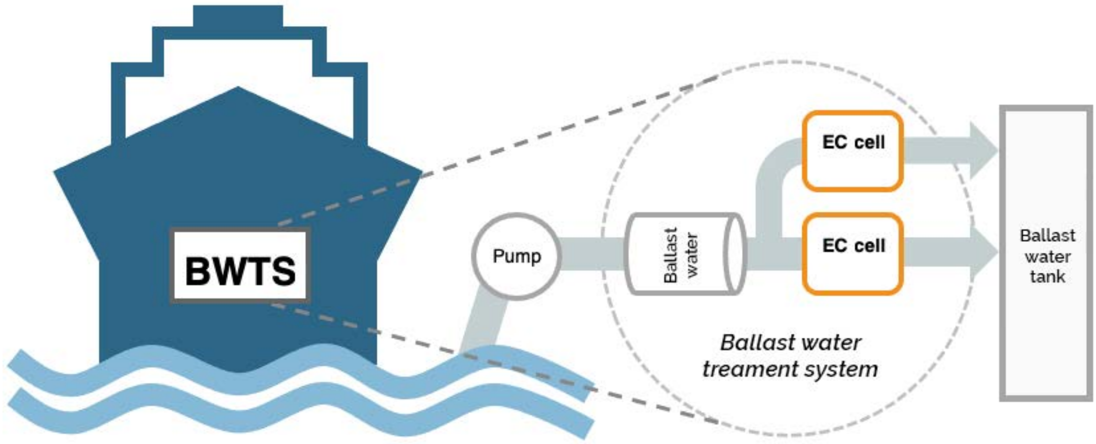


Figure 7: Overview of a ballast water treatment system utilising electrochlorination technology.

1) The Market Study
2) United Nations (2017): "Ballast water management programme"
3) The Market Study

An overview of the three BWTS technologies that are the most prevalent in the BWTS market is set forth below.

Electrochlorination (EC)

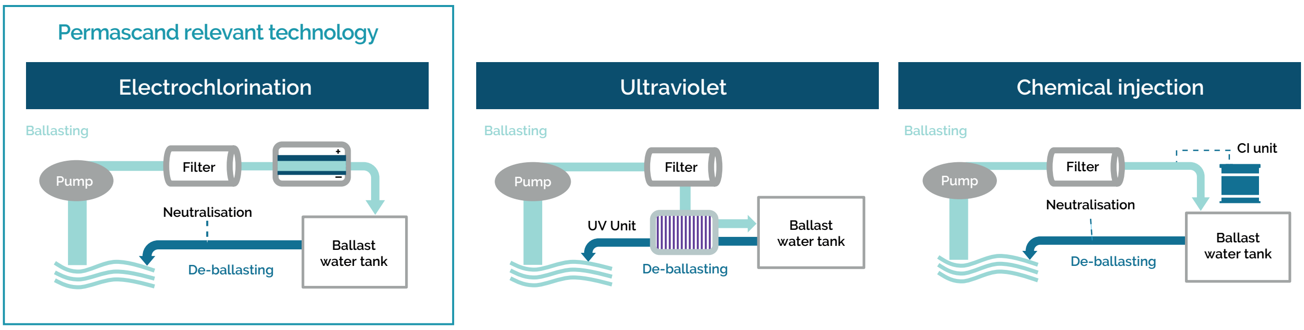
According to the Market Study, electrochlorination is the most widely used technology in BWTS since it is considered energy efficient and versatile. The technology is based on the generation of sodium hypochlorite utilising electricity and seawater. By introducing electricity into the sea water, the salt is converted electrochemically into low-content hypochlorite. Hypochlorite neutralises organisms in the water, and this method provides an environmentally friendly way to purify the water. Shortly after the conversion, the hypochlorite naturally revert to its original form, sea water, after having passed through the BWTS. These systems run all or part of the ballast water through electrolysis chambers where the active substance is generated. These systems are primarily used by medium to large-sized vessels.

Ultra-violet (UV)

UV BWTS utilise ultra-violet light to damage the DNA of the organisms present in the water to deactivate them. These UV systems irradiate the water passing through them, causing irreversible cellular damage whilst leaving the cell membrane intact. This provides protection from biological invasion since the UV system either kills the organisms or inhibit their ability to reproduce. These systems are primarily used by small to medium-sized vessels.

Chemical injection (CI)

Chemical injection BWTS injects chemical solutions into the ballast water, effectively killing the active organisms. According to the Market Study, these CI systems either utilise general disinfectants such as chlorine to destroy the organic structures of the organisms present in the water or they irreversibly damage the reproductive functions of the organisms, rendering them harmless. These systems are primarily used by large-sized vessels.



BWTS	Advantages	Disadvantages
Electrochlorination	• Efficient at neutralising the organisms • Can handle large volumes of water per unit time, which leads to short minimum holding time in the ballast water tank • Only in use during ballasting	• The efficiency is salinity and temperature dependent • Requires handling of hydrogen gas, a by-product created in the electrochlorination process • Could require neutralisation[1]
Ultraviolet	• Easy installation and retrofitting • No chemical by-products are produced	• The efficiency is water clarity dependent • High power consumption • Requires frequent cleaning and replacement of UV lamp • Requires treatment during de-ballasting
Chemical injection	• Practical for infrequent users • Well-functioning for high capacity vessels as the system can handle large volumes of water • Only in use during ballasting	• Requires storage and refilling of chemicals • Could require handling of hydrogen gas • Could require neutralisation[2]

Figure 8: Overview of the main BWTS technologies and their respective advantages and disadvantages. Source: The Market Study

1) Neutralisation is required if total residual oxidant (TRO) levels exceeds 1 ppm at de-ballasting.
2) Neutralisation is required if total residual oxidant (TRO) levels exceeds 1 ppm at de-ballasting.

Market development of different BWTS technologies

In the total market for BWTS, EC systems have evolved to become the dominant technology with their market share continuously growing from 2011 onwards, according to the Market Study. The future market share of EC BWTS is expected to remain stable at approximately 70 percent from 2020 and onwards.[1] The historical market development for the three most important BWTS technologies is presented in Figure 9. Ultraviolet-based BWTS generally requires lower investment costs compared to electrochlorination and BWTS with chemical injection. By contrast, electrochlorination BWTS is associated with lower operating expenses compared to ultraviolet and chemical injection BWTS. Technically, Electrochlorination and chemical injection BWTS can generally treat higher flows of water compared to ultraviolet BWTS, making them more suitable for larger sized vessels.[2]

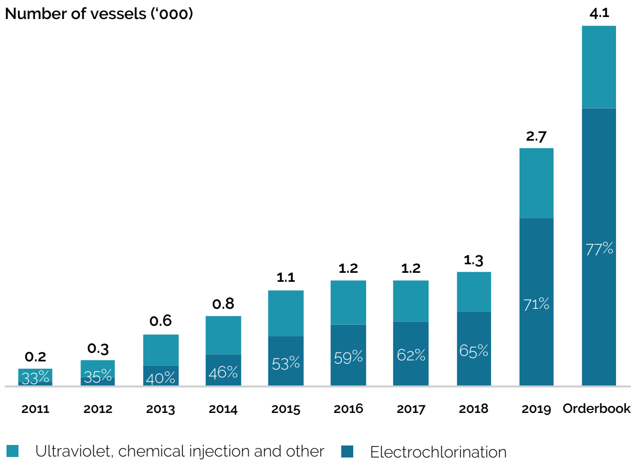


Figure 9: Overview of the numbers of vessels fitted with BWTS systems and the EC BWTS adoption percentage. Source: The Market Study

Value chain

According to the Market Study, the BWTS value chain for the EC market can be divided into five segments, which is illustrated in Figure 10. These five segments include EC cell suppliers, BWTS integrators, design and engineering suppliers, shipyards and ship owners.

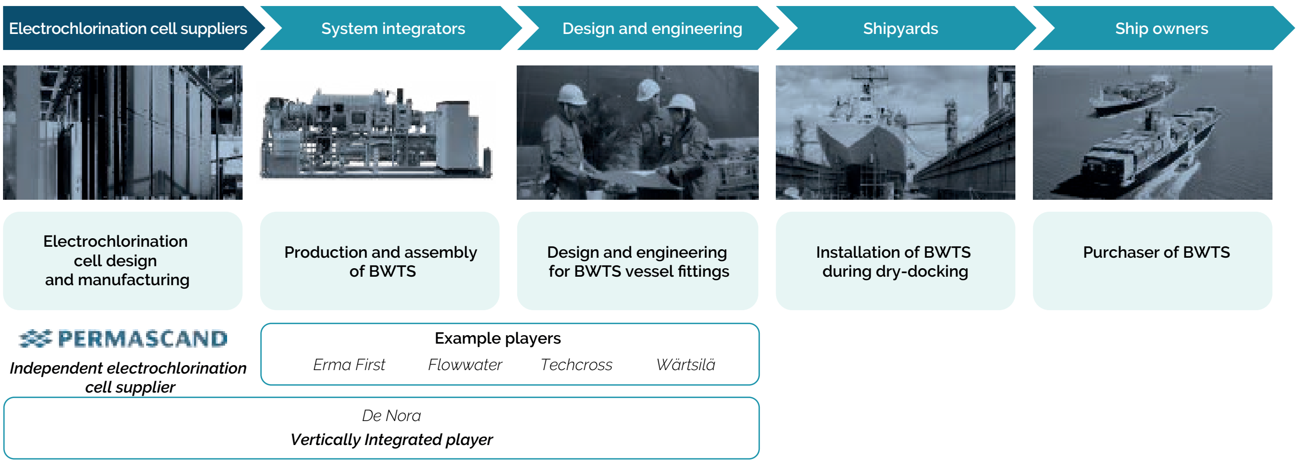


Figure 10: The BWTS value chain and sample market players.

1) The Market Study
2) The Market Study

The suppliers of electrochlorinaton cells ("**EC cells**"), such as Permascand, design and produce the EC cells utilised in BWTS. This step in the process includes, but is not limited to, the development of catalytic coating procedures and the production of the electrodes that constitute the EC cells. The technically advanced and customized EC cells are then provided to BWTS integrators who incorporate them into the complete BWTS. These complete systems include other components such as filters (to remove larger organisms such as plankton before electrochlorination) and pumps, but the EC cell always constitute a key component of the system.

Design and engineering refers to the preparations required for the incorporation of the complete BWTS into newly constructed vessels and into vessels that are being retrofitted.

Shipyards are involved in the installation of the completed BWTS during the vessels' dry-dock.

The final part of the BWTS value chain constitutes ship owners whose vessels are required to comply with international ballast water regulations. The vessels need to install an approved BWTS in order to be allowed to dock at most ports.

Water Treatment Systems market size and growth

The EC BWTS market can be divided into three distinct sub-segments – newbuild, retrofit and aftermarket services.

Newbuild

The newbuild segment of the BWTS market refers to the installation of BWTS during the construction of new vessels. According to the Market Study, the total size of the newbuild market segment for EC cells is approximately SEK 450 million in 2020 and is expected to grow to approximately SEK 549 million in 2030.

Retrofit

The retrofit segment of the BWTS market refers to the installation of BWTS in vessels that have already been constructed and are operational. With environmental regulations becoming stricter in many regions, it is now generally required for vessels travelling intercontinentally to have installed and functioning BWTS. Such vessels, which lack a BWTS, will hence require retrofitting of BWTS to continue operating. Retrofitting for operating vessels is dependent on the IMO's deadline for compliance with the new rules, referred to as the "retrofit compliance window". The IMO ballast water management regulations entered into force in September 2017 with a final compliance deadline of September 2024, meaning that vessels must have completed retrofitting of a BWTS prior to that date. All vessels built after 8 September 2017 must comply with relevant BWTS requirements upon delivery. Existing vessels must generally comply with the rules after their oil protection certificate (IOPP certificate) is next renewed. While the IMO's deadline currently requires full global implementation by 8 September 2024, there may be delays in compliance, as noted below. According to the Market Study, the regulatory requirements promulgated by the IMO are expected to result in a significant temporary increase in demand from the retrofit market segment. The market development for the newbuild and retrofit market segments are illustrated in Figure 11.

After the IMO retrofit compliance window closes, a decline in the retrofit market is expected. However, the Market Study expects that a number of vessels will fail to meet the IMO's retrofitting requirements by September 2024, which is expected to result in continued demand between 2024 and 2026. After 2026, close to all retrofit installations are expected to have been completed. It should also be noted that the IMO's deadline for retrofitting may be postponed, as a result of COVID-19 or otherwise, which may affect demand. For instance, the US Coastal Monitoring department has submitted a request to delay the compliance date for the installation of ballast water treatment systems by one year, from 2024 to 2025, in order to provide relief to shipping companies and operators from the costs associated with the installation of these systems. In total, the newbuild and retrofit market segments for EC cells are expected to have a total value of approximately SEK 14 billion between 2020 and 2026.

Aftermarket services

The aftermarket services segment of the BWTS market refers to the replacement of EC cells, which need to be replaced every 5-15 years due to consumption.[1] When estimating the addressable market, EC cells are expected, on average, to require replacement every 10 years, which equates to approximately every second dry-docking. The aftermarket services for BWTS involve recoating and/or replacement of the EC cell. Permascand estimates that the cost of recoating an EC cell is approximately 80 percent of the value of a new EC cell. The aftermarket services segment is directly dependent on the number of installed BWTS and is expected to gradually increase from approximately zero in 2020 to around SEK 1.8 billion in 2035, with an aftermarket service peak around 2034.

1) The Market Study

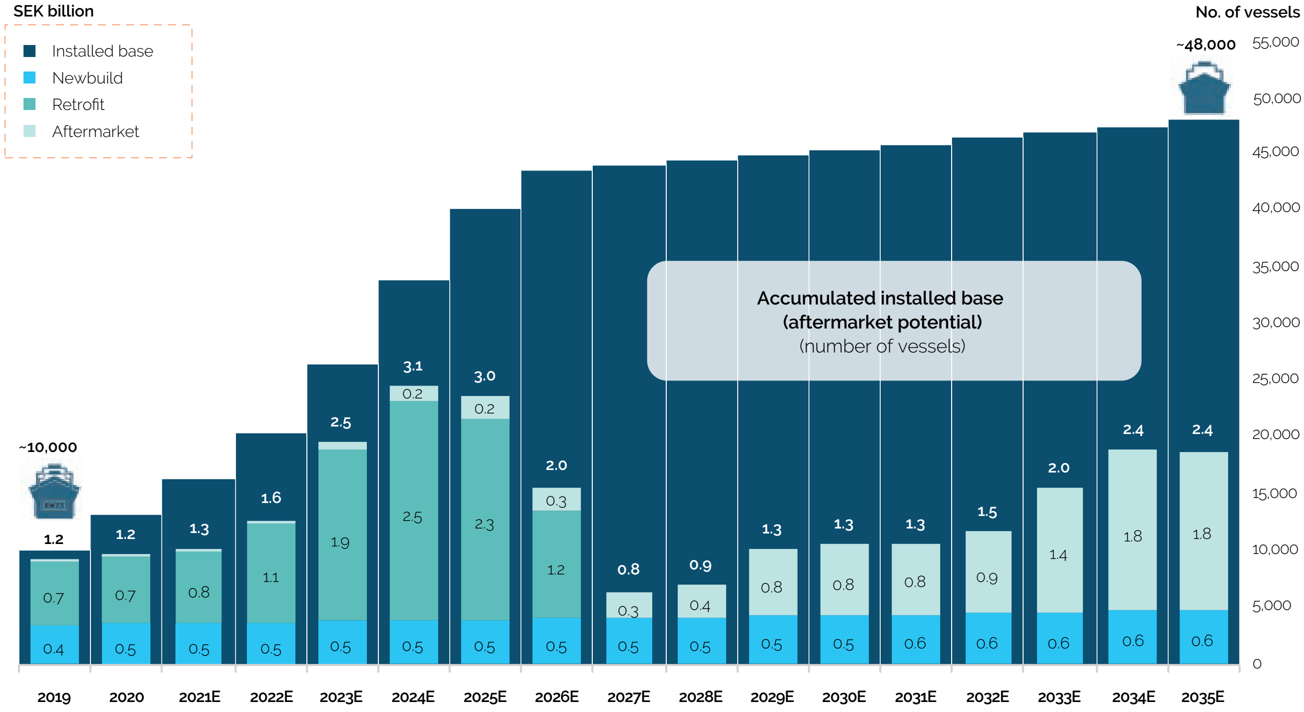


Figure 11: Total addressable EC BWTS market and serviceable accumulated installed base. Source: The Market Study

The total addressable EC BWTS market, comprised of the three aforementioned segments (newbuild, retrofit and aftermarket services), is expected to have two significant market peaks, supported by a steadily growing newbuild market and increasing demand for aftermarket services. This dynamic is illustrated in Figure 11.

Key industry drivers and characteristics

Regulations

The primary driver of the BWTS market is the regulations enforced by the USCG and the IMO, which require all vessels travelling intercontinentally to install functioning BWTS.[1] The IMO ballast water management regulations that entered into force on 8 September 2017 have been ratified by 79 countries, representing 80 percent of global merchant shipping tonnage. Practically all vessels that are designed and constructed to carry ballast water are subject to the IMO's BWTS regulations[2] and are thus required to install approved BWTS during their next scheduled dry-docking, but at the latest by September 2024, although this may be delayed and according to the Market Study, a number of vessels are expected to fail to meet this deadline.

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The USCG regulations apply to all vessels operating in US territorial seas that are equipped with ballast tanks. These regulations set forth standards for water released during de-ballasting and are even stricter than the IMO regulations. These regulations require ship owners planning to operate in US territorial seas to purchase BWTS that are USCG approved. Permascand's EC cells meet the requirements to be integrated in such BWTS according to USCG regulations. Permascand's cells, however, have no direct certification with any supervisory body except for the Company's EX version, for which the product and the manufacturing method is certified. The EX version is used in environments where explosive gases are present, which is why there are particularly onerous requirements stipulating that sparks may not occur. Instead, it is the Company's customers who follow the complete standards for BWTS, and the cells are tested in their respective system approval tests. As of 31 March 2021, 39 BWTS suppliers were USCG type approved. Non-compliance with the regulations set forth by the USCG can result in substantial fines. The timelines for the enforcement of the IMO and USCG regulations are illustrated in Figure 12.

1) The Market Study
2) The Swedish Transport Agency: "*Ballast Water Management Convention*" - https://www.transportstyrelsen.se/globalassets/global/sjofart/dokument/miljoskydd/barlastvatten/bwmc-information-sweden.pdf

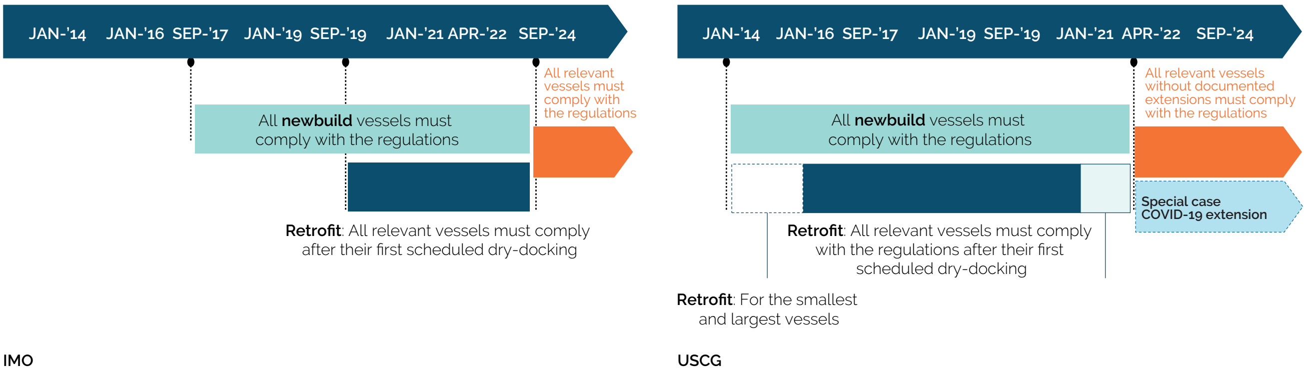


Figure 12: Timeline of vessels' mandatory compliance with IMO and USCG regulations. Source: The Market Study

These regulations are expected to drive all segments of the BWTS market as they affect a substantial number of ships, both the ones operating and those yet to be constructed. As discussed above, regulatory changes are expected to give rise to a short-term increase in demand in the retrofit market segment.

Aging vessels

According to the Market Study, one of the key drivers for the newbuild segment of the EC BWTS market is vessel construction required as a consequence of the aging fleet of existing vessels. The average lifespan of a vessel is approximately 30 years.[1] This results in steadily rising demand for BWTS that are to be incorporated in newbuild vessels as the number of newbuild vessels is expected to grow.

Replacement of EC cells

A key driver for EC cell aftermarket services on the EC BWTS market is the inherent need for EC cells to be replaced every 5-15 years as they deteriorate due to wear on electrodes and cathodic deposits. Furthermore, a significant peak is expected in the retrofit market segment due to the entry into force of the IMO and USCG regulations as discussed above. However, as the total fleet of operating vessels utilising electrochlorination BWTS grows, the EC cell aftermarket is expected to grow over time.[2]

Customer retention

One key characteristic of the EC BWTS market is the tangible retention effect for customers. The development of functioning EC cells is often costly and time-consuming, requiring significant research and development since the EC cell is an integrated part of the BWTS and needs to be customised for the specific system. This typically results in the chosen EC cell provider becoming a single source supplier for that specific BWTS system. This could in turn lead to a reluctance amongst purchasers of EC cells to switch suppliers once committed. Furthermore, if a key component of a BWTS is replaced, such as the EC cell, the entire system needs to be reclassified, which takes time and requires a payment to the registration bodies.

Competitive landscape

Overview of the main BWTS suppliers

According to the Market Study, the competitive landscape for the BWTS market consists of a number of companies with different offerings. The players in the BWTS market can purchase EC cells from independent sub-contractors such as Permascand, but can in some cases also manufacture complete BWTS in-house. Examples of players with the largest market shares within the EC BWTS segment include Erma First, Techcross and Headway. In the UV BWTS segment, the largest providers of BWTS include Panasia, Samsung and Alfa Laval. BTWS providers often focus on one of the three main BWTS technologies, EC, UV or CI, although some offer solutions across all three technologies. The market share development for selected players is illustrated in Figure 13.

1) The Market Study
2) The Market Study

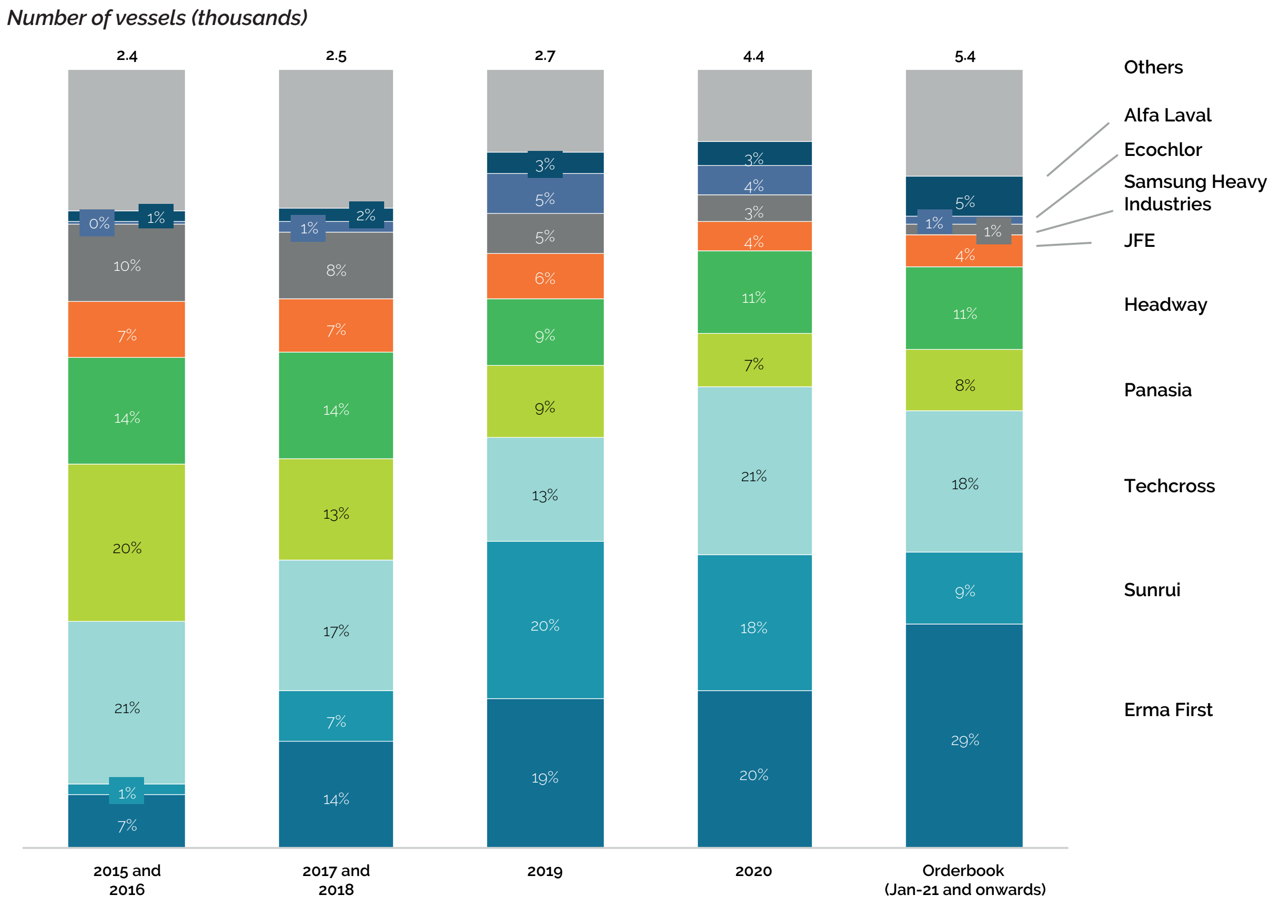


Figure 13: Development of market shares for the largest BWTS suppliers. Source: The Market Study

The geographical profile of the different BWTS suppliers varies greatly. Some players such as Panasia and Headway have a limited geographical exposure focusing on delivering products to Asian ship owners or to vessels constructed in Asia. Other players, such as Erma First, have a more global presence and provide BWTS solutions to ship owners across the globe.

End users are generally indifferent as to what kind of EC cell the system uses, as long as it meets regulatory requirements and meets the standards of system functionality and price. Nevertheless, as previously mentioned in this chapter, there are significant costs associated with changing providers of EC cells or initiating the development of EC cells in-house for existing BWTS. One of Permascand's main customers is Erma First, for which Permascand is a single source supplier of EC cells.

The Company assesses that important criteria for ship owners when choosing BWTS include the system's price, certifications, physical size (as space is a constraint on vessels) as well as aftermarket services and support.

THE INDUSTRIAL SOLUTIONS MARKET

Introduction to addressable end markets

Permascand divides the Industrial Solutions market into two areas: new plants and aftermarket services. Products offered within the Industrial Solutions segment include electrode manufacturing and complete chlorate and chloralkali process systems for new and existing plants and recoating of installed bases. End-markets include industrial factories utilising electrolysis of potassium chloride, sodium chloride solutions or brine to produce caustic soda, chlorine or chlorate. These chemicals have several end uses, such as in paper bleaching and the production of soap, candles and everyday chemicals such as detergents. Other end uses include PVC plastics utilised for, e.g. medical equipment and copper wire insulation which is essential for electrification.

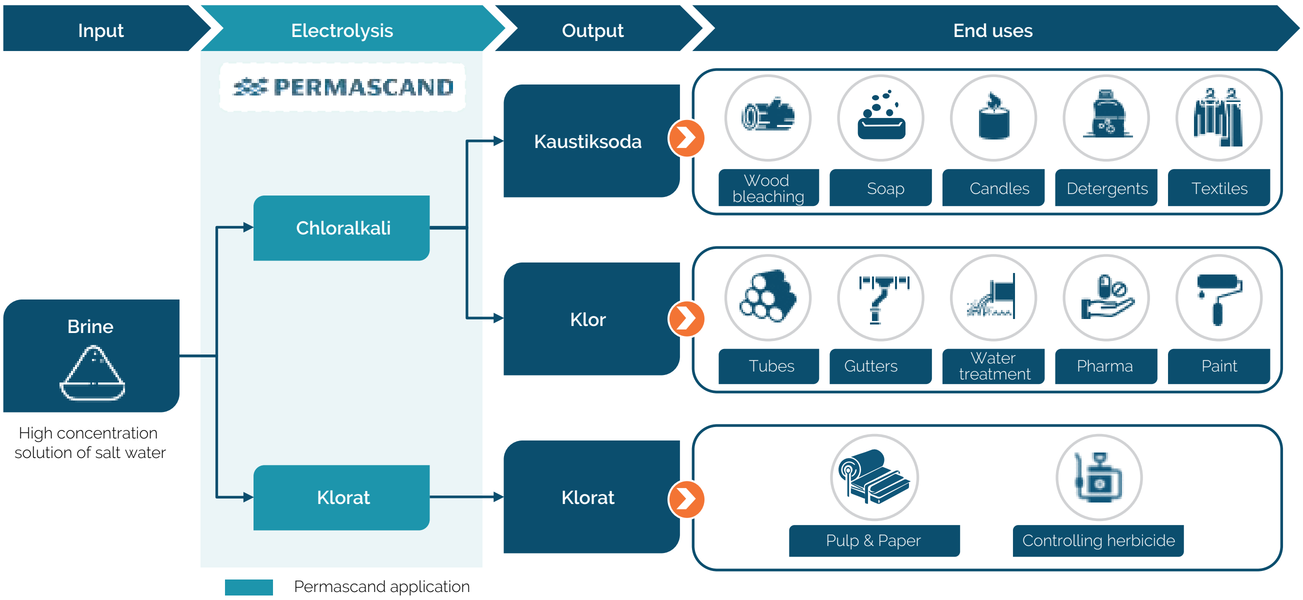


Figure 14: Chlorate and chloralkali end uses overview.

Value chain

The value chain for the Industrial Solutions market is divided into two distinct areas – plant construction and aftermarket. Plant construction consists of electrode manufacturers, process system providers and plant engineering and plant engineering and construction companies. The value chain for the Industrial Solutions market is illustrated in Figure 15.

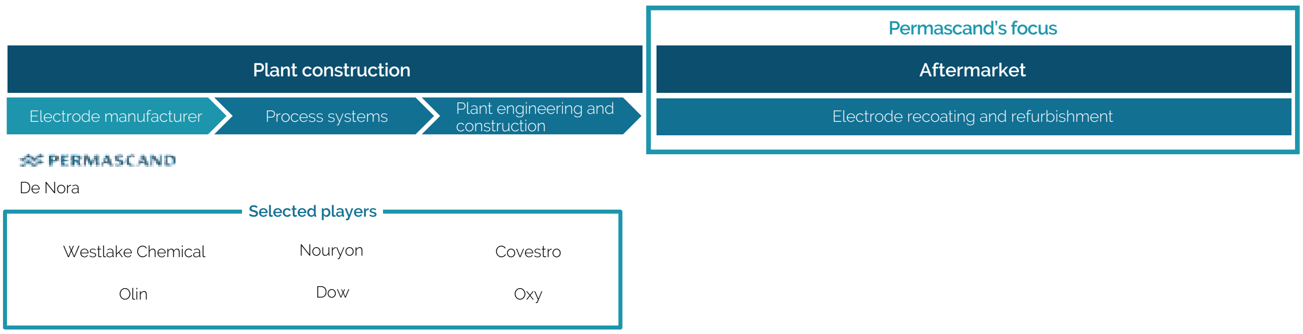


Figure 15: The value chain for the Industrial Solutions market segment. Source: The Market Study

Electrode producers consist of manufacturers such as Permascand who manufacture the electrodes that are incorporated in larger chlorate and chloralkali process systems. The process system providers consist of companies manufacturing complete chlorate and chloralkali process systems, either utilising electrodes from an external party or electrodes manufactured in-house. Plant engineering and construction companies plan and construct plants where the chlorate and chloralkali process systems is used. This section of the Industrial Solutions value chain is limited in size since new plant constructions are undertaken infrequently. However, each additional plant adds to the total base of installed plants, creating the opportunity for significant aftermarket opportunities.

The aftermarket consists of electrode recoating and aftermarket services. As the chlorate and chloralkali process system utilises electrochemical cells, consumption of the catalytic coating will eventually result in a need for aftermarket services. The aftermarket section of the value chain constitutes the majority of the Industrial Solutions market and is Permascand's focus area.

In addition to regular recoating and aftermarket services, larger aftermarket projects may also become necessary in conjunction with comprehensive technical upgrades of the plants, such as by upgrading the plant from a traditional system of lead anodes to a DSA. Since most plants are only in need of such comprehensive upgrades approximately every 30 years, Permascand has, for the purposes of this Prospectus, only assessed its addressable market for regular recoating and aftermarket services although the Company is currently in early dialogue with its customers for several potential greenfield projects.

Industrial Solutions market size and growth

The Industrial Solutions market consists of selling coated electrodes to new factories or recoating of already operational electrodes. Construction of new factories, i.e. the amount of addressable new factories, is so infrequent that the Company assesses that future estimations would not be meaningful.[1] Therefore, the addressable market will herein refer only to the aftermarket services. The average recoating cycle of an electrochemical cell is estimated to be between 5-15 years with an average lifespan of 8 years.[2] This results in a continuous stream of aftermarket service sales that increases as the installed base grows globally.

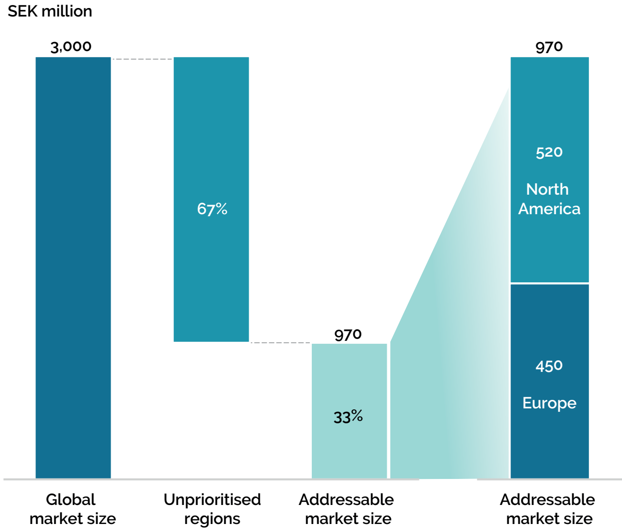


Figure 16: Annual recoating market value of chlorate and chloralkali plants. Source: The Market Study

The global Industrial Solutions recoating market is estimated to be approximately SEK 3 billion.[3] Permascand's geographical target markets include Europe and North America, which together constitutes around one third of the global aftermarket. Approximately 45 percent of this addressable market is in Europe and approximately 55 percent in North America. Permascand believes that other geographical markets are currently not addressable as they would require additional local presence in order to operate successfully. Such regions include China, which is the largest producer of chlorine globally. Permascand's addressable Industrial Solutions recoating market is expected to grow at a CAGR of approximately 2,5 percent between 2020 and 2025. The addressable market size is estimated to be SEK 911 million in 2020 and SEK 1,033 million in 2025.

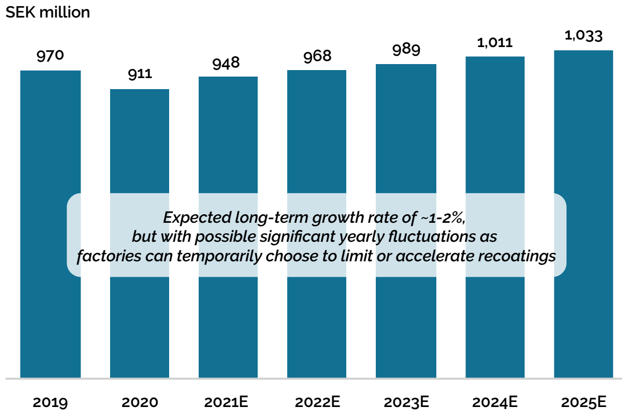


Figure 17: Permascand's addressable European and North American chlorate and chloralkali recoating market. Source: The Market Study

1) The Market Study
2) The Market Study
3) The Market Study

Key industry trends and incentives

Pulp & paper production

A key driver of the Industrial Solutions market is the production of pulp and paper. Approximately 95 percent of the produced chlorate is utilised within the production of pulp and paper.[1] The chlorate produced is used in the production of, e.g. chlorine dioxide, a bleaching agent which is then used to produce high quality and eco-friendly paper products.[2]

Construction activity

Demand for chloralkali is closely correlated with construction activity. Since the construction industry utilises end-products of chloralkali processes such as PVC pipes, plastic for doors and other chemicals to produce, e.g. insulation material, it is a significant driver for the demand for choralkali. Due to its excellent insulation capacity, PVC is also widely used in electric cable construction, including electrification infrastructure projects.

Global BNP

One chemical produced from electrolysis is caustic soda, which is a chemical with a wide range of applications, including household products such as soap. The broad range of applications of caustic soda means that the overall economic development drives demand for chlorate and chloralkali services.

Competitive landscape

Key competitor overview

Large players in the Industrial Solutions market include Permascand, De Nora, Ineos, AsahiKasei and Chemical Newtech. Most companies focus on the recoating of electrodes (i.e. the aftermarket). However, according to the Market Study, De Nora is notably vertically integrated and offers coating and recoating of electrodes, complete process systems and plant engineering and construction via joint ventures. De Nora is also the largest player in terms of market share in both Europe and North America, followed by Permascand.[3] The European market is, according to the Market Study, more fragmented than the North American market, where De Nora has a larger market share. Permascand is estimated to be the second largest player in both the European and the North American markets. Permascand assesses that there is widespread demand among customers for a second source supplier, especially among companies operating in North America who oftentimes historically relied on one supplier. Since 2015, Permascand has actively worked on expanding its market share in North America and has successfully developed and matured new customer relationships, as illustrated in Figure 18.

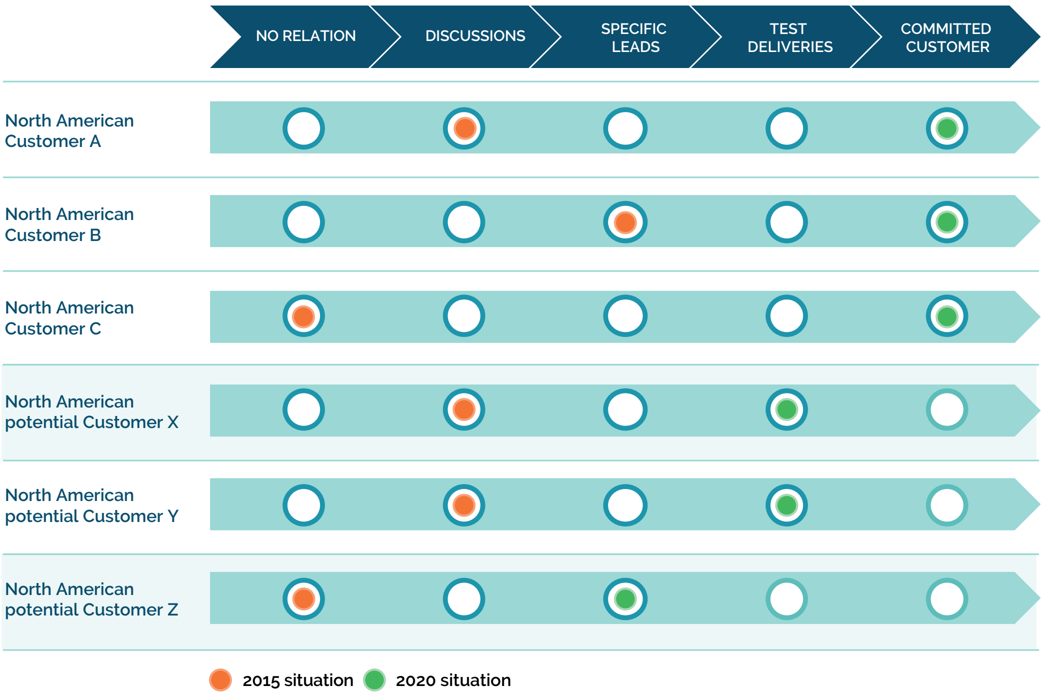


Figure 18: Permascand's sales process and comparison between the 2015 and 2020 situation for selected customers and potential customers. Source: The Market Study

Permascand believes that the most important factors that drive customer value are the performance, quality and energy efficiency of chlorate and chloralkali systems and competitive pricing.

1) The Market Study
2) The Market Study
3) The Market Study

BUSINESS OVERVIEW

INTRODUCTION

Permascand is a technology-driven producer of electrochemical solutions based on proprietary catalytic coatings for cleantech applications. With a customer-centric focus, Permascand has supplied electrodes, electrochemical cells and aftermarket services to a variety of sectors for the past 50 years.

Since its inception in 1971, the Company has continuously developed its core technology platform, know-how and production efficiency. The core technology is centred on being able to deliver the optimal catalytic coating for specific applications in a cost-effective way that is suitable for large-scale production. Permascand has successfully adapted its technology platform and product range from an initial focus on industrial solutions, primarily within the chlorate and chlorine alkali industry, to new applications within environmental technology that reduces the environmental impact.

With a customer-oriented strategy, applications are tailored to customer needs and specifications. Over the years, the development of new applications has resulted in new business opportunities for the Company within its various business segments. Permascand thus strives to apply its core technology platform, unique know-how, experience and production capacity to emerging and rapidly growing markets in environmental technology, where the Company considers that electrochemical solutions will play a central role. Since over time catalytic coatings need to be replaced to maintain energy efficiency and reliability in the customers' electrochemical processes, aftermarket services make up a significant revenue stream for the Company. This is because a large part of the customers to whom Permascand has sold its solutions return to Permascand for these services.

The core technology is continuously developed and improved to increase energy efficiency and reliability to ensure that new and existing applications enable competitive industrial processes for the Company's customers. As of the date of the Prospectus, the management of the Company views the market for green hydrogen as its largest commercial opportunity based on the expected growth rate, investments in the sector and interest from stakeholders. The electrodes used in the production of green hydrogen are based on the same core technology platform as Permascand's other segments and applications, and the Company has been delivering this type of electrode for nearly 20 years.

The Company currently operates in three business segments: Electrification & Renewables, Water Treatment, and Industrial Solutions.

Electrification & Renewables (electrification and renewable energy)

- This business segment includes electrodes and for certain applications, electrochemical cells adapted for specific applications, such as alkaline water electrolysis for the production of green hydrogen, extraction of lithium hydroxide, energy transmission and electrowinning. This segment facilitates reduced environmental impact through, for example, energy-efficient electrochemical cells for electrowinning that use 16 to 25[1] percent less energy than traditional alternatives, production of lithium through electrochemistry to enable the transition to sustainable electric vehicles and production of green hydrogen to reduce carbon dioxide emissions in sectors such as steel and iron production as well as transport.

Water Treatment

- This business segment includes a proprietary technology of electrochlorination cells used to treat ship ballast water (BWTS) and other water purification applications. Examples of reduced environmental impact within this segment are installed applications for BWTS with "PermaChlor® Inside", which have the capacity to purify approximately 2,100,000[2] m3 of sea water every hour, thereby preventing the spread of invasive aquatic species into local water and threats to biodiversity in the sea.

Industrial Solutions

- This business segment consists of electrodes and electrochemical cells targeting industrial facilities utilising electrolysis of potassium chloride, sodium chloride solutions or brine to produce caustic soda, chlorine or chlorate.

Another example of the Company's environmental technology is Permascand's DSA® which reduces energy consumption by approximately 10 to 15[3] percent by replacing lead anodes with titanium-based anodes with a catalytic on the surface. The technology also makes it possible to renovate the anodes at the end of the cycle, which contributes to the circular economy by reducing the need for new material.

Permascand's main office and 7,000 m2 automated production and electrode coating facility is located in Ljungaverk. In addition, the Company has a licensed workplace located in Louisiana, USA, with customer sales and service support based out of Vancouver, Canada, and a sales office located in Gothenburg. As of 31 March 2021, the Company had 111 full time employees. The Company also has several partners in strategic locations, as outlined in Figure 19.

1) Estimates made by the Company based on a third party source.
2) Estimates based on installed systems up to and including 2019.
3) Estimates made by the Company based on a third party source.

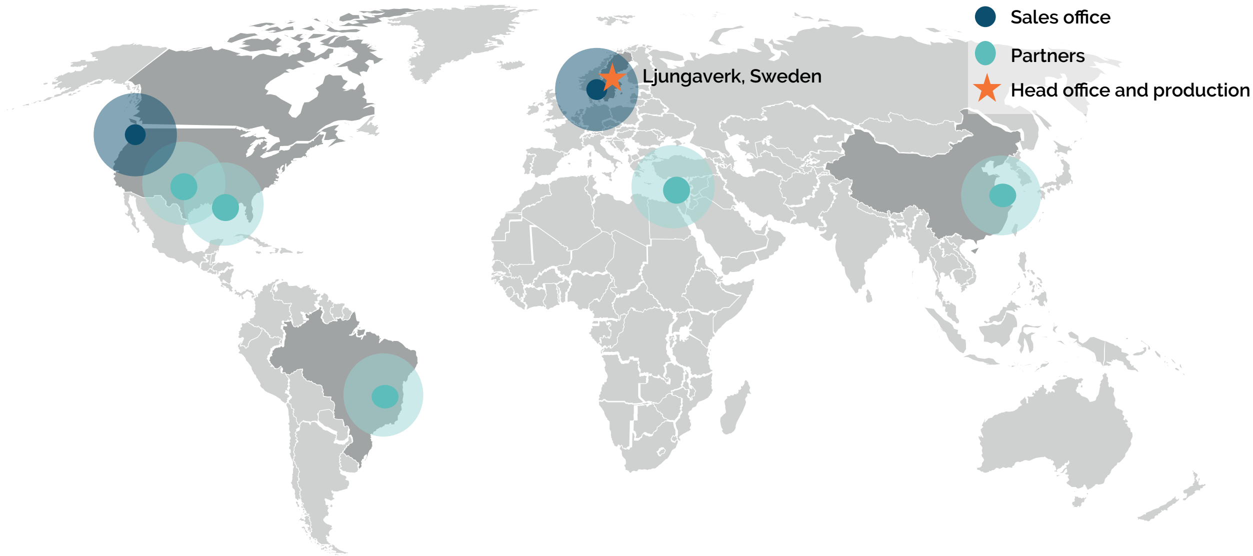


Figure 19: Overview of Permascand and its partners' geographical locations.

In 2018-2020, Permascand's net sales increased from SEK 323.5 million to SEK 415.0 million, which corresponds to a CAGR of 13 percent. Its operating profit increased during the same period from SEK 21.7 million to SEK 60.3 million, which corresponds to a CAGR of 66.8 percent, and Adjusted Operating Profit increased from SEK 21.7 million to SEK 64.8 million, which corresponds to a CAGR of 73.0 percent.[1] The Company's Operating Margin and Adjusted Operating Margin in 2020 amounted to 14,5 percent and 15.6 percent respectively.[1] In 2018-2020, Permascand made significant investments in tangible and intangible non-current assets, which amounted to a total of SEK 147 million. The main part of the investments relates to investments in automation and robotisation, resulting in improved efficiency and capacity. Permascand was affected by the COVID-19 pandemic in 2020. Uncertainty in the market caused customers to delay purchases. Planned orders and deliveries were postponed, which has primarily impacted sales volumes in the Water Treatment segment. The business were restructured and short-term layoffs were introduced, which led to notice and termination of staff during the autumn
of 2020.

1) See sections *"Selected consolidated historical financial information - Reconciliation tables for alternative key performance measures"* and *"Selected consolidated historical financial information — Consolidated key performance indicators"* for definitions of presented key figures.

HISTORY

Period	Year	Event
KemaNord/DeNora	1971	Permascand is founded as a 50/50 joint venture (Permelec de Nora/KemaNord). Production of Permascand DSA® (dimensionally stable anodes) for the Scandinavian electrochemical industry.
	1980	Production of industrial process equipment made of titanium.
	1986	Production of chloralkali cells for Uhde. Permascand also has activities within laser welding and laser cutting, as well as the production of equipment for industrial processes, located mainly outside Ljungaverk. The laser machine business is in a growth phase during this period.
Akzo Nobel	1993	AkzoNobel (KemaNord) becomes the sole owner of Permascand.
	2001	In 2001, all assets and activities located outside Ljungaverk are sold.
	2007	The owners at the time, Akzo Nobel Pulp and Performance Chemicals AB (previously Eka Chemicals AB), decide to focus on the core business at that time (internal supplier to its chlorate factories and recurring customers in adjacent areas) and sells the unit for disinfection of ballast water to Veolia.
	2012	Permascand is divested from AkzoNobel and acquired by members of the management of the Company, at which point a repositioning of the Company is initiated to focus on cleantech applications such as ballast water treatment to contribute to cleaner seas, as well as the production of green hydrogen using water electrolytes.
	2013	The Company resumes its water purification operations.
Norvestor	2015	Norvestor acquires a majority of shares in Permascand. A collaboration is initiated with Noram Engineering on the development of a versatile electrochemical cell.
	2016	Disposal of the welding workplace to reduce exposure to the oil and gas sector and focus on catalytic coating and electrode operations for electrochemical activities.
	2018	Inauguration of a new assembly line and state of the art factory - a major investment to increase production capacity and the effectiveness of electrochemical cells for BWTS.
	2019	After development and expansion that included prototype and demonstration cells, the first commercial delivery of a cell for the production of lithium chemicals, which was developed together with Noram Engineering.
	2020	Permascand automates its production to meet the increased demand for the Company's electrochemical products. Permascand conducts a thorough review of its workforce, resulting in a reduction of 22 full time employees.
	2021	Permascand strengthens its position in hydrogen gas production by becoming a partner in the development of the Swedish Hydrogen Centre, a new knowledge centre for electrolysis and renewable hydrogen.

STRENGTHS AND COMPETITIVE ADVANTAGES

Permascand considers that it has the following strengths and competitive advantages, which have contributed and are expected to continue to contribute to its ability to achieve its strategic and financial goals:

- Well positioned for growth with fast-growing markets driven by sustainability and environmental megatrends
- Primary customer-funded research and development facilitates demand-driven development of Permascand's offering
- Global independent supplier with proven track record in the development of innovative solutions tailored to the customers' specific needs
- Business model with a high level of recurring revenue from large global customers
- Extensive investments made within automation enable strong organic growth underpinned by an attractive order backlog
- Management team and organisation in place to deliver a profitable growth trajectory
- Strong financial development with favorable margins

Well positioned for growth with fast-growing markets driven by sustainable megatrends

Permascand's management considers that Permascand's current market position in cleantech provides significant growth prospects in the Company's addressable markets driven by megatrends in sustainability and the environment. The Company's total addressable market is expected to grow by a CAGR of approximately 22 percent from SEK 2.5 billion in 2020 to SEK 7.9 billion in 2025.[1] In particular, the green hydrogen market is consi-dered to have significant potential. The addressable market in this area was SEK 33 million in 2020 and is expected to grow to SEK

1) The Market Study

3.4 billion in 2025, which corresponds to a CAGR of 152 percent.[1] In 2030, the market is expected to reach a size of approximately SEK 15.5 billion, which corresponds to an increase of 310 times the market size in 2020.[2] For almost 20 years, Permascand has supplied electrodes for the electrolysis of alkaline water,[3] for the purpose of producing green hydrogen as a sustainable fuel and for industrial applications and considers that this is a decisive factor when it comes to being able to take advantage of the opportunities within the rapidly growing market for green hydrogen. For further information, see the section "*Strategy — Establish a research and development centre for the development of technology and applications in green hydrogen (Electrification & Renewables* ".

Megatrends in sustainability and the environment are expectedto provide underlying growth in all business segments in theforeseeable future. In Water Treatment, BWTS continue to havestrong potential as a result of IMO regulations regarding ballast water treatment with medium-term retrofittingrequirements and long-term aftermarket services. In theElectrification & Renewables business segment, the extraction oflithium hydroxide enables the production of batteries for electricvehicles on an industrial scale

See the section "*Market overview*" for a more detailed description of Permascand's markets and the driving forces within these markets.

Primary customer-financed research and development facilitates demand-driven development of Permascand's offering

A deep understanding of electrochemical processes is the basis for Permascand's product offering and the Company's success lies in its ability, together with existing or potentially new customers, to combine the Company's technical knowledge and production expertise to develop new competitive and energy-efficient applications with high reliability. Since it is normally the customers who hire the Company to assist with the research and development of new applications or other technical innovations, the research and development is typically not financed by the Company. Consequently, the risk for investments in research and development with limited commercial demand are lower. The Company's agreement with customers provide that intellectual property and know-how developed as a result of this process will accrue to the Company.

Research and development therefore make up an important part of the Company's DNA and permeates the entire organisation. Around 15 percent of full-time employees are directly or indirectly employed in functions related to research and development, product customisation and optimisation.[4] Permascand also works continuously to improve its core technology and product offering by working with academic institutions, international engineering companies and customers to develop and market innovative solutions.

Permascand's applications and technology developed with customers include, among other things:

- **Glencore Nikkelverk**: Project with ENOVA[5] support to replace Glencore Nikkelverk's lead anodes in copper production with Permascand DSA®, which increases energy efficiency and decreases environmentally hazardous sludge;
- **NORAM Engineering and Constructors Ltd**: Jointly developed electrolysis facility NORSCAND®, which facilitates extraction of lithium hydroxide through an electrochemical process instead of traditional methods; and
- **Chemetry**: Industrial scale-up and commercialisation of a new electrochemical cell for Chemetry's eShuttle® technology to promote more sustainable process technologies for input chemicals by increasing energy efficiency in the electrochemical process.

By applying its core technology to new applications, the Company can build new business areas within its different business segments that can contribute to the financing of continued growth and investments. For example, Permascand developed its first electrochemical cell, which with electro chlorination creates effective and sustainable disinfection of water in 2014, one year after the Company resumed its operations within Water Treatment.

Global independent supplier with proven track record in the development of innovative solutions tailored to the customers' specific needs

When the Company develops new application areas for its core technology, or further develops an existing application, this enables the Company to act as an independent supplier to existing and new players in the relevant segment. Permascand is thus an OEM-agnostic supplier and delivers the core components of electrochemical processes with a high degree of complexity, customisation and performance and reliability requirements for customers such as system integrators. Permascand's customer-centric focus still makes it possible for the Company to develop electrochemical solutions that are fully tailored to the needs and/or application of each customer. For further information, see section "*Collaboration Partners*" below.

In customer interviews, Permascand's customers highlight the Company's high-quality products, strong technical knowledge and extensive research and development efforts made together with the customer.

Business model with a high level of recurring revenue from large global customers

The Company's business model is such that the initial revenue comes from the sale of coated electrodes and electrochemical cells. The Company's catalytic coatings have either been developed on behalf of customers or independently as a fundamental component of the ongoing business development. Over time, the catalytic coating is consumed and needs to be replaced to maintain energy efficiency and reliability in the customers'

1) The Market Study
2) The Market Study
3) To a limited extent and in a relatively small market.
4) During 2020
5) ENOVA is a Norwegian state-owned company responsible for marketing environmentally friendly production and energy consumption.

electrochemical processes. The length of the recoating cycle varies between 2 and 12 years depending on the composition and application of the electrochemical cell. Since the electrochemical cells and their catalytic coatings are tailored for the intended use, the recoating is usually carried out by the original supplier to ensure consistency, suitability and reliability. The combination of a business model that includes recurring business from customers' need for re-coating and long-term customer relationships in combination with order-driven new sales creates high entry barriers for other players. The potential for aftermarket revenue from recoating needs and general renovation is thus significant and is very important to the Company's long-term profitability. In addition, this entails high visibility for future revenue. The Company estimates that the lifecycle revenue for an electrochemical cell is up to 3-4 times the original order value for the electrochemical cell. For further information on aftermarket and lifecycle revenues, please see the section "*Permascand's core technology platform — Recoating and aftermarket services*".

Permascand's customer base has been built up over a long time and the majority have been customers of the Company for a long time. The average customer relationship spans 15 years, but the Company has in some cases recoated and renovated electrochemical cells that have been with customers for 30-40 years. Permascand attributes its long-term customer relationships to its high-quality products, customer-oriented focus and excellent service. As proof of Permascand's value proposition for customers, Permascand has, with one exception, not lost a major customer since the inception in 1971, and has gained several new customers in recent years. The customer who left the Company returned after a period and is currently a customer of the Company.

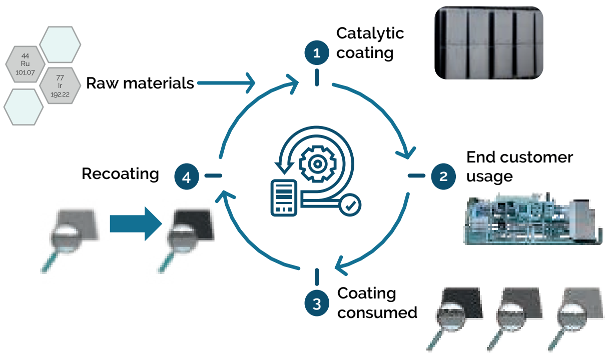


Figure 20: Illustration of the consumption of the catalytic coating.

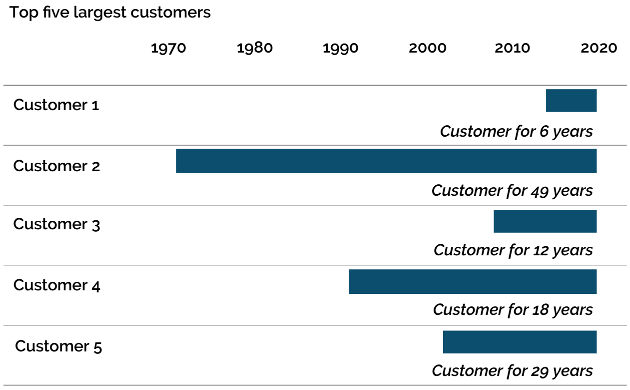


Figure 21: Overview of Permascand's long-term customer relations.

Extensive investments made within automation enable strong organic growth underpinned by an attractive order backlog

During 2018-2020, Permascand made significant investments in intangible and tangible non-current assets, spending a total of SEK 147 million to expand its production capacity and improve overall efficiency through automation and robotisation in preparation for expected strong growth. These investments include a fully automated process for the welding and direction of electrochemical cells, an automated grinding and nibbling machine as well as a new assembly line for the Water Treatment business segment. In the autumn of 2020, there were several staff terminations to adapt the business in light of these investments, among other factors. The cost savings took full effect from July 2021.

These investments resulted in a significant increase in production capacity and efficiency. Coating capacity increased by approximately 100 percent and capacity for assembling BWTS cells increased by approximately 300 percent between 2019 and 2020. Permascand considers that these investments have laid the foundation for future growth and have improved the Company's margins, total production capacity, efficiency, quality and a safer working environment. In addition, the Company has built up a large order backlog which at the end of 2020 amounted to SEK 491 million, which corresponds to approximately 1.2 times the Company's net sales in 2020. As of 31 March 2021, the order backlog amounted to SEK 488 million.

Permascand considers that it is well equipped to meet and capitalise on the significant expected growth in its currently and potential future addressable markets. In 2021, the Company decided to establish a research and development centre focused on technology and applications in green hydrogen gas, an investment estimated to amount to a total of approximately SEK 180 million and be fully completed by 2023. For further information, see "*Strategy — Establish a research and development centre for the development of technology and applications in green hydrogen (Electrification & Renewables)*" below.

Management team and organisation in place to deliver a profitable growth trajectory

Permascand has invested in building an organisation to continue to deliver on the Company's ambitious growth strategy. The Company is led by an experienced management group with significant know-how and industry knowledge from both long tenure with Permascand and extensive experience from relevant positions outside the Company. The current management team has been responsible for the successful expansion of the product offering within the Water Treatment segment, which has grown to SEK 255 million in 2020 since its re-establishment in 2013. Permascand intends to leverage its core technology and experiences in the establishment of the Water Treatment business segment to continue to implement its strategic goals within Electrification & Renewables, especially in green hydrogen.

Permascand believe that the management group's collective industry expertise and its leadership capabilities give the Company the ability to successfully deliver on the strategy to continue its profitable growth journey.

Strong financial development with favorable margins

Permascand generated strong growth in both net sales and Adjusted Operating Profit between 2018 and 2020. Revenues and Adjusted Operating Profit for the period increased by a CAGR of 13.3 percent and 73.0 percent respectively. Growth during the period has mainly been driven by Permascand's strong position in the BWTS market.[1]

The Company's Operating Margin and Adjusted Operating Margin increased from 6.7 percent in 2018 to 14.5 percent and 15.6 percent in 2020, respectively, which corresponds to an improvement of 7.8 percentage points and 8.9 percentage points, respectively. The improvement in the margin can be explained by the Company's operational leverage and investments in automation and robotisation. In addition, during the period 2018 to 2020, the Company improved its cash flow from operating activities from SEK -10.7 million to SEK 53.1 million. The Company considers that the investments made since 2018 provide a solid foundation to continue to generate cash flow and finance continued growth.

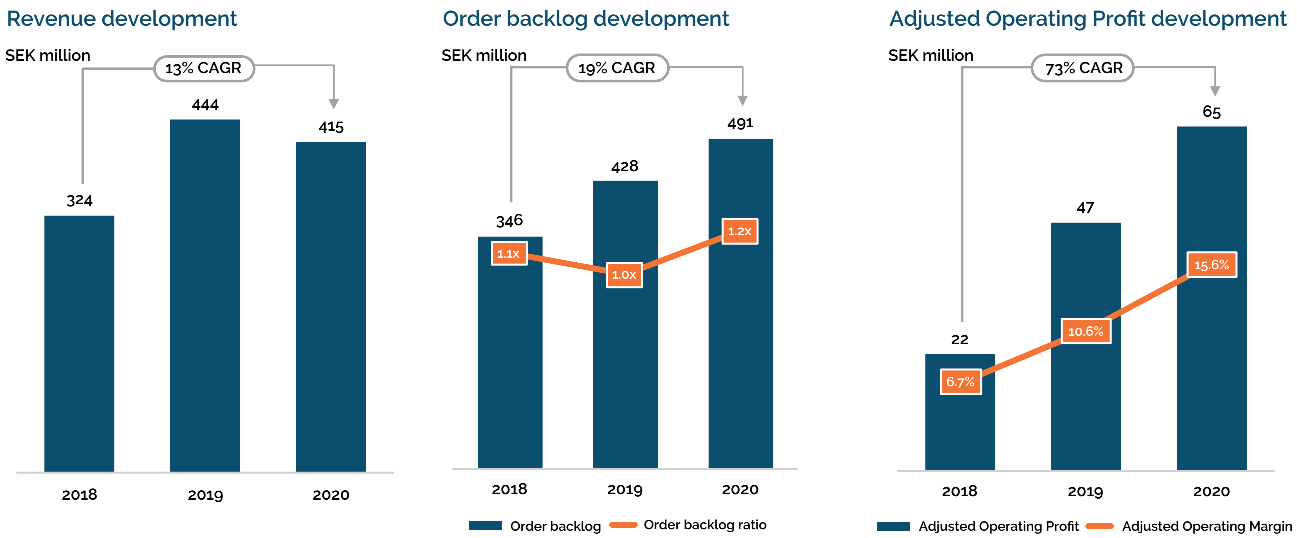


Figure 22: The Group's sales development, order backlog development and adjusted operating profit and operating margin development.

STRATEGY

Permascand's overall strategic objective is to continue to develop, commercialise and scale up innovative cleantech applications based on the Company's core technology to ensure long-term customer relationships and to increase aftermarket sales. Through its previous investments in automation and robotisation, the Company has built up a large capacity reserve that enables increased production volumes.

Permascand has formulated clear strategic initiatives to continue expanding in all three of its business segments, including the following:

- Establish a research and development centre for the development of technology and applications in green hydrogen (Electrification & Renewables)
- Capitalise on the emerging market for lithium and continue to develop energy-efficient solutions in electrowinning (Electrification & Renewables)
- Create recurring revenue streams from the post-assembly of BWTS as a result of regulatory requirements and create a strong aftermarket business to support the rapidly growing installed base (Water Treatment)
- Capitalise on experience from the European market to strengthen market position in North America (Industrial Solutions)

1) See sections *"Selected historical financial information — tables for alternative key performance measures"* and *"Selected historical financial information — Consolidated key performance indicators"* for definitions.

Establish a research and development centre for the development of technology and applications in green hydrogen (Electrification & Renewables)

The Company's assessment is that the market for green hydrogen production will see strong development in coming years as the technology is expected to have major environmental benefits. By building on 20 years of experience in hydrogen gas production, Permascand's long-term goal is to strengthen its position as one of the leading independent suppliers of solutions for the production of green hydrogen. The strategy consists of a three-pronged approach: further development of the existing product range of electrodes for water electrolysis and ongoing customer projects in green hydrogen; research and development efforts to expand the customer portfolio; and expansion of the offering of electrochemical cells for the production of green hydrogen. As part of this strategy, the Company will establish a research and development centre focused on technology and applications in green hydrogen. Prioritised focus areas will include:

- Research on new types of coatings and electrodes
- Demonstration and pilot testing of new technology
- Mechanical design and product development together with selected partners; and
- Production development for commercial production

The Company estimates that the investment required to establish the research and development centre will amount to approximately SEK 180 million and will be fully completed by 2023. The intention is that the centre will strengthen the Company's IP portfolio and, from 2030, provide the Company with at least three patent families in the area. In addition, the Company estimates that in the long term, it will employ around 20 people focused on green hydrogen in different types of roles with an annual operating cost of around SEK 35-40 million. The Company aims to employ approximately five people at the end of 2021, of which one has already been hired. The Company's long-term strategy is to expand its total production capacity by an additional 250,000 m2 of electrode surface area per year. Increasing production capacity is a prerequisite for the Company to achieve its ambition to have developed relationships with five OEM customers and achieve a total annual turnover of SEK 2,500 million in green hydrogen. The Company estimates that this would require an investment totalling around SEK 250 million.

Capitalise on the emerging market for lithium and continue to develop energy-efficient solutions in electrowinning (Electrification & Renewables)

Permascand considers that applications within Electrification & Renewables, in addition to green hydrogen as described above, constitutes a significant opportunity where the Company can play a key role in the development products at commercial scale. The Company has the following focus areas in the future:

- **Lithium**: Permascand's current focus within lithium extraction is on the market for new sales, primarily to deliver cells for building new facilities and to expand the capacity of facilities by validating the extraction technology on a larger scale for extensive commercial use. Permascand's assessment is that the expected delivery of the first NORSCAND® cell on an industrial scale can increase the validity of lithium extraction using Permascand technology. A long-term focus in lithium extraction is to develop a recurrent aftermarket model with a recoating cycle of 2 to 5 years.
- **Electrowinning**: Permascand's strategy within electrowinning is to continue ongoing business development and focus on new opportunities in electrowinning as the demand for certain types of metals continues to increase, such as copper and nickel used in the production of electric vehicles. In the electrowinning industry, there is a gradual switch from lead to dimensionally stable anodes as they are more energy efficient and more environmentally friendly. Permascand's DSA® reduces energy consumption by approximately 10 to 15[1] percent by replacing older anode material with a catalyst coated titanium-based anode with a catalytic on the surface. The technology makes it possible to renovate the anodes at the end of the cycle, which contributes to the circular economy by reducing the need for new material. The Company considers that its established and proven Permascand DSA® product enables the Company to capitalise on this shift.

Create recurring revenue streams from the retrofit of ballast water treatment systems driven by regulatory tailwinds and create a strong aftermarket business to support the rapidly growing installed base (Water Treatment)

In the coming years, the BWTS market is expected to show strong growth, primarily in retrofitting, when older vessels become subject to environmental regulations requiring vessels that travel intercontinentally to have an installed and functional BWTS by 2024 at the latest. According to the Market Study, some of the vessels are not expected to meet the requirements within the set timeframe, which is expected to lead to continued demand into 2026 when almost all regulatory-operated retrofitting is expected to have been completed. In total, the newbuild and retrofit market segments for BWTS are expected to have a total value of approximately SEK 14 billion between 2020 and 2026.

Permascand is well positioned and well-invested to capitalise on this opportunity and will continue to target customers who offer the development of electrochlorinating BWTS which complies with current regulations.

By working closely with customers, in this case system integrators/OEMs, during product development, Permascand helps its customers obtain regulatory approval for their BWTS, which leads to more BWTS for the end customers to choose from among those who need to use Permascand's electrochloration technology. In addition, Permascand continuously maintains its long-term customer relationship with existing customers through product development and has, as a result, received orders for third-generation PermaChlor® for first delivery in 2021.

1) Estimates made by the Company based on a third party source.

In the medium term, the Company's intention is to establish a large installed base of end customers as the number of marine vessels in the possible market increases from approximately 13,000 in 2020 to approximately 40,000 in 2026.[1] Permascand aims to leverage key learnings from the Industrial Solutions segment, which is an established segment where the majority of revenue comes from recoating services, and to replicate the success of Industrial Solutions by transitioning to attractive and recurring aftermarket services within Water Treatment where Permascand becomes the natural choice for recoating and renovation in close cooperation with OEMs.

Capitalise on experience from the European market to strengthen market position in North America (Industrial Solutions)

Permascand is focusing on ongoing research and development efforts and projects, such as the development of Chemetry's new eShuttle® technology. Research and development efforts are being carried out, in partnership with customers, to increase efficiency and production capacity.

Permascand intends to leverage its strong market position in the European market to further expand in North America. Expansion is already underway with an established presence through partner workplaces; and a sales office in Vancouver, Canada. The North American expansion has a three-pronged approach, which consists of increasing sales capacity, possibly through additional sales offices; evaluating further establishments of partner workplaces; and gaining market share through active business development based on Permascand's long experience and know-how. The Company is also planning to establish a coating facility in North America in the medium to long term. The facility would serve as a local hub and enhance service levels due to proximity to the customers, which is expected to increase interest in the Company's offering.

Permascand's strategy for aftermarket sales is to offer attractive aftermarket services with excellent customer service to maintain high customer retention and recurring revenues from recoating services. Examples of customer support initiatives include strengthening local customer support and establishing interactive customer support processes.

VISION AND MISSION

Permascand is a business partner that creates value by offering innovative services, products and production solutions based on its extensive experience in electrochemistry.

Vision and values

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

The Company's vision is based on the following three core values:

- To create value through continuous improvements to Permascand's value chain.
- To be responsible and goal-oriented in relationships with all stakeholders.
- To maintain the highest professionalism in everything Permascand does, including in the development of innovative solutions.

Mission

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

FINANCIAL TARGETS AND DIVIDEND POLICY

Financial targets

Growth	Permascand's goal over the medium term is to achieve average organic growth of at least 25 percent per year.
Profitability	Permascand's goal over the medium term is to deliver an operating margin of more than 25 percent.
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.

The Company has not resolved on dividends for the period covered by the historical financial information in the Prospectus.

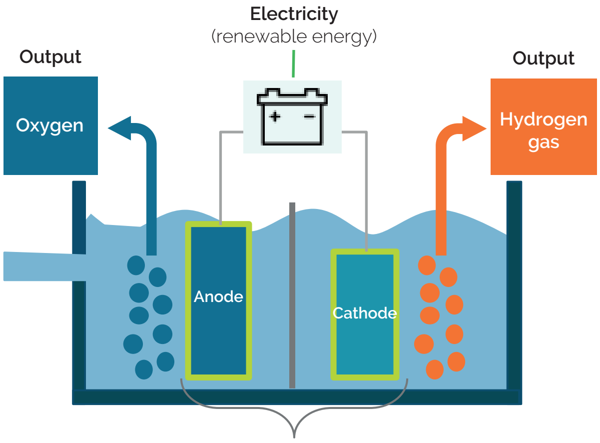
1) The Market Study

INTRODUCTION TO ELECTROCHEMISTRY

Electrochemistry is fundamental in a large number of processes used in everyday life. Batteries are an example of electrolyte cells, but electrochemical reactions are also included in several other types of processes, such as energy storage, energy conversion, hydrogen gas production, industrial electrolysis, corrosion protection, water purification, electrowinning and detection equipment such as breathalysers.

An electrochemical cell converts electric energy into chemical energy. In practical terms, electric power is used to run an otherwise non-spontaneous chemical reaction, which in turn can be used for different types of production or for other industrial purposes. Electrolytic cells consist of two half cells, where one half is a reduction half-cell (cathode) and the other an oxidation half-cell (anode). In an electrolytic cell, an external power source is used to generate a potential difference between two electrodes that force moving electrons and drive a non-spontaneous reaction called a redox reaction. The precise conditions under which the electrolytic cell works are very important. In an industrial context, optimisation is crucial and driving factors are the performance and durability of catalytic coatings as well as electricity consumption, as these types of factors reduce the operating expenses.

Figure 23: Illustration of alkaline water electrolysis process.



PERMASCAND'S CORE TECHNOLOGY PLATFORM

Permascand's core technology platform has been built up over 50 years and is constantly being developed to meet customer needs within everything from the production of catalytic coatings to electrochemical cells and recurring business such as re-engineering and aftermarket services that usually follow a customer relationship.

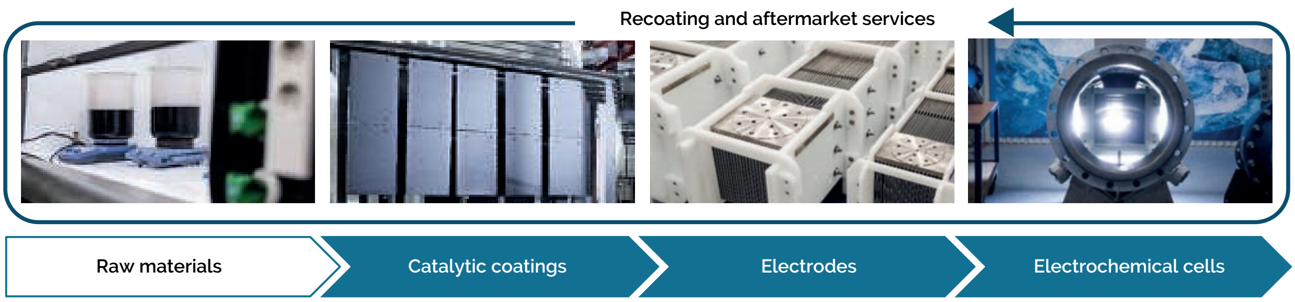


Figure 24: Permascand's core technology platform.

Catalytic coatings

Catalytic coatings are the basic technical component of all Permascand customer solutions. Catalytic coatings consist of a mixture of precious metals and other compounds, which gives a "surface layer" that is applied to metal substrates, such as titanium or nickel.

Permascand is one of the market leaders in catalytic coatings for several applications.[1] Permascand's long experience and extensive know-how in optimal pre-treatment of metal substrates before application of the first coating layer and the Company's ability to build up a three-dimensional catalytic layer designed with nanotechnology through proprietary catalytic mixtures and production steps contribute to the unique character of Permascand's catalytic coating technology. The coating is thus tailored by Permascand so that it is optimal for each customer's specific needs. Based on partnerships with customers, Permascand has developed extensive know-how in the optimisation of its catalytic coatings for a large number of products in a variety of sectors and applications. Since the catalytic coating functions as "fuel" for the chemical reaction, it is consumed gradually and needs to be recoated after a certain time period, depending on the area of use.

Permascand has automated industrial-scale coating equipment in its facilities and the Company considers its equipment to be advanced and modern in the industry. Permascand has carefully monitored and controlled processes for coating application and heat treatment, which ensures high quality of the coatings while also minimising costs.

1) The Market Study

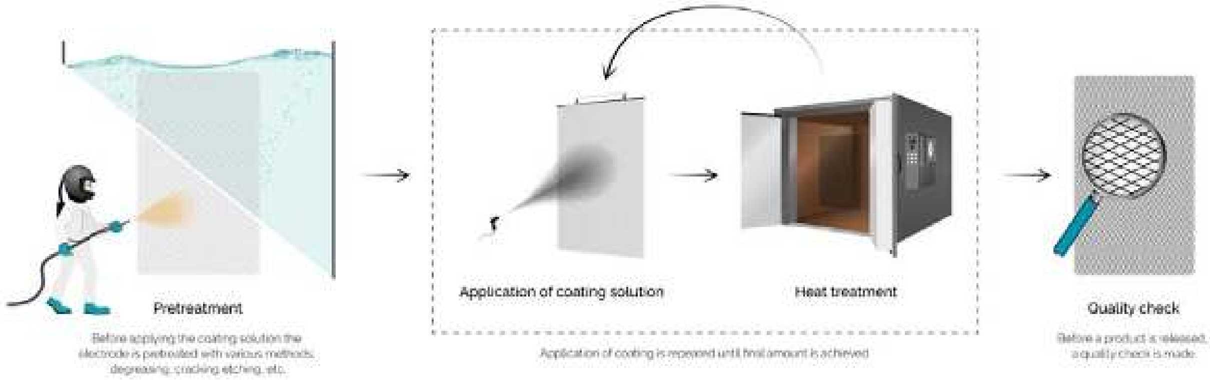


Figure 25: Illustration of the coating process.

Electrodes

Permascand's main offering in the electrodes area is catalytic coatings, but the goal is normally for the offering to include complete electrodes, i.e. the actual anode electrodes and cathode electrodes. Permascand produces a variety of electrodes with different structures, including coated electrodes for application in the production of green hydrogen. Similar to the catalytic coating, the design and construction of the electrodes is an important part of Permascand's electrode offer to provide the lowest total cost of ownership for the customer. The design of the electrode affects its electrochemical performance, resistance and electricity consumption. For industrial and other commercial use, anode electrodes are always, and cathode electrodes are sometimes, covered with a catalytic coating to give the desired results. The anodes are supplied with a catalytic coating over a layer of titanium and the cathodes consist of steel or coated nickel, depending on the type of application. Permascand produces individual electrodes with an area of up to 3 m² in its existing plant. Permascand's production and application expertise are fundamental for the Company's ability to continue to deliver dimensionally stable anodes of high quality and performance.

Electrochemical cells

In addition to providing catalytic coatings and coated electrodes, Permascand also develops and produces complete electrochemical cells. Permascand offers electrochemical cells and electrodes in all three business segments. For further information, see the section "*Permascand's business segment* ".

Recoating and aftermarket services

Permascand offers aftermarket services spanning high-quality recoating services for a range of applications to pre-treatment, final pressure testing and mechanical repairs of tin and electrodes. Aftermarket services are a significant revenue stream for the Company. Coated electrodes require a recoating because performance decreases when the surface layer is consumed during use or becomes impure during the electrochemical process. Aftermarket services are specific to various technologies and applications, but essentially involve recycling of the customer's material as much as possible. This reduces the customer's operating expenses and contributes to a sustainable business. For example, Permascand offers chloralkali membrane cells. This is mainly due to the high degree of customer-specific products in the Company's industry, which means that it is common for the same supplier who delivered the original product/solution to continue to maintain electrodes and electrochemical cells in terms of recoating and recurring maintenance. All recoating services are performed at the Company's factory in Ljungaverk, while other types of assembly and repairs are performed both at the factory in Ljungaverk and at three other sites through the Company's partners at regional facilities in Louisiana, Shanghai and São Paulo. The coating equipment in Ljungaverk is optimised for handling tinplates up to a size of 3 m², optimised anodic and cathodic catalytic coatings and coating of titanium flanges. Permascand has relined and renovated electrochemical cells for certain customers' facilities for 30-40 years and the Company is actively working to further improve its service offering, in support of a circular economy.

The interval for recoating usually varies between 2-12 years and depends on the composition of the cell and what it is used for. The table below shows the intervals at which electrodes usually need to be recoated for each of Permascand's business segments.

Business segments	Intervals
Electrification & Renewables	2–10 years
Water Treatment	5–15 years
Industrial Solutions	8–12 years

PERMASCAND'S BUSINESS SEGMENT

Electrification & Renewables

Electrification & Renewables is divided into four areas: electrowinning, lithium, hydrogen and energy transmission. Each area comprises electrodes adapted for this purpose. For the 2020 financial year and the first quarter of 2021 the Electrification & Renewables business segment accounted for 7 percent and 13 percent of the Group's total net sales.

Green hydrogen

According to the Market Study, Permascand has supplied activated nickel cathodes and other cell components for alkaline water electrolytes and hydrogen gas production for almost

20 years and is considered to be one of the few leading and established players on the market. Hydrogen energy as a form of cleantech is rapidly increasing in importance on the world market as one of the most important green technologies, especially when the power supply for the electrochemical process is generated by renewable energy sources. The new annual electrolysis capacity is expected to increase from 0.1 GW to 31 GW from 2020 to 2030, which corresponds to an increase of 310 times. In 2021, Permascand decided to accelerate its strategic plans to expand its offering to complete electrochemical cells for hydrogen gas production. As a result of this decision, Permascand has adopted an investment programme with the aim of establishing a technology centre that will include key activities such as coating and research and development within electrodes, pilot testing and mechanical design and product development.

As an independent supplier of electrodes for OEM producers, Permascand's addressable customers include large OEMs focusing on industrial hydrogen production in various areas. Permascand has several commercial players within its existing customer base that deliver electrochemical cells for hydrogen production.

Permascand continuously conducts joint research and development efforts and partnerships to expand its customer portfolio and the number of end uses within the hydrogen gas area, but the Company also focuses on making it possible for OEMs to reduce the cost of producing hydrogen. Permascand's management considers that the following points are key factors for achieving a lower production cost for system integration of green hydrogen:

1. Technical development in terms of the ability to handle higher loads (current density).
2. Minimising the amount of expensive materials used in production by using alternative materials.
3. A simplified design and construction.
4. Creating added value for products from anode chamber reactions to offset the total operating cost. In industrial electrochemical processes, hydrogen gas development occurs on the cathode.

Permascand's management considers that the Company has the potential to expand its offering to complete electrochemical cells for hydrogen gas extraction and that Permascand is well positioned to win new business due to its strong merits as a supplier of electrodes for water electrolytes. These are supported by 50 years of experience in research and development, a focus on delivering cost-effective and energy-efficient solutions on an industrial scale to customers.

Lithium

Electrochemical cells can be used to produce lithium hydroxide, a key component in lithium batteries. Increased lithium production is necessary to enable the global transition from fossil fuels to a more electrified society where lithium hydroxide plays a central role in the production of batteries to electric vehicles, mobile phones and computers. The traditional method of producing lithium hydroxide is through a three-step process to create a reaction of metates based on the use of lithium carbonate and calcium hydroxide.

Through a partnership with NORAM Engineering and Constructors Ltd. ("**NORAM**"), Permascand has developed an electrochemical cell, NORSCAND®, which makes it possible to commercially produce lithium hydroxide through electrochemistry. For more information on the partnership with NORAM, see the section "*Partners — partnership with Noram*" below.

The NORSCAND® cell is based on a method in where electrochloration is used in one of the production steps to convert spodumene into lithium hydroxide. The method skips one step compared to the traditional three-step process for lithium extraction. The Electrochlorination method provides three main advantages over the traditional method: (1) a faster process, (2) a more high-value product, and (3) a more cost-effective and environmentally friendly production due to lower energy consumption and no chemical waste. A scalable lithium production is necessary for the global transition from fossil fuels to electricity, as it later requires access to efficient energy storage. Lithium hydroxide plays a central role in the production of batteries for electric vehicles, mobile phones and computers. One example is the car producer Tesla, which is fully dependent on lithium batteries for all its cars. As far as the Company is aware, Permascand is the only supplier of electrochemical cells adapted for lithium extraction. Permascand further evaluates new applications for the NORSCAND® cells aimed at other lithium options.

Electrowinning

Electrowinning is an industry standard for purifying and extracting certain types of metal such as nickel, copper, cobalt and zinc. Permascand has been a leading supplier of dimensionally stable anodes for electrowinning since the beginning of the 1970s. Dimensionally stable anodes are one of two methods used. The second method is based on an older technology which uses lead anodes with comparatively high energy consumption.

Permascand produces DSAs which are a key component in electrowinning of metals such as nickel and copper. With a unique combination of deep knowledge of electrochemistry and a long history of designing electrodes, Permascand contributes to the (i) long life of the anodes, (ii) low energy consumption, (iii) high level of service, (iv) low capital costs, and (v) low operating expenses.[1] Electrowinning with dimensionally stable anodes is also more favorable for the operators' work environment compared to the lead-based method, since the amount of sludge decreases.[2] The Company's customers in this segment mainly include nickel factories that use dimensionally stable anodes, however, the Company also see business opportunities linked to copper producers that use lead anodes and as such is working to transition these into dimensionally stable anodes.

1) Estimates made by the Company based on their 50 year history and on sources from third parties.
2) Estimates made by the Company based on their 50 year history and on sources from third parties.

Permascand has a strong customer portfolio and the Company's strategy in the area of electrowinning is to further increase production volumes for delivery to customers. The electrowinning area is driven by increased demand for dimensionally stable anodes to replace lead anodes due to the environmental and cost advantages with investments in dimensionally stable anodes. The electrowinning area is also driven by increasing demand for electric vehicles, where copper and nickel are essential metals during production.

Energy transmission

Permascand supplies electrodes to cool down thyristor valves in high voltage conversion stations HVDC. Permascand's proprietary technology was developed in-house with its field application client, a leading producer of HVDCs. Permascand has supplied electrodes for approximately 30 years and is the only supplier of this technique. The end-usage of Permascand's HVDCs include off-shore wind power, solar power parks and hydroelectric power plants.

Three players dominate the global HVDC market (excluding China), of which all three have developed their own technology for cooling thyristors, which is not necessarily based on electrochemistry. Permascand's focus is on delivering incremental improvements together with its customer and does not actively focus on attracting new customers within the application area. The market is traditionally driven by the construction of large long-distance projects for the transmission of large amounts of energy.

Water Treatment

The Company's activities within the business segment Water Treatment mainly include electrochlorination cells for ballast water treatment (BWTS) and is based on Permascand's proprietary technology, Permascand WTS PermaChlor®, which Permascand launched in 2014. The cells are cost-effective, robust and reliable, and have been designed to be operational and user-friendly with optimal production of sodium hypochlorite. They are scalable and can also be used in various sectors. For the 2020 financial year and the first quarter of 2021 the business segment Water Treatment accounted for 61 percent and 54 percent of the Group's total net sales.

The electrochlorination cells are used in water treatment systems to generate low-concentration sodium hypochlorite (0.5-8,000 ppm) from electricity and sea water. By supplying electricity and a catalyst in the form of a coating to the sea water, the salt is converted electrochemically into oxidised disinfectants which are active substances that neutralise organisms in the water. The water flow through the electrolysis chamber where the active substance is produced. The hypochlorite result is controlled by varying the current used based on the dosage requirement, to minimise storage. After the salt has been converted into disinfectants on an electrochemical path, the substances revert naturally to sea salt.

PermaChlor® electrochloration cells for BWTS

Within shipping, electrochlorination is used in vessels such as tankers, cargo vessels, container vessels and bulk vessels to disinfect ballast water. These vessels carry significant volumes of ballast water for stabilisation, with the ballast water weighing the ship down and lowering its centre of gravity. When the vessels are loaded, the ballast must be reduced, i.e. the amount of water that was refilled into the ballast tank in the previous port where the cargo was unloaded must be pumped out of the ship. This involves a risk of introducing invasive aquatic species into the water in the local area, which threatens biodiversity in the sea. Permascand PermaChlor® cells for BWTS are IMO and USCG certified through Permascand's customers' system certification programme. See "*Market overview — The water treatment market — Key industry drivers and characteristics — Regulations*" for more information. The cells provide effective water cleansing as well as safe emptying and handling of the ballast water. It is one of the main products that Permascand offers and sells. Permascand PermaChlor® cells for BWTS can be placed anywhere on the ship and takes up less space than alternative BWTS, such as UV radiation. By using Permascand PermaChlor® for BWTS, the risk of the spread of invasive species can be significantly reduced.

Figure 26: Permascand PermaChlor® BWT.

Permascand has also developed a special version of its cells, PermaChlor® for BWTS EX, which is certified as an electrochemical cell that can be used in environments where electric sparks or open fire can cause explosions. The product can, for example, be used for certain types of tankers, and has a price premium on the conventional BWTS cells. Because significant demands are placed on products such as BWTS EX and the purposes for which they are to be used, there are fewer competitors in this area than for customary BWTS.

The market for electrochlorination cells for BWTS can be divided into three parts: (i) new construction market, (ii) retrofitting market and (iii) retrofitting market for electrochlorination cells.

The newbuild segment of the BWTS market refers to the installation of BWTS during the construction of new vessels. USCG and IMO rules require that nearly all vessels designed and constructed to carry ballast water install BWTS. Permascand expects a stable growth rate from 2020, driven by the exchange of aging vessels.

The retrofit segment of the BWTS market refers to the installation of BWTS in vessels that have already been constructed and are operational. The USCG and IMO regulations require that vessels travelling intercontinentally install BWTS. The current fleet without BWTS therefore requires retrofitting of BWTS to continue in operation. Permascand expects an increase in installations between 2022 and 2026 due to deadlines for installation of IMO and USCG. After 2026, almost all of the retrofitting installations are expected to have been carried out, which corresponds to installations in approximately 48,000 vessels.

The aftermarket segment in the BWTS market refers to the exchange of electrochlorination cells, which must be replaced every 5 to 15 years as a result of consumption. Aftermarket services for BWTS require a near complete replacement of the electrochlorination cell, and Permascand estimates that approximately 80 percent of its electrochlorination cells need to be replaced through aftermarket services. The aftermarket segment is directly dependent on the number of installed BWTS.

For further information on the size and growth of the market segment, see section "*Market overview — Water Treatment Systems market size and growth*".

Permascand PermaChlor® PEC (plate electrode concept)

Coastal and sea-based sectors and oil/gas platforms also need enormous amounts of water for their cooling systems. Since sea water contains many biological species, it can damage equipment and pipes, if it is not disinfected. This makes Permascand WTS PermaChlor® a natural choice for power plants, refineries, desalination facilities, fixed platforms and liquid production facilities with warehousing and unloading functions.

The technology can also be used for the disinfection of drinking water, sludge, wastewater and water in swimming pools. The cells can be grouped vertically or horizontally depending on the end user's specifications. Permascand mainly works together with technical or commercial partners in this area.

Industrial Solutions

This business segment targets industrial facilities that uses electrolysis of potassium chloride, sodium chloride solutions or brine to produce caustic soda, chlorine or chlorate. The chemicals produced by electrochemistry are used in several different sectors, such as pulp and paper, organic and inorganic chemical production and PVC production.

Until the end of the 1960s, the anodes used in chlorate and chloralkali operations were made of magnetite (iron-based) or graphite (carbon). Today, lead anodes are most common in plants where consumable anodes are still being used. This is because sludge builds up in the cells and the gap between cathode and anode increases over time and leads to higher cell voltage which leads to increased energy costs. The lead anodes must therefore be replaced at regular intervals, usually once a year. The invention of catalytic coatings on a titanium substrate - dimensionally stable anodes - was, when the first patent came in 1958, a disruptive technology because it led to three important improvements: (i) lower energy consumption, (ii) no material consumption (i.e. dimensional stability) and (iii) fewer maintenance steps to replace the anodes. Energy savings from the use of catalytic coatings compared to traditional lead anodes is 10 to 15 percent. Permascand DSA® is the brand for Permascand's dimensionally stable anodes that the Company offers its customers for industrial production of, for example, chlorine and chlorate.

Permascand produces electrochemical cells for OEMs worldwide. All major electrochemical technologies for OEM production are covered by the Company's offering. The Industrial Solutions business segment is divided into two areas: new facilities and aftermarket services. For the 2020 financial year and the first quarter of 2021 the business segment Industrial Solutions accounted for 32 percent and 33 percent of the Group's total net sales.

Permascand actively cooperates with leading engineering companies on the large-scale use of electrochemical cells for new, innovative processes. The Company has extensive experience in the design, production and commissioning of versatile electrochloration systems for a range of purposes and applications. Customers are offered competent project management support, from research and development services to evaluation and production of prototypes.

Over the years, Permascand has manufactured and delivered electrochemical cells and associated components to several newly established factories (facilities), by being a contracted production partner for engineering companies. In addition to new facilities, Permascand is working with existing customers to expand and/or modernize existing electrochemical facilities. Most often, Permascand also continues to provide recoating and aftermarket services after the Company has manufactured the first electrochemical cells.

COLLABORATION PARTNERS

Permascand has for many years worked closely with international engineering companies and universities. The Company makes its extensive expertise available to customers to support their operations and operational targets. Through its network of highly-qualified workplace partners, Permascand can offer services to customers worldwide. The following partnerships are of particular importance to the Company:

Partnership with NORAM

NORAM, with its seat in Vancouver BC, Canada, and Permascand have through a collaboration that began in 2013 jointly developed the electrolysis facility NORSCAND®, a new electrolysis cell with several departments specifically designed to split salt in saline solution. The partnership with NORAM falls under the Electrification & Renewables business segment.

The family of NORSCAND® electrolysis plants has been developed based on the industry's requirements for a scalable electrochemical platform. NORAM and Permascand both have reputable engineers and a strong entrepreneurial spirit. In the collaboration with NORAM, Permascand has applied its extensive experience in industrialization and large-scale production of electrochemical products and contributed information to the new process and development drawings proposed by NORAM. Permascand and NORAM are cooperating on newly built lithium factories. At present, Permascand and NORAM deliver the NORSCAND® product to one customer in one market, with a number of project requests currently being processed.

Nemaska Lithium Inc., located in Quebec, Canada, is currently the sole customer of NORSCAND®. The customer is planning to inaugurate the world's first electrolysis facility on an industrial scale for the production of high-value lithium hydroxide at its electrochemical facility in Shawinigan, Quebec. Nemaska's phase 1 facility will initially be a smaller test facility, however, it is planned to be expanded into a full-scale commercial facility. After a restructuring and refinancing, the company will operate under the name New Nemaska Lithium.

Partnership with Chemetry

In October 2020, Permascand and Chemetry announced a collaboration on the expansion and commercialization of a new electrochemical cell for Chemetry's eShuttle® technology. Chemetry's electrochemical cell is unique in its use of three chambers and two membranes, which allows the process to separate saline solution into halogenide and sodium ions with lower electricity consumption. Chemetry and Permascand must collaborate to complete the design and production of Chemetry's cell to ensure optimum performance and durability. Permascand contributes their expertise to ensure full reliability and a competitive cost base for the commercial electrolysis facility. Partnership with Chemetry sorts under the Industrial Solutions business segment.

Chemetry's eShuttle® platform combines electrochemistry and catalysis to create more sustainable process techniques for input chemicals. With the help of the proprietary electrochemical cell, Chemetry can oxidise metal ions in the electrochemical cell, which then reacts with the raw material hydrocarbon. The cell construction has been developed over many years at the Chemetry pilot plant in Moss Landing, California. Through collaboration with Permascand, Chemetry can optimize its design for reliability and recyclability, so that Chemetry and its partners can expand into commercial production and combine thousands of cells into large-scale production facilities.

OVERVIEW OF PERMASCAND'S COMMERCIAL ACTIVITIES

Production plant and additional business sites

Permascand's main office and automated facility for production and electrode coating is located in Ljungaverk. The facility covers over 7,000 m2 and is equipped with a state-of-the-art automated production system. In recent years, extensive investments have been made in the plant and production equipment to increase the degree of automation and production capacity. In addition to the production of electrodes and conductive coatings, the assembly and testing of products also take place in this facility.

All production and maintenance activities are performed and documented by trained and experienced personnel in accordance with strict guidelines. Permascand conducts regular system checks in addition to the reviews carried out by external inspectors. The Company's products are of very high quality due to the Company's extensive knowledge of high strength metals and alloys for electrochemical applications. The Company's coating equipment is highly automated and the process is designed to give the end product maximum life.

In addition, the Company has a licensed workplace located in Louisiana, USA, with customer sales and service support based out of Vancouver, Canada, and a sales office located in Gothenburg. The Company has a local presence in three locations through its partners at regional factories in Louisiana, Shanghai and São Paulo.

Raw materials and purchasing

Permascand uses distribution partners in Italy, Germany and Sweden that order titanium and nickel from China and the USA. Iridium and ruthenium are produced in a limited number of countries, mainly located in Africa, and there are only two major suppliers on the world market, Johnson Matthey and Heraeus. Both of these suppliers are located in Europe and Permascand buys raw materials from both of them. Iridium and ruthenium are very expensive precious metals and during the first quarter of 2021, the average price of Iridium amounted to EUR 148 per gram while the average price of ruthenium was EUR 12.5 per gram. Permascand regularly makes forecasts for the next 12 to 18 months to estimate the need for raw materials in operations. Permascand then initiates purchase orders with its distribution partners for precious metals where the order volume is at first preliminary. Permascand has the right to adjust the orders at a certain time for a fee. The lead time to receive the raw materials is normally three to twelve months from the order date. The prices of iridium and ruthenium in particular, but also nickel and titanium, vary greatly as a result of, among other things, fluctuations in supply and demand, transport costs, state regulations and tariffs, price control, inflation and the economic situation. Price variations in raw materials are normally passed on to the end customers as the costs are indexed in fixed price contracts.

Sales and marketing

Permascand has 50 years experience in dimensioning and adapting catalytic coatings, electrodes and electrochemical cells according to the requests from customers and supporting the customers in optimizing the electrochemical process in form of production cost and product quality. The majority of Permascand's sales process is initiated from inquiries from customers regarding the need for any of the Company's services or applications. Requests from potential customers normally require that the

Company initiates a product development process. The product development process takes an average of four to five years, but can last ten years or more, from first contact to delivery of the commercial product. The end product is highly adapted to the customer's specific needs and processes. Permascand's engineers and equipment technicians collaborate closely with customers and suppliers in the customisation projects. In addition to the Company's technical expertise, customers gain access to competent project management support, know-how and extensive experience in research and development services for evaluation and production of prototypes relating to coating and renovation. Overall, this forms the basis for the Company's sales process.

The product development process with customers often occurs over several years and typically consists of (i) a research phase (0-2 years) for producing samples of catalytic coatings based on customers' applications and processes; (ii) a design phase (0-1 years) to develop the product's technical specifications and optimisation of the product's recyclability for large-scale production; and (iii) a test phase (0-5 years) where cell prototypes are tested, updated and optimised for specific purposes and/or products. Once the test phase is completed, the product can be commercialised for large-scale use. During the product development process, the customer is usually responsible for Permascand's costs for the research and development project (including material and consultancy costs). During 2020, the costumer's financed a large proportion of the research and development carried out by Permascand.

With regard to aftermarket services, the Company focuses on providing optimally designed coatings but a major focus is also on the sale of renovation services. Renovation is a process that is specific to various technicians, but basically involves recycling as much as possible of the customer's material. This reduces customer operating expenses and contributes to a sustainable business.

Logistics and transport of products

Transport of products refers both to the delivery of new products and renovated units from Ljungaverk to the customers as well as products that are sent to the Company for aftermarket services, which are normally handled by the customer. However, the Company orders transport to and from its workplace partners for assembly, etc. Between 2018 and 2020, the Company made major investments to improve its logistics operations, mainly at the Ljungaverk factory. Suppliers are responsible for interconnected logistics that are normally performed by third-party suppliers. Permascand is responsible for the provision of outgoing logistics where the majority of the products are transported by trucks, for example, to Europe. All transport abroad takes place through the Port of Gothenburg.

Stock

In Ljungaverk, Permascand has an internal storage capacity for precious metals equivalent to three months' consumption, including spare stock to avoid potential production disruptions due to disturbances in the supply chain.

Historically, Permacand has had low levels of product inventory as orders are normally customer-driven. Within BWTS, larger orders of Permascand PermaChlor® cells are made regularly, and as a result, the Company maintains an inventory of cells that are being built up while waiting for transport from the factory.

Research and development

Permascand has a well-equipped research and development laboratory for metallographical analyses of metals and catalytic coatings, including advanced microscopy and characterisation of periodic elements. The purpose is to ensure that the Company will be able to continue to meet changing customer needs and changing legal requirements. The equipment, experiment configurations and methods are used internally to test the performance of coatings, electrodes and electrochemical cells on a laboratory or pilot level. Following an expansion of the research and development plant in 2018, the Company has several small-scale electrochemical test cells where the performance of coatings can be evaluated during long-term testing. Through Permascand's network and cooperation with universities and research institutions, the Company can also perform more advanced analyses and large-scale evaluation based on more specific needs.

Working for continuous improvement is a central part of the Company's product development philosophy to ensure high quality, long life cycle and good energy efficiency. There is constant further development of the catalytic coatings, while electrodes and electrochemical cells are covered by larger revisions corresponding to the generational planning of the products.

Customer-driven research and development

The product generational planning is most formalised in collaboration with workplace partners and customers. For example, the commercial launch of NORSCAND®, developed in partnership with technology company NORAM, is the third generation of the product. Another example is the development of the third generation of PermaChlor®, which the customer ErmaFirst has already placed an order for with a first commercial delivery of cells in 2021.

Continuous development of basic technology and collaboration with academic institutions

Permascand is constantly working to maintain and expand its leadership in the development of catalytic coatings, electrodes and electrochemical cells. At Permascand's plant in Ljungaverk, competent technicians work continuously to improve the Company's knowledge of properties, and thus the capacity, of coatings and electrochemical technologies. A large part of the internal research and development work is about optimising preparations before the coatings are applied and improving the Company's assembly and production processes. Overall, this means that Permascand can continue to improve the energy efficiency and lifespan of its products, while at the same time becoming more cost effective and providing higher reliability.

Permascand works continuously to improve its product offering and to further develop the Company's capacity in the area of catalytic coatings. In addition to working closely and collaborating with engineering companies and their customers, Permascand also works with academic institutions and benefits from, and contributes to, an extensive network of leading research institutes and universities. The Company has ongoing projects with KTH (Royal Institute of Technology), NTNU (Norwegian University of Technology and Natural Sciences) and Mittuniversitetet (the Mid Sweden University).

Permascand is part of the Swedish Hydrogen Centre, a knowledge centre for electrolysis and renewable hydrogen gas financed by the Swedish innovation agency Vinnova. The project includes industry partners such as Boliden, Sandvik and Siemens. The Swedish Hydrogen Centre develops a test bed where electrolysis, storage of hydrogen gas and hydrogen applications can be tested and evaluated. During 2012-2018, the Company's Head of Research and Development, Erik Zimmerman, was also chairman of Vätgas Sverige Hydrogen Sweden.

ORGANISATION

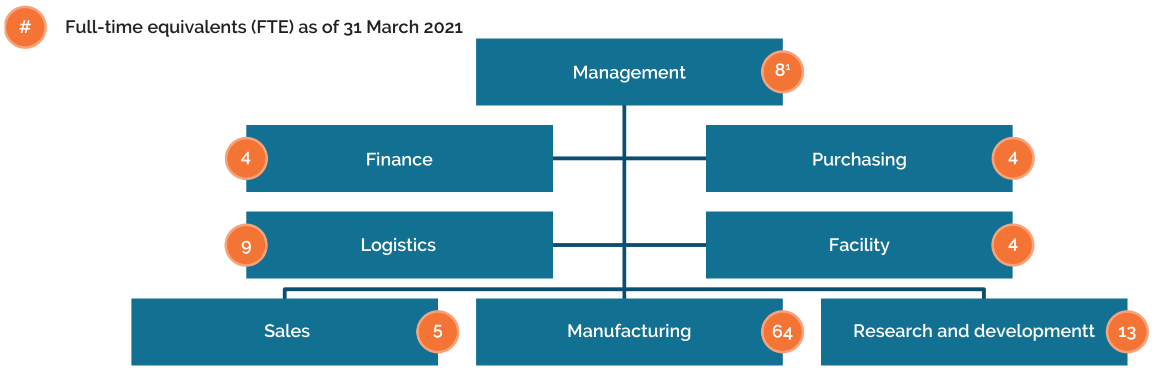
The Group CEO is Peter Lundström (born 1968). Other members of the senior executive committee are CFO Linda Ekman (1979), CTO Fredrik Herlitz (1966), Chief Commercial Officer (CCO) Viktoria Lindstrand (1971), Chief Operations Officer (COO) Lars Nyman (1969), HR manager Lena Oskarsson Engberg (1966) and manager for quality, environment and work environment Jens Michael Povlsen (1976).

For more information on senior executives, see the section "*Board of directors, senior executives and auditor*". See below for an overview of the Group's organisational structure at group management level.

The tables below show the number of employees per function and geography for the specific periods.

	1 January - 31 March		1 January - 31 December		
Function	**2021**	**2020**	**2020**	**2019**	**2018**
Management	8	8	8	8	7
Administration	23	22	20	24	14
Production	80	98	102	98	86
Total	**111**	**134**	**130**	**130**	**107**
By geography					
Sweden	110	133	129	128	106
Canada	1	1	1	2	1
Total	**111**	**134**	**130**	**130**	**107**

The table below provides an overview of the Company's functions.



1) The Company's senior management includes Jörgen Linell who is not empleyod by the Company.

Permascand focuses on its employees and the company culture is important for future growth. The corporate culture promotes good performance with the goal that employees should be innovative, build their competence and develop innovative technology that drives economic growth and social value for customers. Team spirit is an important part of Permascand's corporate culture. This applies both in internal processes where is it necessary to strengthen relationships between colleagues and in overall performances, and in external processes where it is necessary to strengthen relationships and innovation efforts with suppliers and customers. Permascand constantly strives to improve its internal and external reputation as an employer by, for example, strengthening employee commitments and through its partnerships with various universities. Permascand aims to be an attractive employer and works to attract new talent and retain existing talent, for example by offering employees flexible working hours as well as gym and yoga in the workplace.

CERTIFICATES, PERMITS, AND INDUSTRY ORGANISATIONS

With its global position in advanced electrochemical equipment, Permascand holds certificates for all applicable international standards and permits as described below.

Certificates and permits

Name of certificate or permit	Description
Achilles Certificate	Membership in Achilles Technology and Manufacturing Network. A network that organises suppliers and buyers through online collaboration that promotes best practice, effective working methods and transparency.
JQS for the oil and gas industry in Norway and Denmark	The Company is accredited by Achilles Joint Qualification System for suppliers of the oil industry in Norway and Denmark with respect to certain products.
AEO-certifiering	Certificate issued by the Swedish Customs Service showing that Permascand is an approved economic operator for simplified customs handling.
DNV GL-ISO-9001-ISO-14001	The certificate includes the following: Engineering, production and sales solutions in the areas of water purification, electrochemical process technology, welding equipment, and components, including the production of equipment with increased safety for hazardous locations.
DNV GL-OHSAS 18001	The certificate includes the following: Technology and production solutions in the areas of water purification, electrochemical process technology and welding equipment, and components.
DNV GL ISO 45001	The certificate includes the following: Engineering, production, and sales solutions in the areas of water purification, electrochemical process technology, welding equipment, and components, including the production of equipment with increased safety for hazardous locations.
Inspecta Certificate SS-EN ISO 3834-2	The certificate applies to welding.

Industry organisations

The Company is a member of the industry organisations below.

Name of organisation	Description
Achilles Chemicals and Allied Industries Community	Achilles Chemicals Association organises buyers and suppliers and offers cooperation opportunities for all parties. For example, it facilitates Permascand's customers when making internal comparisons, offer industry-specific standards and the Company can also update customers on its improvements.
Chlorine institute	The Chlorine Institute (CI) was founded in 1924 and is a technical industry organisation for companies that work with the safe production, distribution and use of chlorine, sodium and potassium chloride as well as sodium hypochlorite, the distribution and use of hydrogen chloride and the distribution of vinyl chloride monomer.
Electrochemical society	The mission of the Electrochemical Society is to promote theoretical and practical methods that benefit science and technology in electrochemistry and solid substances as well as related substances.
Eurochlor	Eurochlor is an organisation established in 1989 and which aims to spread scientific knowledge about chlorine and caustic soda.
Vätgas Sverige	Vätgas Sverige is a public-private partnership with members and financiers from business, institutions, municipalities, regions, national authorities and associations. The organisation was started in January 2007 and promotes a balanced and long-term view of hydrogen gas. Vätgas Sverige is a non-profit organisation with around 50 members.
International society of electrochemistry	The International Society of Electrochemistry was founded in 1949 by leading European and American electrochemists to meet the growing needs of electrochemistry to become a modern science. The organisation now has around 3,000 individual members and more than 20 corporate members (educational institutions, non-profit research organisations and academic associations) as well as supportive members (industrial and commercial organisations). The members come from more than 70 countries and are organized in over 40 regional sections.
Svetskommissionen	The Welding Commission is a non-profit organisation that works to support industrial companies, research institutes, government agencies and other public bodies, as well as various types of organisations. The Welding Commission's main objective is to promote research and development in Swedish welding and cutting technology as well as standardisation, training and information in the field of joining.
Handelskammaren Mittsverige	Chamber of Commerce Central Sweden is a politically independent and independent private organisation. The Chamber of Commerce assists the entire spectrum of trade and industry in the Västernorrland and Jämtland regions, from the smallest to the largest companies in all sectors.

ENVIRONMENTAL WORK AND SOCIAL RESPONSIBILITY

Permascand is committed to conducting responsible and sustainable activities in terms of its environmental and social responsibility. The Company has also undertaken to comply with the principles of the UN Global Compact, the UN-supported principles for responsible investments (UNPRI) and the EU Regulation on Sustainable Investment.

High ESG standards are at the top of the agenda in all business decisions. In addition, Permascand's management is convinced that responsible leadership in these areas has great potential to promote growth and development in the countries and regions where Permascand operates. All employees and senior executives must be aware of and follow all aspects of Permascand's ESG policies. The CEO is responsible for the Company's ESG policies being respected throughout the Group.

Permascand measures several internal key indicators in its annual sustainability report, which includes, among other things:

- Energy consumption, measured as megawatt hours in relation to SEK million in net sales, which decreased 64 percent from approximately 39 percent in 2016 to 14MW/h in 2020.
- Waste streams, measured as kilos in relation to SEK million in net sales, which decreased 31 percent from approximately 454 percent in 2016 to 313 in 2020.
- Carbon dioxide emissions, measured as tons of carbon dioxide emissions in relation to SEK million in net sales, which decreased 86 percent from approximately 5.8 percent in 2016 to 0.83 in 2020.

ESG in the Company's industry

Among the most important ESG issues in the industry is the impact of chemicals on the ecosystem and the work environment of the employees, as well as energy consumption for welding. Upstream, sustainability is affected through metal purchasing. The production and renovation of electrochemical cells can have a positive impact on society when they are applied in environmentally friendly sectors. Additionally, aftermarket services extend the lifespan of electrochemical cells. The prospects for the Company's products are favourable because they can be applied in different (sustainable) markets. Green hydrogen is growing strongly as an important part of the solution for sustainable energy in the future and the lithium battery market is also growing as a result of the growth in the electric vehicle market. The ballast water treatment market (BWTS) is also promising as a result of IMO regulations that require vessels to install BWTS, and the efforts to prevent environmental damage from the spread of foreign species between different seas.

Long-term vision for a sustainable industry

Permascand has set up a long-term vision for a sustainable industry comprising the following points:

- The flow of hazardous materials and waste from coating operations will decrease and LEAN systems will reduce energy consumption. Automation and digitisation can further increase operational efficiency and safety during production and use.
- Electrochemical solutions will be applied in different markets and for different applications, such as preventing the spread of foreign species between different seas, which currently causes considerable damage to ecosystems.
- Electric vehicles, energy storage and the demand for hydrogen gas will drive the demand for electrochemical technology.

Permascand's adaptation to EU regulations on sustainable investments

The EU's regulation on sustainable investments, which came into force on 12 July 2020, will contribute to creating the world's first "green list" - a system for sustainable economic activities - which creates a common language that investors and companies can use when investing in projects and economic activities that have a significant positive impact on the climate and environment.

The EU's regulation on sustainable investments sets threshold values for performance of economic activities that contribute significantly to one of six environmental targets. 1. Climate change reduction, 2. Adaptation of climate change, 3. Sustainable use and protection of water and marine resources, 4. Transition to a circular economy, 5. Contamination prevention and control, and 6. The protection and restoration of biodiversity and ecosystems (at the same time as other screening criteria are met[1]). Environmental targets 3-6 do not yet have any technical review criteria, publication is therefore voluntary and can be validated after the established criteria enter into force.

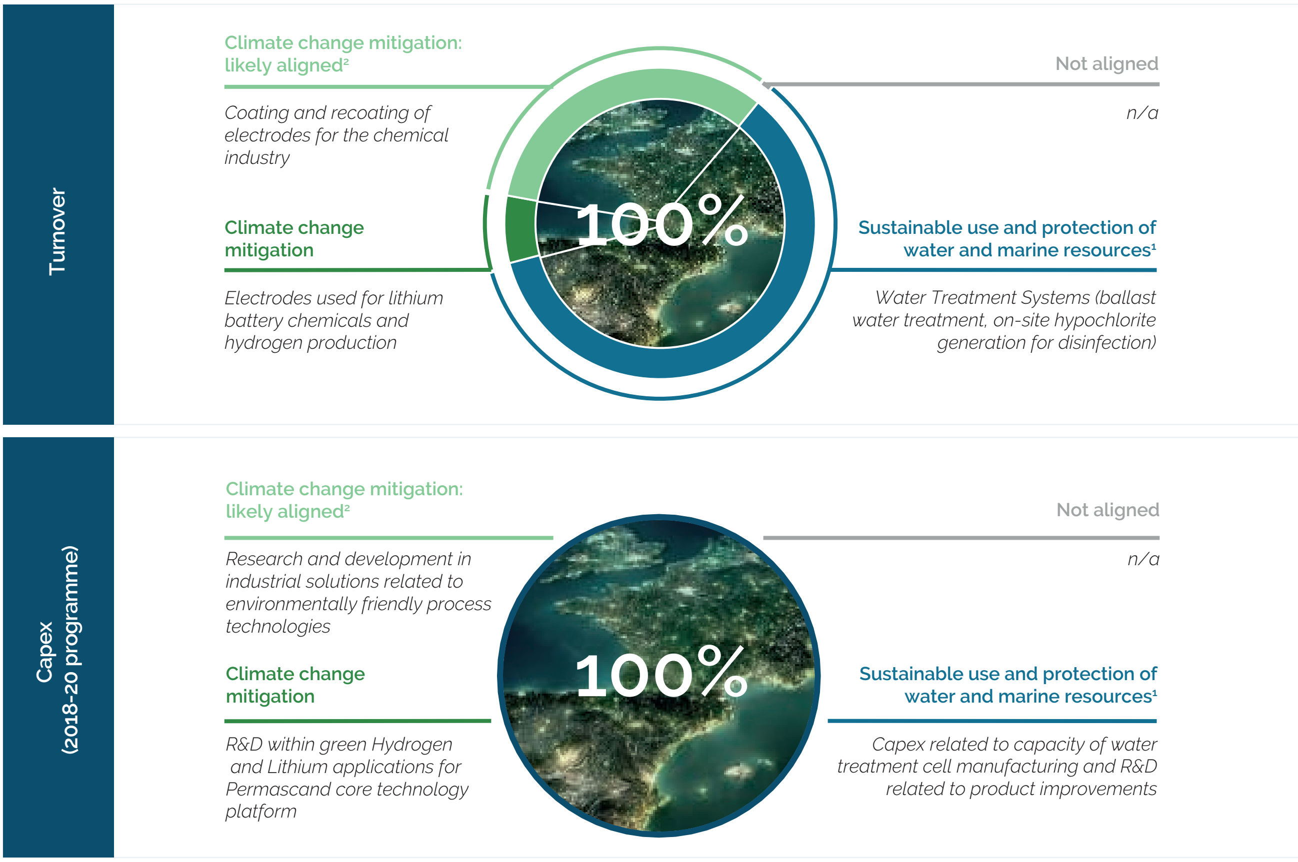
The assessment of Permascand of its adaptation to the EU regulation on sustainable investments is based on the result of an independent review by the international ESG & Responsible Investing consulting firm MJ Hudson.

The assessment is based on the share of the Company's turnover and capital in relation to sustainability. The turnover gives an overview of the current sustainability adjustment, while capex gives an idea of the Company's direction.

1) Economic activity should not damage the other five environmental targets, if applicable; and meet the minimum protection (e.g. The OECD Guidelines for Multinational Enterprises and the UN Council for Human Rights Guiding Principles on Business and Human Rights: UN Guiding Principles on Business and Human Rights.

The figure below shows a summary of Permascand's sustainability adjustment according to MJ Hudson.

Preliminary EU Taxonomy alignment assessment according to MJ Hudson Spring



Source: Preliminary EU Taxonomy alignment assessment by MJ Hudson.

1) Environmental objectives 3-6 do not yet have technical screening criteria; disclosure is thus voluntary and subject to further validation after the delegated acts enter into application.
2) MJ Hudson Spring has good reason to believe that the underlying activity is aligned, based on information available in November 2020, but full compliance has not been demonstrated since not all technical screening criteria could be verified.

Reduce environmental impact

Permascand's activities affect the environment in different ways, but the Company is actively trying to reduce this impact as much as possible by applying different types of innovative technology and engineering. Some examples include increasing energy efficiency in the Company's own installations and reducing waste as well as promoting the efficient use of resources.

Permascand's customers use the Company's technology to save electricity in industrial processes. The Company's proprietary solutions are crucial in sectors relevant to the ongoing transition to renewable energy. This includes the offer of coated electrodes and electrochemical cells for applications such as electrowinning of copper and nickel, lithium of battery quality and hydrogen gas production.

Promote social responsibility

Permascand respects internationally recognized treaties on human rights and strives to offer good working conditions for all employees. Assessments must be carried out regularly to ensure that any possible abuses are identified and corrected. Permascand makes no distinction between gender, sexual orientation, age, skin colour, ethnic background, religion, union membership or physical ability. Permascand works to guarantee that the Company does not directly or indirectly use forced labour, illegal child labour or illegal guest workers.

Permascand's contribution to the UN global targets for sustainable development

Permascand has committed to contribute to the UN global targets for sustainable development with a focus on four of the targets, as described below.

Sustainable industry, innovation and infrastructure

Permascand's electrochemical technology is crucial to the value chain in several industrial sectors and facilitates basic infrastructure. In addition, Permascand's major R&D focus promotes innovation.

Combat climate change

Permascand's products are crucial in the production of materials such as lithium, copper and nickel for power transmission, energy storage and renewable electricity production. Permascand electrodes are also used to extract hydrogen gas from water using electrolysis.

Sustainable consumption and production

Through Permascand's proprietary electrochemical coatings, the Company reduces global energy consumption and increases efficient use of resources. Permascand DSA® replaces lead anodes with a titanium-based anode that enables material improvement measures and reduces energy consumption by approximately 10 to 15[1] percent by replacing older anode material with a titanium-based anode with a catalytic material on the surface,

Sea and marine resources

Permascand's water treatment system is very important to keep the oceans free from biological contamination. Through Permascand's production of thousands of ballast water treatment systems, the Company contributes to biodiversity by preventing the spread of foreign species.

1) Estimates made by the Company based on a third party source.

SELECTED CONSOLIDATED HISTORICAL FINANCIAL INFORMATION

Selected historical financial information for the Group for the 2020, 2019 and 2018 financial years, and interim financial information for the period 1 January - 31 March 2021, including comparative figures for the corresponding period in 2020, is presented below. The financial information for the 2020, 2019 and 2018 financial years is derived from the Company's audited consolidated financial statements, which have been prepared in accordance with International Financial Reporting Standards as adopted by the EU ("**IFRS**"), the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 1 (Supplementary Accounting Rules for Groups), and has been audited by the Company's auditor, for the purposes of the Prospectus, in accordance with Swedish Institute of Authorized Public Accountants (FAR) recommendation RevR 5 - Examination of financial information in prospectuses. The interim financial information for the period 1 January - 31 March 2021, with financial comparative figures for the corresponding period in 2020, has been prepared in accordance with IAS 34 and reviewed, but not audited, by the Company's auditor in accordance with International Standards on Review Engagements (ISRE) 2410 - review of interim financial information performed by the independent auditor of the entity.

The information in this section should be read together with the sections "*Operational and financial review*", "*Capital structure, indebtedness and other financial information*", as well as the Company's audited consolidated financial statements as of and for the three years ending 31 December 2020, 2019 and 2018, and the reviewed, unaudited, interim financial information for the period 1 January - 31 March 2021 (with comparative figures as of and for the corresponding period in 2020). The complete historical financial information for the periods can be found in the section "*Historical financial information*".

The amounts stated in the tables below have been rounded, while the calculations have been performed with a larger number of decimals. Therefore, some tables may appear to sum incorrectly due to rounding. In addition to the above stated, no other information in the Prospectus has been audited or reviewed by the Company auditor unless otherwise expressly stated.

Selected consolidated statement of comprehensive income data

	1 January - 31 March		1 January - 31 December		
SEK million	**2021**	**2020**	**2020**	**2019**	**2018**
Net sales	75.0	107.5	415.0	444.5	323.5
Cost of goods sold	-56.8	-80.1	-311.1	-337.1	-241.3
Gross profit/loss	**18.2**	**27.4**	**103.9**	**107.4**	**82.3**
Selling expenses	-3.4	-3.8	-14.6	-23.8	-21.8
Administrative expenses	-15.1	-7.6	-23.9	-28.1	-27.7
Research and development expenses	-5.1	-3.5	-11.6	-12.2	-11.2
Other operating income	2.2	3.9	9.3	0.1	0.2
Other operating expenses	-	-	-2.7	–	-0.1
Operating profit/loss	**-3.1**	**16.3**	**60.3**	**43.4**	**21.7**
Financial income	-	-	0	0	0
Financial expenses	-3.8	-3.7	-15.3	-2.8	-3.4
Net finance costs	**-3.8**	**-3.7**	**-15.3**	**-2.8**	**-3.4**
Profit/loss before tax	**-6.9**	**12.7**	**45.0**	**40.6**	**18.3**
Taxes	1.4	-3.1	-12.1	-8.6	-4.4
Profit/loss for the period	**-5.5**	**9.5**	**32.9**	**32.0**	**13.9**

Selected consolidated balance sheet data

	31 March	1 January - 31 December		
SEK million	**2021**	**2020**	**2019**	**2018**
ASSETS				
Non-current assets				
Intangible assets				
Capitalised expenses for development work and similar work	7.8	7.9	7.6	6.8
Construction in progress for intangible non-current assets	4.6	4.4	-	-
Goodwill	55.5	55.5	55.5	55.5
Total intangible assets	**67.9**	**67.8**	**63.1**	**62.4**
Tangible non-current assets				
Buildings and land	46.7	47.5	15.7	11.8
Pland and machinery	72.2	74.0	32.2	7.1
Equipment, tools, fixtures and fittings	19.4	20.6	24.4	25.2
Construction in progress and advance payments for tangible non-current assets	2.3	0.9	45.0	4.2
Total tangible non-current assets	**140.7**	**143.0**	**117.4**	**48.3**
Right-of-use assets	2.7	2.9	4.2	4.6
Financial assets				
Other long-term receivables	0.1	0.1	0.1	0.1
Deferred tax assets	0.0	0.0	0.0	0.0
Total non-current assets	**211.5**	**213.8**	**184.8**	**115.5**
Current assets				
Inventories				
Raw materials and consumables	98.0	84.3	78.2	69.9
Goods under manufacture	9.7	5.7	9.8	19.7
Total inventories	**107.7**	**89.9**	**88.0**	**89.6**
Current receivables				
Trade receivables	37.3	65.0	75.4	76.9
Current tax assets	0.2	1.2	-	1.3
Other receivables	1.6	2.6	5.1	5.0
Work completed not billed	27.7	13.5	-	-
Prepaid expenses and accrued income	8.5	7.4	1.4	1.9
Derivatives	-	0.8	-	-
Total current receivables	**75.3**	**90.5**	**81.9**	**85.1**
Cash and cash equivalents	13.2	19.2	26.8	1.0
Total current assets	**196.2**	**199.6**	**196.7**	**175.7**
TOTAL ASSETS	**407.6**	**413.4**	**381.5**	**291.2**

Selected consolidated balance sheet data (cont.)

	31 March	1 January - 31 December		
SEK million	**2021**	**2020**	**2019**	**2018**
EQUITY AND LIABILITIES				
Equity				
Share capital	1.9	1.9	1.9	1.9
Other contributed capital	662.8	662.8	662.8	184.7
Acquisition reserve	-698.1	-698.1	-698.1	-
Reserves	-0.2	0.5	0.0	-
Retained earnings including profit/loss for the period	11.2	16.8	-16.2	-48.2
Total equity	**-22.4**	**-16.2**	**-49.6**	**138.4**
LIABILITIES				
Non-current liabilities				
Liabilities to credit institutions	291.3	280.2	294.0	40.7
Deferred tax liabilities	10.7	9.2	5.1	4.1
Lease liabilities	1.5	1.7	2.5	3.1
Total non-current liabilities	**303.5**	**291.1**	**301.6**	**47.9**
Current liabilities				
Liabilities to credit institutions	6.2	6.7	9.4	-
Advances from customers	17.2	18.1	12.4	24.2
Trade payables	27.8	26.3	42.7	39.9
Lease liabilities	1.2	1.2	1.5	1.4
Current tax liabilities	2.0	14.5	6.6	-
Derivatives	0.3	-	-	-
Other liabilities	3.5	2.8	3.6	2.8
Invoiced revenue not accrued	45.5	49.5	41.2	25.3
Accrued expenses and prepaid income	22.8	19.4	12.1	11.2
Total current liabilities	**126.5**	**138.5**	**129.5**	**104.9**
Total liabilities	**430.1**	**429.6**	**431.1**	**152.8**
TOTAL EQUITY AND LIABILITIES	**407.6**	**413.4**	**381.5**	**291.2**

Selected consolidated cash flow statement data

	1 January - 31 March		1 January - 31 December		
SEK million	**2021**	**2020**	**2020**	**2019**	**2018**
Cash flow from operating activities					
Operating profit/loss	-3.1	16.3	60.3	43.4	21.7
Adjustment for items not included in cash flow:					
-Depreciation and amortization on tangible and intangible non-current assets	4.2	3.1	12.8	9.9	8.2
Other items not affecting cash flow	0.2	-0.1	-0.4	0.0	0.9
Interest income received	-	-	0.0	0.0	0.0
Interest paid	-3.3	-4.1	-15.2	-2.7	-3.3
Taxes paid	-8.4	-0.8	-1.3	0.1	-2.9
	-10.5	**14.5**	**56.3**	**50.7**	**24.5**
Cash flow from changes in working capital					
Increase/decrease in inventories	-17.7	17.4	-1.9	1.6	-51.1
Increase/decrease in current receivables	13.5	6.6	-5.3	2.0	-38.8
Increase/decrease in current liabilities	0.8	-11.8	4.0	10.1	54.6
Total changes in working capital	**-3.4**	**12.2**	**-3.2**	**13.7**	**-35.3**
Net cash from operating activities	**-13.9**	**26.7**	**53.1**	**64.4**	**-10.7**
Cash flow from investing activities					
Acquisition of subsidiaries, net of cash acquired	-	-	-	-	-0.4
Investment in intangible assets	-0.2	-0.1	-4.8	-0.8	-
Proceeds from sale of tangible assets	-	-	0.1	0.5	0.1
Investment in tangible non-current assets	-1.7	-18.0	-39.1	-78.9	-23.7
Net cash used in investing activities	**-1.8**	**-18.2**	**-43.8**	**-79.2**	**-24.0**
Cash flow from financing activities					
Proceeds from borrowings	11.8	-	-	262.2	35.0
Repayment of borrowings	-1.7	-6.6	-15.3	-	-
Payment of lease liabilities	-0.4	-0.4	-1.6	-1.6	-0.5
Repayment of debt to parent company equity holders	-	-	-	-220.0	-
Net cash (used in) from financing activities	**9.7**	**-7.0**	**-16.9**	**40.5**	**34.5**
Net increase/decrease in cash and cash equivalents	**-6.0**	**1.6**	**-7.6**	**25.8**	**-0.3**
Cash and cash equivalents at the beginning of the period	19.2	26.8	26.8	1.0	1.3
Exchange rate differences in cash and cash equivalents	0.1	-	-	-	-
Cash and cash equivalents at the end of the period	**13.2**	**28.4**	**19.2**	**26.8**	**1.0**

Consolidated key performance indicators

The Company applies the European Securities and Market Authority's (ESMA) guidelines on alternative key performance measures for the purpose of the Prospectus. The guidelines aim to make alternative key performance measures in financial reports more comprehensible, reliable and comparable and thereby promoting their usability. In these guidelines, an alternative key performance measure means a financial measurement of a historical or future earnings trend, financial position, financial result or cash flows that are not defined or stated in applicable rules for financial reporting: IFRS and the Swedish Annual Accounts Act (Sw. *Årsredovisningslagen*).

The following tables presents selected alternative key performance measures that have not been defined or specified in accordance with IFRS, unless otherwise stated. Certain descriptions of key performance indicators present the development of operational and financial key performance indicators that are not defined in accordance with IFRS. The Company makes the assessment that these alternative key performance measures provide a better understanding of the Company's financial trends and that they are widely used by the Company's senior management and key employees, investors, equity analysts and other stakeholders as supplementary measures of the Company's development. Since not all companies calculate financial measurements in the same way, these are not always comparable with measurements used by other companies. Therefore, these measurements should not be regarded as a substitute for measurements defined in accordance with IFRS. The abbreviation "N/A" means that the entry is "Not Applicable".

	1 Jan - 31 Mar		1 Jan - 31 Dec		
SEK million, unless stated otherwise	**2021**	**2020**	**2020**	**2019**	**2018**
Key performance indicators defined in accordance with IFRS					
Net sales	75.0	107.5	415.0	444.5	323.5
Profit/loss for the period	-5.5	9.5	32.9	32.0	13.9
Earnings per share	-2.96	5.11	17.61	17.12	7.43
Alternative key performance measures					
Gross profit[1]	18.2	27.4	103.9	107.4	82.3
Gross margin, %	24.2	25.5	25.0	24.2	25.4
Operating profit/loss[1]	-3.1	16.3	60,3	43,4	21,7
Adjusted Operating Profit	2.4	16.3	64,8	47,1	21,7
Operating Margin, %	-4.2	15.2	14.5	9.8	6.7
Adjusted Operating Margin, %	3.2	15.2	15.6	10.6	6.7
EBITDA	1.0	19.5	73,1	53,3	29,9
Total assets[2]	407.6	N/A	413,4	381,5	291,2
Net Debt	287.1	N/A	270,6	280,6	44,2
Adjusted Return on Assets, %	10.4	N/A	15.2	12.9	9.2
Return on Equity, %	Neg	N/A	Neg	72.1	10.6
Equity/Asset Ratio, %	Neg	N/A	Neg	Neg	47.5
Net Working Capital	66,0	N/A	62.5	57.9	69.9
Net Working Capital/Net Sales	17.3	N/A	15,1	13.0	21.6

1) As reported in the Group's statement of comprehensive income for each specified period.
2) As reported in the Group's balance sheet for each specified period.

Key performance indicator	Definition	Purpose
Gross profit	Net sales deducted by cost of goods sold.	Gross profit is used to measure the Group's profitability before selling 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.
Adjusted Operating Profit	Operating profit excluding items affecting comparability. Items affecting comparability refer to income and expenses affecting comparability insofar as they do not recur with the same regularity as other items. Factors impacting the comparability of the Company refer to costs related to preparatory work prior to listing the Company's shares.	Adjusted Operating Profit is used to measure the Group's profitability and to increase the comparability between different time periods.
Operating Margin, %	Operating profit divided by net sales.	Operating Margin gives an overview of profitability relative to net sales.
Adjusted Operating Margin, %	Adjusted Operating Profit divided by net sales. Factors impacting the comparability of the Company refer to costs related to preparatory work prior to listing the Company's shares.	Adjusted Operating Margin gives an overview of profitability relative to net sales.
EBITDA	Profit for the period plus taxes, net finance costs and depreciation and amortization.	EBITDA gives an overview of the Group's operational profitability.
Net Debt	Interest bearing current and non-current liabilities, minus 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.
Adjusted Return on Assets, %	Operating profit plus financial income, last twelve months (LTM), divided by average total assets.	The Adjusted Return on Assets is used to analyze profitability, based on how much capital is used.
Return on Equity, %	Profit for the specified period, last twelve 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.
Equity/Asset Ratio	Equity divided by total assets.	Equity/Asset Ratio is used to assess the Group's financial position, its ability to make strategic investments, dividends and to fulfil its financial commitments.
Net Working Capital	Current assets deducted by 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 twelve months.	Net Working Capital/Net Sales is used to measure the company's financial position in relation to revenues over a 12-month period.

Reconciliation tables for alternative key performance measures

Gross margin, %

	1 Jan - 31 Mar		1 Jan - 31 Dec		
SEK millions	**2021**	**2020**	**2020**	**2019**	**2018**
Gross profit	18.2	27.4	103.9	107.4	82.3
(/) Net sales	75.0	107.5	415.0	444.5	323.5
Gross margin, %	**24.2**	**25.5**	**25.0**	**24.2**	**25.4**

Adjusted Operating Profit

	1 Jan - 31 Mar		1 Jan - 31 Dec		
SEK millions	**2021**	**2020**	**2020**	**2019**	**2018**
Operating profit	-3.1	16.3	60.3	43.4	21.7
(+) Items affecting comparability refers to costs related to preparatory work prior to the listing of the Company's shares*	5.5	-	4.6	3.7	-
Adjusted Operating Profit	**2.4**	**16.3**	**64.8**	**47.1**	**21.7**

*These costs include costs for a so-called "Pre-IPO" assessment, IFRS conversion, market studies, legal advice and communication advice in connection with preparatory work for the listing of the Company's shares.

Operating Margin, %

	1 Jan - 31 Mar		1 Jan - 31 Dec		
SEK millions	**2021**	**2020**	**2020**	**2019**	**2018**
Operating profit	-3.1	16.3	60.3	43.4	21.7
(/) Net sales	75.0	107.5	415.0	444.5	323.5
Operating Margin, %	**-4.2**	**15.2**	**14.5**	**9.8**	**6.7**

Adjusted Operating Margin, %

	1 Jan - 31 Mar		1 Jan - 31 Dec		
SEK millions	**2021**	**2020**	**2020**	**2019**	**2018**
Adjusted Operating Profit	2.4	16.3	64.8	47.1	21.7
(/) Net sales	75.0	107.5	415.0	444.5	323.5
Adjusted Operating Margin, %	**3.2**	**15.2**	**15.6**	**10.6**	**6.7**

EBITDA

	1 Jan - 31 Mar		1 Jan - 31 Dec		
SEK millions	**2021**	**2020**	**2020**	**2019**	**2018**
Profit for the period	-5.5	9.5	32.9	32.0	13.9
(+) Taxes	-1.4	3.1	12.1	8.6	4.4
(+) Net finance costs	3.8	3.7	15.3	2.8	3.4
(+) Depreciation and amortization	4.2	3.1	12.8	9.9	8.2
EBITDA	**1.0**	**19.5**	**73.1**	**53.3**	**29.9**

Net Debt

	1 Jan - 31 Mar	1 Jan - 31 Dec		
SEK millions	**2021**	**2020**	**2019**	**2018**
Non-current liabilities to credit institutions	291.3	280.2	294.0	40.7
(+) Non-current lease liabilities	1.5	1.7	2.5	3.1
(+) Current liabilities to credit institutions	6.2	6.7	9.4	-
(+) Current lease liabilities	1.2	1.2	1.5	1.4
(-) Cash and cash equivalents	-13.2	-19.2	-26.8	-1.0
Net Debt	**287.1**	**270.6**	**280.6**	**44.2**

Adjusted Return on Assets, %

	1 Jan - 31 Mar	1 Jan - 31 Dec		
SEK millions	**2021**	**2020**	**2019**	**2018**
Operating profit, LTM*	40.8*	60.3	43.4	21.7
Financial income, LTM*	-	0,0	0.0	0.0
Total assets, opening balance	374.9	381.5	291.2	181.6
Total assets, closing balance	407.6	413.4	381.5	291.2
Total assets, average	391.3	397.5	336.3	236.4
Adjusted Return on Assets, %	**10.4**	**15.2**	**12.9**	**9.2**

Return on Equity, %

	1 Jan - 31 Mar	1 Jan - 31 Dec		
SEK millions	**2021**	**2020**	**2019**	**2018**
Profit/loss for the period, LTM*	17.9*	32.9	32.0	13.9
Equity, opening balance	-41.8	-49.6	138.4	124.5
Equity, closing balance	-22.4	-16.2	-49.6	138.4
Average equity	-32.1	neg	44.4	131.4
Return on Equity %	**Neg**	**Neg**	**72.1**	**10.6**

Equity/Asset Ratio, %

SEK millions	31 March 2021	1 Jan - 31 Dec 2020	2019	2018
Total equity	-22.4	-16.2	-49.6	138.4
Total assets	407.6	413.4	381.5	291.2
Equity/Asset Ratio, %	**Neg**	**Neg**	**Neg**	**47.5**

Net Working Capital

SEK millions	31 March 2021	As at 31 December 2020	2019	2018
Assets				
Inventories	107.7	89.9	88.0	89.6
Trade receivables	37.3	65.0	75.4	76.9
Other receivables	1.6	2.6	5.1	5.0
Work completed not billed	27.7	13.5	-	-
Prepaid expenses and accrued income	8.5	7.4	1.4	1.9
Liabilities				
Advances from customers	-17.2	-18.1	-12.4	-24.2
Invoiced revenue not accrued	-45.5	-49.5	-41.2	-25.3
Trade payables	-27.8	-26.3	-42.7	-39.9
Other liabilities	-3.5	-2.7	-3.6	-2.8
Accrued expenses and prepaid income	-22.8	-19.4	-12.1	-11.2
Net Working Capital	**66.0**	**62.5**	**57.9**	**69.9**

Net Working Capital/Net sales, %

SEK millions	31 March 2021	As at 31 December 2020	2019	2018
Net Working Capital	66.0	62.5	57.9	69.9
Net sales, LTM*	382.5*	415.0	444.5	323.5
Net Working Capital/Net sales	**17.3**	**15.1**	**13.0**	**21.6**

* Calculation of LTM ending 31 March 2021:
For calculations of LTM ending 31 March 2021, the financial information has been calculated by adding the amount for the three months ending 31 March 2021 to the amount for the full year ending 31 December 2020 and subtracting from the resulting sum for the three months ending 31 March 2020:

SEK millions	1 Jan - 31 Mar 2021	1 Jan - 31 Mar 2020	1 Jan - 31 Dec 2020	LTM March 31, 2021
Operating profit, LTM	-3,1	16,3	60,3	40,8
Profit/loss for the period, LTM	-5,5	9,5	32,9	17,9
Net sales, LTM	75,0	107,5	415,0	382,5

OPERATIONAL AND FINANCIAL REVIEW

The following information should be read in conjunction with the sections entitled "*Selected Historical Financial Information*" and "*Capital Structure, Indebtedness and Other Financial Information*" and the Company's audited consolidated financial statements as of and for the three years ended 31 December 2020, 2019 and 2018, including the accompanying notes, as well as the reviewed but unaudited interim financial information as of and for the three months ended 31 March 2021, with comparative information for the corresponding period in 2020, included in the section "*Historical financial information*". This section contains forward-looking statements that involve certain risks and uncertainties. Permascand's actual results may differ materially from those discussed in such forward-looking statements as a result of various factors, including but not limited to those described in the Prospectus, in particular in the section "*Risk Factors*".

OVERVIEW

Permascand is a technology-driven manufacturer of electrochemical solutions based on proprietary catalytic coatings for clean tech applications. With a customer-centric focus, Permascand has supplied electrodes and aftermarket services for a variety of industries for 50 years. Permascand is headquartered in Ljungaverk, Sweden, with operations including R&D, technology development and production. It also has offices in Gothenburg, Sweden and Vancouver, Canada.

Permascand has continuously developed its core technology platform, know-how and manufacturing efficiency since its inception in 1971. The core technology is based on cost-efficient catalytic coating for specific applications in a manner fit for large-scale production. Permascand has successfully adapted its technology platform and product offering from initially focusing on industrial solutions, primarily within the chlorate and chloralkali industry, towards new novel applications within clean tech such as environmentally friendly ballast water treatment systems and green hydrogen production.

Permascand has a customer-centric approach where applications are tailored to customers' needs and specific applications. Many of the applications developed by Permascand, often in close collaboration with its customers, have resulted in novel applications based on electrochemical processes. Permascand aims to apply its unique know-how, experience and manufacturing capabilities in emerging and fast-growing markets within clean tech applications where management believes electrochemical solutions will play a central role. Management currently views the market for green hydrogen as Permascand's most significant commercial opportunity based on the expected growth rate of the market, investments in the sector and interest from stakeholders. Permascand has supplied electrodes for alkaline water electrolysis, which is used to produce green hydrogen, for nearly 20 years. The electrodes for green hydrogen production are based on the same core technology platform as Permascand's other segments and applications.

The Company currently operates across three business segments: Electrification & Renewables, Water Treatment and Industrial Solutions.

Electrification & Renewables

This business segment comprises electrodes, and for certain applications, electrochemical cells tailored for specific applications, such as water electrolysis for green hydrogen production, lithium hydroxide extraction, power transmission and electrowinning. The addressable market for the Electrification & Renewables segment is expected to grow at a CAGR of 60.2 percent from 2020 to 2025.

Water Treatment

This business segment comprises electrochlorination cells for BWTS and other water treatment applications. Permascand's solutions in this segment are based on its proprietary technology marketed under the brand, PermaChlor®. The addressable market for the Water Treatment segment is expected to grow at a CAGR of 19.8 percent from 2020 to 2025.

Industrial Solutions

This business segment comprises electrodes and electrochemical cells for industrial facilities utilising electrolysis of potassium chloride, sodium chloride solutions or brine to produce caustic soda, chlorine or chlorate. The addressable market for the Industrial Solutions segment is expected to grow at a CAGR of 2.5 percent from 2020 to 2025.

SIGNIFICANT FACTORS AFFECTING RESULTS OF OPERATIONS

Permascand believes that its results of operations have historically been affected by, and will continue in the future to be affected by, the following factors:

Impact of COVID-19

Permascand's net sales decreased in 2020, mainly due to the impact of the COVID-19 pandemic on its operations. The most significant impact was in BWTS, where orders were pushed forward into 2021 and onwards due to the extension for compliance with USCG regulations, as described below under " — *Key Industry Drivers — Regulatory Changes in the BWTS Market*". See also " — *Order Backlog and Intake*". Customers in the Industrial Solutions segment postponed recoating for their factories due to the uncertainty caused by the COVID-19 pandemic. During the period from April to July 2020, there was overcapacity and a significant degree of unpredictability, resulting in a decrease in the Operating Margin, although the Operating Margin subsequently increased as the overcapacity issue was alleviated. Notwithstanding these impacts, Permascand was able to increase operating profit in 2020. Operating expenditures decreased due to government leave support, less travel and other cost saving measures introduced during the pandemic.

Due in part to the COVID-19 pandemic and the overcapacity that came from orders being postponed from 2020 to 2021, Permascand reduced its factory work force by 19 employees during the second half of 2020. This reduction is expected to result in cost savings that will take effect from 2021. See also " — *Capital Expenditure — Investments in Automation and Robotization*".

Key Industry Drivers

Demand for Permascand's solutions is affected by certain key industry drivers, including increased global focus on sustainability and hence clean tech solutions such as those offered by Permascand, as well as changes in the regulatory landscape. These drivers are discussed in detail in the section "*Market Overview*". The factors that are most material in terms of their impact or potential impact on Permascand's results of operations are highlighted below.

Green hydrogen production

Hydrogen, which has several end applications, including as fuel for electric vehicles, energy storage, grid balancing and industrial feedstock, can be generated entirely using renewable energy sources without carbon dioxide emissions, often referred to as green hydrogen production. According to the Market Study, green hydrogen will be essential to solving the problem of global warming in the 21st century. There are several applications where hydrogen is expected to play a key role in the future, including as an energy carrier, a facilitator of decarbonisation and as a fuel for transportation.

Demand for green hydrogen production is being driven in particular by regulatory focus by various governments, intergovernmental bodies and regulatory authorities, in particular at the European level. The European Commission has officially recognised that hydrogen offers a solution that can be used to decarbonise industrial processes, including in economic sectors where reductions in carbon emissions may be difficult to realise. The European Commission has stated that the rapid and large-scale deployment of green hydrogen is essential to achieve its climate ambitions and that cumulative investments in green hydrogen production in Europe alone could amount to EUR 180-480 billion by 2050.[1] It has further stated that the EU should actively strive towards initiating collaborations regarding clean energy with neighbouring countries and regions, which would bolster support for green hydrogen investments. The European Clean Hydrogen Alliance aims to achieve extensive deployment of hydrogen technologies by 2030.

For further detail regarding the green hydrogen production market, see "*Market Overview*". In response to the trends in this market, Permascand is shifting its focus towards green hydrogen production market. This will result in the incurrence of significant capital expenditure and is expected to result in an increase in the share of net sales contributed by the Electrification & Renewables segment. This is described in further detail below under " — *Shift to green hydrogen production" and under " — Capital Expenditure — Hydrogen-related investments*".

Regulatory Changes in the BWTS Market

The primary driver of the BWTS market which Permascand serves through its Water Treatment business segment is regulations enforced by the USCG and the IMO, which require all vessels travelling intercontinentally to install functioning BWTS. The IMO ballast water management regulations have been ratified by 79 countries, which together represent approximately 80 percent of global merchant shipping tonnage. Practically all vessels that are designed and constructed to carry ballast water are subject to the IMO's BWTS regulations and are thus required to install approved BWTS during their next scheduled dry-docking, but at the latest by September 2024, although this may be delayed and according to the Market Study, a number of vessels are expected to fail to meet this deadline.

These changes in regulation are expected to result in a significant temporary increase in demand. After the IMO retrofit compliance window closes, a decline in the retrofit market is expected. However, the Market Study expects that a number of vessels will fail to meet the IMO's retrofitting requirements by September 2024, which is expected to result in continued demand between 2024 and 2026. After 2026, close to all retrofit installations are expected to have been completed.

Shift to green hydrogen production

In response to the trends identified above under " — *Key Industry Drivers — green hydrogen production*", Permascand is shifting its focus with the aim of becoming a major player in the green hydrogen production market by 2030. To achieve this, it is expanding electrochemical technologies for all hydrogen applications, refining its best-in-class electrodes/coatings and continuing to build relationships with leading hydrogen original equipment manufacturers ("**OEMs**") and expanding production capacity and research capabilities to develop new efficient coating applications.

This is expected to result in an increase in the share of net sales attributable to the Electrification & Renewables segment. The shift to green hydrogen production is also expected to have an impact on margins. Significant pricing pressure is expected in the green hydrogen market, which is expected to place downward pressure on margins, resulting in an overall negative impact on margins, although this is expected to be offset by the margin benefits arising from the increasing scale of Permascand's operations.

1) IRENA (2020), *Global Renewables Outlook cited in European Commission (2020), Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, A Hydrogen Strategy for a Climate-Neutral Europe.*

The shift to green hydrogen production is also expected to result in an increase in capital expenditure, as described in further detail below under " — *Capital Expenditure*".

Capital Expenditure

Permascand's capital expenditure cycle has an impact on its results of operations, including through efficiency improvements, and hence margin improvements, as well as depreciation resulting from the expansion of the asset base. Permascand's capital expenditure peaked in 2019 as a result of its investments in automation and robotisation and is expected to peak again in 2023 due to the impact of its investments in green hydrogen production, as described above under " — *Shift to green hydrogen production*", as well as investments in a North American coating facility. Capital expenditure is expected to amount to approximately SEK 670 million over the period from 2021 to 2030, of which approximately SEK 235 million is expected to be incurred during the period from 2021 to 2023 and approximately SEK 435 million is expected to be incurred in the period from 2023 to 2030, Capital expenditure for the period from 2021 to 2023 is expected to comprise approximately SEK 60 million in general facility investments (such as lab equipment, lab workspace and a small-scale roller coating test line), SEK 40 million in capitalised research and development spend, SEK 85 million on a research and development technology centre for green hydrogen and investments in a North American coating facility of SEK 50 million. Capital expenditure for the period from 2023 to 2030 is expected to comprise investments in roller coating lines amounting to SEK 250 million and capitalised research and developmnent spend of SEK 185 million.

In addition, the expansion of Permascand's business is expected to result in economies of scale, which is expected to contribute to margin improvement. Operating expenditures as a percentage of net sales are expected to decrease significantly from 2020 to 2025, mainly because of the increased scale of Permascand's operations.

Investments in Automation and Robotization

During 2018-2020, Permascand made significant investments in intangible and tangible non-current assets, which amounted to SEK 147 million, to expand its production capacity and improve overall efficiency through automation and robotization as a preparation for the expected strong growth. Investments in tangible non-current assets amounted to 7.3 percent, 17.7 percent and 9.4 percent of net sales in 2018, 2019 and 2020, respectively. These investments have increased production capacity, facilitating economies of scale and savings in operating expenses. The investments comprise, among other things, the following:

- **Incremental improvements in the coating facility:** Since 2017, Permascand has made multiple investments in laboratory, spraying and drying technology in order to increase operational yield. Its key focus was on optimizing usage of expensive precious metals and minimizing waste. It also made investments in sensors to ensure reliability. The cost savings from these projects are expected to take full effect from the third quarter of 2021.

- **New BWTS assembly line:** Permascand completed its state-of-the-art assembly line for BWTS in June 2018, which entails multi-functional production of electrochemical cells and a modern and safe workshop designed to improve productivity. This contributed to Permascand's ability to deliver large BWTS orders efficiently with only five people working each shift, with three shifts possible per day. This has contributed to Operating Margin improvement, which has already taken effect.

- **Automation of electrochemical cell production process:** Permascand has fully automated its electrochemical cell production process for BWTS cells, which became fully operational in November 2020. The process for welding of electrochemical cells is to a large extent automated using robots, which has resulted in reductions in operating expenses and increased production capacity. Robots perform welding and buttoning and have replaced the manual labour of four workers on two shifts. This has resulted in a headcount reduction of five employees and cost savings of SEK 2.5 million in personnel costs and SEK 4 million in materials costs annually. These cost savings took full effect during the first half of 2021.

- **Automation of grinding and nibbling (Water Treatment and Industrial Solutions segments):** Permascand has a fully automated grinding and nibbling machine which was completed in November 2020. This facilitates increased production speed and capacity. A computer numerical control ("**CNC**") machine allows for precision grinding with minimal vibration and the nibbling machine has reduced waste and has enhanced the work environment. This resulted in a headcount reduction of four employees and in cost savings of SEK 2 million in personnel costs and SEK 4 million annually resulting from Permascand no longer having to utilise external workshops. These cost savings have taken full effect during the second quarter of 2021.

The investments in the new BWTS assembly line and the full automation of the electrochemical cell production process (including the automation of grinding and nibbling) accounted for approximately SEK 136 million of the total capital expenditure on these projects.

These investments have resulted in a significant increase in production capacity and efficiency. Coating capacity has doubled since 2019 and BWTS electrochemical cell production capacity increased by four times since 2019.

Furthermore, the investments made, in combination with the COVID-19 pandemic and the overcapacity that came from orders being postponed from 2020 to 2021, also allowed Permascand to reduce its factory work force by 19 employees during the second half of 2020. This reduction is expected to result in cost savings that will take effect from 2021.

Hydrogen - related investments

Permascand is making significant investments in the area of green hydrogen production to lay the groundwork for expected growth in the sector as a result of the drivers identified under " — *Key Industry Drivers — green hydrogen production*". It is expanding electrochemical technologies for all hydrogen applications, refining its best-in-class electrodes/coatings and continuing to build relationships with leading hydrogen OEMs and expanding production capacity and research capabilities to develop new efficient coating applications. In 2021, the Company decided to establish a research and development centre focused on technology and applications in green hydrogen gas, an investment estimated to amount to a total of approximately SEK 85 million and be fully completed by 2023.

North American coating facility

Permascand's overall strategy includes leveraging its strong market position in Europe to further expand in North America. Expansion is already underway with an established presence through partner workshops and a sales office located in Vancouver, Canada. The North American expansion plan has three prongs: increasing sales capacity, potentially through additional sales offices; evaluating the establishment of further partner workshops; and gaining market share through active business development built on Permascand's significant experience and know-how regarding electrochemical solutions for coating plants. In connection with this strategy, Permascand plans to add a North American coating facility, which would be expected to significantly enhance Permascand's potential in North America through local content and proximity to customers. This is expected to result in capital expenditure in the amount of approximately SEK 50 million during the period from 2021 to 2023.

Timing of receipt of revenues

Permascand's net sales are driven by the development timeline for its solutions for customers. Customization is key in terms of maximizing performance, power use and durability. Permascand spends on average four to five years on designing, testing and adapting its products before it receives a final order from the customer. During this period, Permascand is compensated by its customers for the costs it incurs and the knowhow it has developed. Nevertheless, customers may ultimately choose not to purchase the product designed by Permascand. As a result of this development timeline, Permascand's receipt of revenues can be uneven, which can affect comparability from period to period.

In addition, Permascand's net sales are driven by the timing of recoating and other aftermarket services required by its customers. Aftermarket services represent a significant revenue stream for Permascand, since a substantial portion of customers to whom Permascand has sold its solutions return to Permascand for these services. As the coating is consumed over time, more energy is required to generate the same output/effect in an electrochemical cell. This means that factories have some flexibility when it comes to scheduling recoating services. During difficult periods, factories may postpone recoatings to conserve cash and maintain financial flexibility. This explains in part why the Industrial Solutions segment contracted in 2020 during the COVID-19 pandemic. However, the postponement cannot typically be longer than 2-3 years since the efficiency of the cell ultimately will become too poor to serve its purpose.

In the BWTS market, electrochemical cells need to be replaced every 5 to 15 years. Aftermarket services for BWTS require a near complete replacement of the electrochemical cell, and Permascand estimates that approximately 80 percent of its electrochemical cells need to be replaced through aftermarket services. The price of replacing a BWTS cell is assumed by the Company to be 80 percent of the price for a new cell.

Similarly, in the lithium market, the replacement cycle is driven by the consumption of the electrochemical cells as they are utilized for the lithium extraction process. The recoating cycle for electrochemical cells will generally be between 2 and 10 years.

Finally, in the Industrial Solutions business segment, chlorate or chloralkali cells are taken out of operation approximately every 8 to 12 years due to degraded performance. In this segment, the technology life-span for a cell can be 40+ years, which implies that all installed cells will have to be recoated and/or refurbished 3-5 times before the technology is replaced.

As a result, aftermarket services provide a degree of customer loyalty and predictability in terms of Permascand's revenue stream.

Order Backlog and Intake

Permascand had a strong order backlog across all segments during 2018 and 2019, although there was a downward trend in 2020 due to the impact of the COVID-19 pandemic on the business. Primarily in BWTS, orders were pushed forward into 2021 and onwards due to the extension for compliance with USCG regulations, as described above under " — *Key Industry Drivers — Regulatory Changes in the BWTS Market*". The order book amounted to SEK 488 million on 31 March 2021, and to SEK 491 million, SEK 428 million and SEK 346 million as at 31 December 2020, 2019 and 2018, respectively.

The typical lead time for order intake varies by segment. For the *Electrification & Renewables* segment, order intake may vary as some areas are in the development stage and others are more mature. The average lead time for the segment is 4-12 months. Lithium and hydrogen are in the development stage and the lead time will be approximately six months once commercialized. Order intake was SEK 17 million on 31 March 2021, and SEK 60 million, SEK 24 million and SEK 122 million for 2020, 2019 and 2018, respectively.

For the *Water Treatment* segment, Permascand encourages large customers to provide estimates of annual volumes in order to ensure on-time deliveries. The typical lead time for this segment is 2-12 months. Order intake was SEK 2 million on 31 March 2021, and SEK 234 million, SEK 384 million and SEK 235 million for 2020, 2019 and 2018, respectively.

For the *Industrial Solutions* segment, customers' electrodes are shipped to Ljungaverk, usually by boat. This can take seven weeks to ship to and from North American plants. After receiving customers' electrodes at Ljungaverk, the turnaround time for refurbishment is usually a few weeks. New sales can take longer, up to six months. The average lead time for the segment is 6-8 months. Order intake was SEK 37 million on 31 March 2021, and SEK 176 million, SEK 105 million and SEK 177 million for 2020, 2019 and 2018, respectively.

Large orders can lead to peaks in the order intake and backlog over individual quarters. Large orders are common within the Water Treatment segment. These can occur either when customers wish to secure inventory or when they win large contracts to supply multiple ships in a fleet. For instance, Permascand's key BWTS customer, Erma First, placed two large orders in September 2019 and September 2020, which had a significant impact on the order book. This can also occur in the Industrial Solutions segment during recoating cycles for larger customers. In addition to orders from recurring customers, the order book also includes orders for pilot projects in development stages, which typically have longer lead times.

The order book could also be affected by external events such as financial difficulties of clients. For instance, one of Permascand's customers, Nemaska Lithium, is planning to inaugurate the world's first industrial-scale NORSCAND® electrolyser for the production of high-grade lithium hydroxide at its Shawinigan, Quebec, electrochemical facility. Nemaska Lithium experienced financial difficulties and entered into bankruptcy protection, although it has subsequently been refinanced and now operates as New Nemaska Lithium. Events such as these can result in risks to Permascand's order book. See also "*Risk Factors – Risks Related to the Company's Operations and its Industry – Permascand's business is affected by the COVID-19 pandemic*".

Exchange rate fluctuations

Permascand's functional currency is the Swedish Krona. A significant portion of the Company's net sales are denominated in USD and EUR. The Company's manufacturing costs are primarily denominated in SEK while its procurement costs are primarily denominated in USD and EUR. For the period January 1 - March 31, 2021 and for the corresponding period in 2020, 71 percent and 80 percent, and 5 percent and 11 percent, respectively, were distributed by Permascand's invoiced sales in EUR and USD, respectively. For the financial years ended December 31, 2020, 2019 and 2018, 71 percent, 62 percent and 50 percent and 16 percent, 19 percent and 23 percent of Permascand invoiced sales were distributed in EUR and USD, respectively.

For the period January 1 - March 31, 2021 and for the corresponding period in 2020, 48 percent and 49 percent, and 16 percent and 3 percent, respectively, were distributed by Permascand's total purchases from suppliers in EUR and USD respectively. For the financial years ended December 31, 2020, 2019 and 2018, 54 percent, 39 percent and 51 percent and 8 percent, 12 percent and 8 percent of Permascand's total purchases from suppliers were distributed in EUR and USD, respectively.

As a result, the Company is and will in the future continue to be, exposed to exchange rate fluctuations, including fluctuations in the Swedish Krona exchange rate against USD and EUR. As far as possible, sales and purchases are matched with the customer order in the same currency. Currency hedging to reduce exposure is made by the use of forwards. For further detail of these arrangements, see Note 3.1 to the consolidated financial statements.

KEY ITEMS IN THE INCOME STATEMENT

Net sales

Net sales relate to Permascand's sales of its products across its three segments.

Cost of goods sold

Costs of goods sold consist of raw materials including precious metals used for coating, titanium sheets and plastic shells for the Water Treatment segment and production related costs such as direct labour and production overheads and depreciation.

Selling expenses

Selling expenses relate to salaries and other personnel related costs within marketing and sales, and selling expenses related to travel, fairs and sales meetings, as well as certain costs attributable to the R&D department's work on customer projects.

Administrative expenses

Administrative expenses primarily consist of consulting costs, group management and human resources salaries and related costs as well as Board remuneration, costs for audit-related and legal services, IT costs and costs related to quality, health, safety and environment.

Research and development expenses

Research and development expenses consist mainly of personnel and consultant services within the areas of technology and R&D.

Other operating income and expenses

In 2020, there was a favourable impact arising from short-term support from the Swedish government due to the COVID-19 pandemic. Essentially, the government reimbursed Permascand for its employees being on short-term contracts. Other operating income was negligible in other years.

Other operating income/(expenses) also includes the impact of foreign exchange fluctuations, as well as gains/(losses) on disposals.

Financial income

Financial income relates to interest on Permascand's cash balances.

Financial expenses

Financial expenses consist of interest on bank loans and other capital related costs.

Taxes

Taxes pertain to current and deferred tax.

COMPARISON BETWEEN THE PERIODS 1 JANUARY – 31 MARCH 2021 AND 1 JANUARY – 31 MARCH 2020

Net sales

Permascand's net sales decreased by SEK 32.5 million, or 30 percent, from SEK 107.5 million for the three months ended 31 March 2020 to SEK 75.0 million for the corresponding period 2021. The decrease was due to the fact that the installation planning for ballast water systems has been adapted to the second wave of COVID-19 and planned deliveries have been moved forward.

Quarterly net sales was SEK 118 million, SEK 111 million, SEK 78 million, SEK 108 million and SEK 105 million for the three months ended 31 December 2020, 30 September 2020, 30 June 2020, 31 March 2020 and 31 December 2019, respectively.

The following table sets forth a breakdown of Permascand's net sales by segment for the three months ended 31 March 2021 and 2020:

	Three months ended 31 March	
SEK million	**2021**	**2020**
Electrification & Renewables	10.0	0.9
Water Treatment	40.6	68.4
Industrial Solutions	24.4	38.3
Total net sales	**75.0**	**107.5**

Electrification & Renewables

Permascand's net sales from its Electrification & Renewables segment increased by SEK 9.1 million, or 1,055 percent, from SEK 0.9 million for the three months ended 31 March 2020 to SEK 10.0 million for the corresponding period in 2021. The increase was due to timing of customer projects.

Quarterly net sales was SEK 12 million, SEK 6 million and SEK 10 million for the three months ended 31 December 2020, 30 September 2020 and 30 June 2020, respectively.

Water Treatment

Permascand's net sales from its Water Treatment segment decreased by SEK 27.8 million, or 41 percent, from SEK 68.4 million for the three months ended 31 March 2020 to SEK 40.6 million for the corresponding period 2021. The decrease was due to orders being pushed forward as a result of COVID-19 and uncertainty regarding a second wave.

Quarterly net sales was SEK 66 million, SEK 77 million and SEK 43 million for the three months ended 31 December 2020, 30 September 2020 and 30 June 2020, respectively.

Industrial Solutions

Permascand's net sales from its Industrial Solutions segment decreased by SEK 13.8 million, or 36 percent, from SEK 38.3 million for the three months ended 31 March 2020 to SEK 24.4 million for the corresponding period 2021. The decrease was due to low volumes in customer projects 2021 as well as first quarter 2020 was a period with a high level of deliveries.

Quarterly net sales was SEK 40 million, SEK 27 million and SEK 25 million for the three months ended 31 December 2020, 30 September 2020 and 30 June 2020, respectively.

Cost of goods sold

Permascand's cost of goods sold decreased by SEK 23.3 million, or 29 percent, from SEK 80.1 million for the three months ended 31 March 2020 to SEK 56.8 million for the corresponding period 2021. This reflected a Gross margin of 24 percent and 25 percent for the three months ended 31 March 2021 and 2020, respectively. The decrease in Gross margin was due to lower volumes and indirect production overhead costs that are fixed in nature.

For the three months ended 31 March 2021, the Gross margin for the Electrification and Renewables segment was 9 percent, compared to 18 percent, 4 percent, 8 percent. and 6 percent for the three months ended 31 December 2020, 30 September 2020, 30 June 2020 and 31 March 2020, respectively.

For the three months ended 31 March 2021, the Gross margin for the Water Treatment segment was 27 percent, compared to 27 percent, 28 percent, 15 percent and 24 percent for the three months ended 31 December 2020, 30 September 2020, 30 June 2020 and 31 March 2020, respectively.

For the three months ended 31 March 2021, the Gross margin for the Industrial Solutions segment was 25 percent, compared to 38 percent, 28 percent, 15 percent. and 29 percent for the three months ended 31 December 2020, 30 September 2020, 30 June 2020 and 31 March 2020, respectively.

Selling expenses

Permascand's selling expenses decreased by SEK 0.5 million, or 12 percent, from SEK 3.8 million for the three months ended 31 March 2020 to SEK 3.4 million for the corresponding period 2021.

Administrative expenses

Permascand's administrative expenses increased by SEK 7.4 million, or 97 percent, from SEK 7.6 million for the three months ended 31 March 2020 to SEK 15.1 million for the corresponding period 2021. The increase was due to lower travel costs and fewer sales activites.

Research and development expenses

Permascand's research and development expenses increased by SEK 1.5 million, or 44 percent, from SEK 3.5 million for the three months ended 31 March 2020 to SEK 5.1 million for the corresponding period 2021. The increase was due to an increase in activity levels and the number of projects.

Other operating income/expenses

In the three months ended 31 March 2021, Permascand recorded SEK 2.2 million of other operating income, of which SEK 0.2

million related to governmental support for short term work in the context of the COVID-19 pandemic and wage subsidy, SEK 1.3 million in foreign exchange gains and SEK 0.6 million in other sales. Permascand's other operating income amounted SEK 3.9 million for the three months ended 31 March 2020, of which SEK 3.8 million related to foreign exchange gains. There were no operating expenses in either period.

Operating profit/loss

Permascand's operating profit/loss decreased by SEK 19.4 million, or 119 percent, from SEK 16.3 million for the three months ended 31 March 2020 to SEK -3.1 million for the corresponding period 2021. The decrease was due to lower volumes and hence lower Gross margin, higher administrative costs related to consultants and legal advisors of which SEK 5.5 million are considered items affecting comparability.

Net finance costs

Permascand's net financial expenses decreased by SEK 0.1 million, or 3 percent, from SEK -3.7 million for the three months ended 31 March 2020 to SEK -3.8 million for the corresponding period 2021.

Taxes

Permascand's income tax expense changed by SEK 4.5 million, or 145 percent, from SEK 3.1 million tax expense for the three months ended 31 March 2020 to SEK 1.4 million tax income for the corresponding period 2021. This reflected an effective tax rate of 20 percent and 25 percent for the three months ended 31 March 2021 and 2020, respectively.

COMPARISON BETWEEN THE 2020, 2019 AND 2018 FINANCIAL YEARS

Net sales

Permascand's net sales decreased by SEK 29.5 million, or 7 percent, in 2020 to SEK 415.0 million for the 2020 financial year, compared to SEK 444.5 million for the 2019 financial year, and increased by SEK 121.0 million, or 37.4 percent, in 2019 from SEK 323.5 million for the 2018 financial year.

The decrease in 2020 was mainly due to the fact that customers in the Industrial Solutions segment postponed recoating for their factories due to the uncertainty caused by the COVID-19 pandemic. There was also a decrease in net sales from electrowinning in 2020 due to one large order in 2019. This was partially offset by increased net sales in 2020 within the energy and transmission area in the Electrification & Renewables segment. While net sales increased within the Water Treatment segment, the increase was less than it otherwise would have been due to orders being pushed forward into 2021 and onwards due to the extension for compliance with USCG regulations, as described above under " — *Key Industry Drivers — Regulatory Changes in the BWTS Market*". See also " — *Order Backlog and Intake*".

The increase in 2019 was due in part to build-up of inventory among BWTS integrators. BWTS contributed almost all of the growth in 2019. The large order from the electrowinning customer in 2019 also contributed to the increase.

The following table sets forth a breakdown of Permascand's net sales by segment for the 2020, 2019 and 2018 financial years:

	Year ended 31 December		
SEK million	**2020**	**2019**	**2018**
Electrification & Renewables	28.5	45.3	36.5
Industrial Solutions	131.4	163.1	155.6
Water Treatment	255.1	236.1	131.4
Total net sales	**415.0**	**444.5**	**323.5**

For a breakdown of net sales by geography, see Note 4 under the section "*Historical financial information*" for the financial years 2020, 2019 and 2018.

Electrification & Renewables

Permascand's net sales from its Electrification & Renewables segment decreased by SEK 16.8 million, or 37 percent, in 2020 to SEK 28.5 million for the 2020 financial year, compared to SEK 45.3 million for the 2019 financial year, and increased by SEK 8.8 million, or 24 percent, in 2019 from SEK 36.5 million for the 2018 financial year. The decrease in 2020 was due to the generally uncertain environment resulting from the COVID-19 pandemic. Furthermore, the net sales in 2019 was unusually high due to a large order from an electrowinning customer which did not recur in 2020 and which contributed to the decrease. Furthermore, the net sales in 2019 were unusually high as a result of significant investments in customers' refilling programmes and chloralkali.

The increase in 2019 was due to increased sales within the energy and transmission area, which was in turn due to timing of customer investment projects.

Industrial Solutions

Permascand's net sales from its segment Industrial Solutions decreased by SEK 31.7 million, or 19 percent, in 2020 to SEK 131.4 million for the 2020 financial year, compared to SEK 163.1 million for the 2019 financial year, and increased by SEK 7.5 million, or 5 percent, in 2019 from SEK 155.6 million for the 2018 financial year. The decrease in 2020 was due to customers in the Industrial Solutions segment postponing rebuilding of their factories due to the uncertainty caused by the COVID-19 pandemic.

Water Treatment

Permascand's net sales from the Water Treatment segment increased by SEK 19.0 million, or 8 percent, in 2020 to SEK 255.1 million for the 2020 financial year from SEK 236.1 million for the 2019 financial year, and increased by SEK 104.6 million, or 80 percent, in 2019 from SEK 131.4 million for the 2018 financial year. The increase in 2020 was due to increased demand for BWTS due to expected regulatory changes in relation to ballast water treatment. However, the increase was less than it otherwise would have been due to orders being pushed forward into 2021 and onwards due to the extension for compliance with USCG regulations, as described above under " — *Key Industry Drivers — Regulatory Changes in the BWTS Market*". See also " — *Order Backlog and Intake*".

The increase in 2019 was due to the expected regulatory changes, as described under " — *Key Industry Drivers — Regulatory Changes in the BWTS Market*". In 2019, there was a build-up of inventory among BWTS integrators.

Cost of goods sold

Permascand's cost of goods sold decreased by SEK 26.0 million, or 8 percent, in the 2020 financial year to SEK 311.1 million for the 2020 financial year, compared to SEK 337.1 million for 2019 financial year, and increased by SEK 95.9 million, or 40 percent, in 2019 from SEK 241.3 million for the 2018 financial year. This reflected a Gross margin of 25 percent, 24 percent and 25 percent for the 2020, 2019 and 2018 financial years, respectively. The changes in the Gross margin reflected increases in materials costs, in particular prices for titanium and noble metals. A shift in product mix also contributed to the decreases. Industrial Solutions products offer the highest margins for Permascand, which means that an increased share of sales within BWTS will have a negative impact on margins. The Electrification & Renewables segment is also still in an early stage and stability in the Gross margin is relatively dependent on the order mix. These trends were partially offset by the efficiency improvements resulting from the investments described under "– *Significant Factors Affecting Results of Operations – Investments in Automation and Robotisation*".

Selling expenses

Permascand's selling expenses decreased by SEK 9.2 million, or 39 percent, in 2020 to SEK 14.6 million for the 2020 financial year, compared to SEK 23.8 million for the 2019 financial year, and increased by SEK 2.0 million, or 9 percent, in 2019 from SEK 21.8 million for the 2018 financial year. The decrease in 2020 was mainly due to less travel, a decrease in the sales force due to a vacant position in Canada and other cost saving measures introduced during the COVID-19 pandemic.

In 2019, the increase was due to the fact that Permascand expanded the organisation in 2018 and only part of the impact was felt in 2018 compared to 2019.

Administrative expenses

Permascand's administrative expenses decreased by SEK 4.1 million, or 15 percent, in 2020 to SEK 23.9 million for the 2020 financial year, compared to SEK 28.1 million for the 2019 financial year, and increased by SEK 0.3 million, or 1 percent, in 2019 from SEK 27.7 million for the 2018 financial year. The decrease in 2020 was mainly due to cost saving measures introduced during the COVID-19 pandemic and less travel.

Research and development expenses

Permascand's research and development expenses decreased by SEK 0.6 million, or 5 percent, in 2020 to SEK 11.6 million for the 2020 financial year, compared to SEK 12.2 million for the 2019 financial year, and increased by SEK 1.0 million, or 9 percent, in 2019 from SEK 11.2 million for the 2018 financial year. The decrease in 2020 was due to cost saving measures introduced during the COVID-19 pandemic.

The increase in 2019 was due to high activity in development and investments.

Other operating income/expenses

Other operating income in 2020 consisted of SEK 7.0 million in governmentgrants, SEK 1.3 million in currency exchange rate effects and SEK 1.0 million in other operating income. Other operating expenses consisted of SEK -2.7 million relating to currency exchange rate effects.

Operating profit/loss

Permascand's operating profit increased by SEK 16.9 million, or 39 percent, in 2020 to SEK 60.3 million for the 2020 financial year, compared to SEK 43.4 million for the 2019 financial year, and by SEK 21.7 million, or 100 percent, in 2019 from SEK 21.7 million for the 2018 financial year. The increase in the 2020 financial year was mainly due to cost saving measures introduced during the COVID-19 pandemic and less travel. Cost savings, short-term lay-offs and reduced costs for travel and consultants reduced both selling and administrative expenses by a total of SEK 14 million in 2020. Operating profit for 2020 included government grants of SEK 7.0 million for short-term layoffs, which were included in other operating income.

The increase in operating profit during the 2019 financial year was mainly attributable to growth in net sales as described above.

Net finance costs

Permascand's net finance costs increased by SEK 12.5 million, or 444 percent, in 2020 to SEK 15.3 million for the 2020 financial year, compared to SEK 2.8 million for the 2019 financial year, and decreased by SEK 0.6 million, or 17 percent, in 2019 from SEK 3.4 million for the 2018 financial year. The increase in 2020 was due to the impact of the recapitalisation in 2019, the impact of which was mainly felt in 2020, and new loans. The recapitalization of the Group consisted of the incorporation of two new holding companies by the owner of Permascand, Permascand Top Holding AB and Permascand Middle Holding AB, as well as the sale of the shares in Permascand Holding AB. The acquisition was financed through a bank loan together with a new share issue which was carried out through a non-cash issue. The decrease in 2019 was due to SEK 1.6 million of debt-related costs incurred in 2018.

Taxes

Permascand's income tax expense increased by SEK 3.5 million, or 40 percent, in 2020 to SEK 12.1 million for the 2020 financial year from SEK 8.6 million for the 2019 financial year, and by SEK 4.2 million, or 96 percent, in 2019 from SEK 4.4 million for the 2018 financial year. This reflected an effective tax rate of 26.8 percent, 21.2 percent and 24.0 percent for the 2020, 2019 and 2018 financial years, respectively.

The increase in 2020 mainly related to non-deductible interest expenses that were not present in 2019.[1]

The decrease in 2019 primarily related to growth.

1) Company to provide input as to why these expenses were not deductible.

LIQUIDITY AND CAPITAL RESOURCES

Permascand's historical liquidity needs have arisen primarily from the need to finance expenditures for the expansion of the Company's operations, including the investments referred to above under "*— Significant Factors Affecting Results of Operations — Capital Expenditure — Investments in Capacity Expansions and Efficiency*".

Permascand has historically been financed through cash from operations and loans to fund its capital expenditure.

Cash flows

Cash flow from operating activities

Permascand's cash flow from operating activities decreased by SEK 40.6 million, or 152 percent, from SEK 26.7 million for the three months ended 31 March 2020 to SEK -13.9 million for the corresponding period 2021. The decrease was due to lower volume and invoicing as well as inventory build up.

Permascand's cash flow from operating activities decreased by SEK 11.3 million, or 18 percent, in 2020 to SEK 53.1 million for the 2020 financial year, compared to SEK 64.4 million for the 2019 financial year, and increased by SEK 75.1 million in 2019 from SEK -10.7 million for the 2018 financial year. The decrease in 2020 was due to adverse working capital developments arising from the delay by customers of orders due to the COVID-19 pandemic. See " *— Significant Factors Affecting Results of Operations — Impact of COVID-19*", " *— Key Industry Drivers — Regulatory Changes in the BWTS Market*" and " *— Order Backlog and Intake*". Current receivables increased by SEK 5.3 million and inventory increased by SEK 1.9 million due to these impacts.

The increase in 2019 was due to higher profit before tax and certain favourable working capital movements including lower stock levels and lower accounts receivable. Current liabilities increased by SEK 10.1 million in 2019, which was in turn due to pre-payments from customers in ongoing projects and supplier invoices from investments.

Cash flow from investing activities

Permascand's cash flow used in investing activities decreased by SEK 16.3 million, or 90 percent, from SEK 18.2 million for the three months ended 31 March 2020 to SEK 1.8 million for the corresponding period 2021. The decrease was attributable to a lower investment rate in 2021 compared with 2020 when investments were made in automation.

Permascand's cash flow used in investing activities decreased by SEK 35.4 million, or 45 percent, in 2020 to SEK 43.8 million for the 2020 financial year, compared to SEK 79.2 million for the 2019 financial year, and increased by SEK 55.2 million, or 230 percent, in 2019 from SEK 24.0 million for the 2018 financial year. The decrease in 2020 related to automation and robotization investments nearing completion and the increase in 2019 related to these investments peaking during the year. See "*— Significant Factors Affecting Results of Operations — Capital Expenditure — Investments in Automation and Robotisation*".

Cash flow from financing activities

Permascand's cash flow from financing activities increased by SEK 16.7 million, or 240 percent, from SEK -7.0 million for the three months ended 31 March 2020 to SEK 9.7 million for the three months ended 31 March 2021. The increase was due to higher utilization of credit facility.

Permascand's cash flow from financing activities decreased by SEK 57.4 million, or 142 percent, in 2020 to SEK -16.9 million for the 2020 financial year, compared to SEK 40.5 million for the 2019 financial year, and increased by SEK 6.1 million, or 18 percent, in 2019 from SEK 34.4 million for the 2018 financial year. The increase in 2019 related to the recapitalisation undertaken that year. Total equity and financial solidity were negative as a result of an internal restructuring and a recapitalization of the Group. The owner of Permascand incorporated two new holding companies, Permascand Top Holding AB and Permascand Middle Holding AB, as well as the sale of the shares in Permascand Holding AB. The acquisition was financed through a bank loan together with a new share issue which was carried out through a non-cash issue.

Capital expenditure

Permascand's capital expenditures primarily relate to investments in tangible and intangible non-current assets. Expansionary capital expenditure relates to investments made to increase the automation level across production processes. Maintenance capital expenditure relates to ongoing maintenance. Investments in intangible and tangible non-current assets amounted to 2.4 percent of net sales for the three months ended 31 March 2021 and 16.9 percent for the corresponding period 2020. Investments in intangible and tangible non-current assets amounted to 10.6 percent, 17.9 percent and 7.3 percent of net sales for the 2020, 2019 and 2018 financial years, respectively.

The following table summarizes Permascand's investments in tangible and intangible non-current assets for the 2020, 2019 and 2018 financial years, and the periods 1 January to 31 March 2021 and 1 January to 31 March 2020:

	Three months ended 31 March		Year ended 31 December		
SEK million	**2021**	**2020**	**2020**	**2019**	**2018**
Expansionary capital expenditure	0.9	14.9	36.5	70.2	18.2
Maintenance capital expenditure	0.9	3.1	7.3	9.0	5.7
Total capital expenditures	**1.8**	**18.2**	**43.8**	**79.7**	**23.7**

No significant investments have been made from 31 March 2021 until the date of the Prospectus.

For details regarding Permascand's capital expenditure in future periods, see "*Significant Factors Affecting Results of Operations — Capital Expenditure*".

Net Working Capital

Permascand has standard 30 day payment terms for customers, although some larger customers have terms of 45 days and customers in certain emerging markets pay on delivery. In addition, certain customers within the Industrial Solutions and Electrification & Renewables segments pay in advance.

Permascand's Net Working Capital amounted to SEK 66.0 million for the three months ended 31 March 2021 which amounted to 17 percent of net sales for the last twelve months ended 31 March 2021. Permascand's Net Working Capital amounted to SEK 62.5 million, SEK 57.9 million and SEK 69.9 million as at 31 December 2020, 2019 and 2018, respectively. This amounted to 15 percent, 13 percent, and 22 percent of net sales, respectively.

FINANCIAL RISK

Through its global operations, Permascand is exposed to financial risks. The Board of Directors approves Permascand's financial policy which comprise guidelines, targets and the scope for the financial management as well as the management of financial risks.

The overarching goals of the financial operations is to, through an efficient and clear financial management, contribute to allowing

Permascand to follow its business plan and strategy. This means working to ensure long-term financing and to limit financial risk. The financial operations shall also secure access to cash and cash equivalents in the short term in order to be able to fulfil Permascand's obligations.

Currency risk

Currency risk refers to the risk when exchange rates adversely affect the Group's cash flows, income statement or balance sheet. Exchange rates fluctuations have an impact on the Group's results when sales and purchases are made in different currencies. Permascand is primarily exposed to the EUR and the USD since Permascand's sales and costs are primarily denominated in these currencies. As far as possible, sales and purchases are matched with the customer order in the same currency. Currency hedging to reduce exposure is made by the use of forwards. For complete information regarding the Group's currency risk, see the section "*Risk factors — Risks related to currency exchange rate fluctuations*".

The following table set forth certain information related to the hedging instruments Permascand has entered into to manage its currency risk:

	31 March	31 December		
SEK million	**2021**	**2020**	**2019**	**2018**
Derivative instruments reported as current assets				
Currency forwards-cash flow hedges	-	0.8	-	-
Derivative instruments reported as current liabilities				
Currency forwards-cash flow hedges	0.3	-	-	-

Interest risk

Interest risk refers to the risk when changes in market interests adversely affect Permascand's net interest. Liabilities to credit institutions comprise bank loans with variable interest which expose Permascand to interest risk as regards cash flows. Permascand does not hedge its interest risk with respect to future cash flows. Liabilities to credit institutions amounted to SEK 286.9 million as per 31 December 2020 (SEK 303.4 million for 2019 and SEK 40.7 million for 2018). Permascand's loan agreements includes certain terms and conditions regarding financial performance measures, so called covenants. These covenants are made up of customary terms.

If the interest on the loans as of 31 December 2020 had changed by +/- one percentage point, and all other things being equal, the calculated profit after tax for the 2020 financial year would have been +/- SEK 2,297 thousand (SEK 541 thousand), primarily as a result of higher/lower interest costs for loans with variable interest.

For complete information regarding the Group's interest rate risks, see the section "*Risk factors — Risks related to changes in market interest rates*".

Managing credit risk

Credit risk refers to the risk that a counterparty in a transaction does not fulfil its obligations pursuant to the agreement. Credit risk arise through balances with banks and credit institutions as well as customer credit exposures, including outstanding receivables.

The maximum credit exposure corresponds to the book value of the Group's financial assets and the invoice revenue not accrued.

In all material respects, Permascand's customers consist of large and established companies. Permascand's credit losses have historically been insignificant and the customers' payment history has been sound. Considering this and forward-looking information regarding macroeconomic factors that may affect customers' ability to pay its debts, Permascand's expected credit losses have been deemed insignificant.

To manage credit risks, Permascand has principles for assessing and controlling new customers. For the assessment of the financial strength of the counterparty, a credit rating agency such as Dun & Bradstreet is used. For example, based on the customer's credit level advance payment can be requested to reduce risk. The Group assesses monthly credit risk in overdue receivables and invoice revenue not accrued in an individual assessment of any credit risk for the respective customer. Doubtful receivables are entered quarterly. As of 31 December 2020, the provision for doubtful receivables amounted to SEK 0 (0.9) million. The Company's credit risk in cash and cash equivalents are deemed to be low. Cash and cash equivalents, consisting of bank funds and surplus liquidity, is used to reduce the use of the bank overdraft facility. There are no short-term investments.

Liquidity management

Through careful liquidity management, the Group ensures that sufficient cash is available to meet the needs of operating activities. At the same time, it is ensured that the Group has sufficient capacity in agreed credit facilities to enable payment of debts when these mature. Management follows rolling forecasts for Group liquidity reserves (including unused credit facilities) and cash and cash equivalents based on expected cash flows. All surplus liquidity must primarily be used to amortise loans/reduce the use of overdraft facilities.

Managing refinancing risk

Refinancing risk is defined as the risk of or difficulties in refinancing the Group, that financing cannot be obtained, or that financing can only be obtained at higher cost. Permascand continuously evaluates various financing options, which mitigates the risk.

The below tables provides an analysis of Permascand's financial debt broken down by the time remaining at the balance sheet date of 31 December 2020, 2019 and 2018 until the contractual maturity date. The amounts stated in the table are contractual and undiscounted cash flows.

As at 31 December 2020 SEK million	**Less than 3 months**	**Between 3 months and 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**More than 5 years**	**Total contractual cash flows**	**Carrying value**
Financial liabilities							
Liabilities to credit institutions	4.5	38.5	41.9	231.1	-	316.0	286.9
Lease liabilities	0.4	1.0	0.8	1.0	-	3.2	2.9
Trade payables	26.3	-	-	-	-	26.3	26.3
Total	**31.1**	**39.5**	**42.7**	**232.1**	**-**	**345.5**	**316.1**

As at 31 December 2019 SEK million	**Less than 3 months**	**Between 3 months and 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**More than 5 years**	**Total contractual cash flows**	**Carrying value**
Financial liabilities							
Liabilities to credit institutions	4.6	38.7	42.1	255.7	-	341.1	303.4
Lease liabilities	0.5	1.3	1.3	1.7	-	4.8	4.0
Trade payables	42.7	-	-	-	-	42.7	42.7
Total	**47.7**	**39.9**	**43.4**	**257.4**		**388.5**	**350.1**

As at 31 December 2018 SEK million	**Less than 3 months**	**Between 3 months and 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**More than 5 years**	**Total contractual cash flows**	**Carrying value**
Financial liabilities							
Liabilities to credit institutions	0.7	2.1	2.7	39.1	-	44.6	40.7
Lease liabilities	0.4	1.2	1.3	2.6	-	5.5	4.5
Trade payables	39.9	-	-	-	-	-	39.9
Total	**41.0**	**3.3**	**4.0**	**41.7**		**90.0**	**85.1**

SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND ASSESSMENTS

Information on significant estimates and assessments in the accounts are provided for in Note 2 to the financial statements on pages under the section "*Historical financial information*".

CAPITAL STRUCTURE, INDEBTEDNESS AND OTHER FINANCIAL INFORMATION

The tables in this section presents the Company's capital structure and indebtedness at Group level as of 31 March 2021. Refer to the section "*Share capital and ownership structure*" for further information about the Company's share capital and shares. The information presented in this section should be read together with the section "*Operational and financial review*" and the Company's financial information, with accompanying notes, stated in the section "*Historical financial information*".

CAPITAL STRUCTURE

As of 31 March 2021, the Company's capitalization (excl. total comprehensive income for the period) amounted to SEK 289,3 million of which the Company's share capital amounted to SEK 1.9 million. As of 31 March 2021, the Company's total financial indebtedness amounted to SEK 292,2 million. The following tables include both current and non-current interest-bearing liabilities.

The tables below show the Company's capitalization and net indebtedness according to the following:

- On an actual basis as of 31 March 2021 with data taken from the Group's balance sheet; and
- On an adjusted basis as shown in the column "*Following the new share issue in the Offering and repayment of debts to credit institutions*" to demonstrate;
  i. capitalization and financial indebtedness after the completion of the new share issue in the Offering which is expected to raise gross proceeds of SEK 300 million with costs related to the Offering amounting to SEK 35 million; and
  ii. repayment of the credit facility from Nordea of SEK 250 million. The credit facility from Nordea is describred under the heading "*Capital structure in connection with the listing*".

Statement of capitalization

SEK million	31 March 2021	Adjustments	Following the new share issue in the Offering and repayment of debts to credit institutions
Current debt			
Guaranteed	-	-	-
Secured[1]	6.2	-	6.2
Unguaranteed/unsecured[2]	1.2	-	1.2
Total current debt	**7.4**	**-**	**7.4**
(including current portion of non-current debt)			
Non-current debt			
Guaranteed	-	-	-
Secured[3]	296.5	-250.0[4]	46.5
Unguaranteed/unsecured[5]	1.5	-	1.5
Total non-current debt	**298.0**	**-250.0**	**48.0**
(excluding current portion of non-current debt)			
Shareholder equity			
Share capital	1.9	0.3[6]	2.2
Other contributed capital	662.8	294.5[7]	957.3
Other reserves[8]	-697.6	-	-697.6
Retained earnings (excl. comprehensive result for the period)	16.8	-	16.8
Capitalization (excl. comprehensive income for the period)	**289.3**	**44.8**	**334.1**

1) Collateral consists of real estate mortgages and corporate mortgages as well as shares in the Group's subsidiaries.
2) The item in column 31 March 2021 consists of Lease liabilities.
3) Collateral consists of real estate mortgages and corporate mortgages as well as shares in the Group's subsidiaries. The item in column 31 March 2021 consists of liabilities to credit institutions of SEK 291.3 million and adjustment of liabilities to credit institutions of SEK 5.2 million regarding accrued arrangement fees.
4) Credit facility with Nordea that will be paid off in full with proceeds from the Offering. The item does not include estimated interest attributable to the period after 31 March 2021 of approximately SEK 2 million, which is also expected to be paid off with proceeds from the Offering.
5) The item in column 31 March 2021 consists of lease liabilities.
6) Increase in the share capital is attributable to the new share issue in the Offering and is based on 8,823,529 new shares with a quota value of SEK 0.037 per share.
7) The adjustment is attributable to the new share issue in the Offering of 8,823,529 shares subscribed for at a premium (SEK 34 per share). Deductions have been made for cost related to the Offering that are attributable to the Company and that are charged to its equity. Approximately SEK 5 million is expected to be charged to Permascand's equity of the total transaction related costs of SEK 35 million.
8) The item in column 31 March 2021 consists of acquisition reserve of SEK -698.1 million, translation reserve excluding other comprehensive income for the period of SEK -0.1 million and hedging reserve excluding other comprehensive income for the period of SEK 0.6 million.

Statement of indebtedness

SEK million	31 March 2021	Adjustments	Following the new share issue in the Offering and completion of the new financing arrangements
A – Cash	13.2	15.0[1]	28.2
B – Cash equivalents	-	-	-
C – Other current financial assets	-	-	-
D – Liquidity (A + B + C)	**13.2**	**15.0**	**28.2**
E – Current financial debt (including debt instruments, but excluding current portion of non-current financial debt)[2]	1.2	-	1.2
F – Current portion of non-current financial debt	6.2	-	6.2
G – Current financial indebtedness (E + F)	**7.4**	**-**	**7.4**
H – Net current financial indebtedness (G - D)	**-5.8**	**-15.0**	**-20.8**
I – Non-current financial debt (excluding current portion and debt instruments)[3]	298.0	-250.0[4]	48.0
J - Debt instruments	-	-	-
K – Non-current trade and other payables	-	-	-
L – Non-current financial indebtedness (I + J + K)	**298.0**	**-250.0**	**48.0**
M – Total financial indebtedness (H + L)	**292.2**	**-265.0**	**27.2**

1) The adjustment comprises of SEK 300 million in gross proceeds from the new share issue in the Offering, with deduction of SEK 35 million in estimated costs related to the Offering. From the net proceeds of SEK 265 million in the Offering, SEK 250 million will be used to pay down the credit facility with Nordea.

2) The item in column 31 March 2021 consists of lease liabilities.

3) The item in column 31 March 2021 consists of liabilities to credit institutions of SEK 291.3 million, lease liabilities of SEK 1.5 milllion and adjustment of liabilities to credit institutions of SEK 5.2 million regarding accrued arrangement fees.

4) Credit facility with Nordea that will be paid off in full with proceeds from the Offering. The item does not include estimated interest attributable to the period after 31 March 2021 of approximately SEK 2 million, which is also expected to be paid off with proceeds from the Offering.

The information on the Company's capital structure and indebtedness on an adjusted basis constitutes forward-looking statements, which are intended to describe a hypothetical situation and are provided solely for illustrative purposes. Forward-looking statements are no guarantee of future results or trends, and actual results could differ materially from those expressed directly or indirectly in the forward-looking statements as a result of a number of factors, including those described in the section "Risk factors".

The Company has no reason to believe that any material changes to the Company's actual capitalization, other than as stated above, have taken place since 31 March 2021.

INDIRECT AND CONTINGENT INDEBTEDNESS

The Company had, as of 31 March 2021, no indirect or contingent indebtedness.

STATEMENT REGARDING WORKING CAPITAL

The Company is of the opinion that its existing working capital, as of the date of the Prospectus, is sufficient to meet the Company's current needs during the coming 12-month period. In this context, working capital refers to the Company's possibility of obtaining access to cash and other available liquid recourses in order to meet its liabilities as they fall due.

TOTAL EQUITY

In December 2019, a restructure and refinancing of the Permascand group was carried out. The owner of the Permascand Group formed two new companies - Permascand Top Holding AB and Permascand Middle Holding AB - which acquired the shares in Permascand Holding AB. The acquisition was financed by a loan and a non-cash issue was executed. The new legal parent company, Permascand Top Holding AB has chosen to present the historic consolidated financial statements of its predecessor's, Permascand Holding AB, consolidated financial statements. Accordingly, the consolidated accounts represent a continuation of Permascand Holding AB and its subsidiaries operations.

As the same owner has control over the Permascand Group before and after the restructure, the transaction was deemed not to be a business combination but a restructure. This means that so-called "predecessor accounting" has been applied instead, which is why there was no revaluation done of the Permascand Group's assets and liabilities at fair value and why no goodwill was reported. The effect that has been reported against equity is the purchase price reduced by the share capital of SEK 1,870 thousand. In summary, the reporting of the transaction as an intra-group restructure involves Permascand Top Holding AB having borrowed SEK 220 million to finance the transaction and the execution of a non-cash issue of SEK 480 million. The total consideration amounts to SEK 700 million, and SEK 220 million of the consideration was a loan which was repaid to the Groups parent company in December 2019. As of 31 March 2021, the Company's total equity amounted to SEK -22.4 million.

CAPITAL STRUCTURE IN CONNECTION WITH THE LISTING

The Group's existing financing arrangements will be changed, and largely repaid, through an amended agreement in connection with the completion of the Offering. Existing guarantees and collateral described below remain. The main financial arrangement of the Group will thereafter consist of a new financing arrangement totaling approximately SEK 147.6 million (nominal amount). Detailed below are the existing financial arrangement and the new financial arrangement.

Existing financial arrangement

The Company and certain companies within the Group have entered into credit facility agreement of approximately SEK 325 million originally dated 26 November 2019 and amended on 3 June 2020 with Nordea Bank Abp filial i Sverige as lender (the "**Lender**") (the "**Existing Loan Agreement**"). The Company and certain companies within the Group have provided security and guarantees in favor of the Lender to secure the obligations under the Existing Loan Agreement. The security consists of security over the shares in certain companies within the Group, security over business mortgages in an amount of SEK 48,500,000, security over mortgage certificates issued in the property Ånge Västerhångsta 3:221 and security over certain intra group loans. The Existing Loan Agreement also includes a negative pledge provision restricting the Group from granting any further security to third party creditors (with some exceptions).

The Existing Loan Agreement is intended to be replaced by a new loan agreement in connection with the completion of the Offering. The security and guarantees granted under the Existing Loan Agreement will remain in place following completion of the Offering to secure the new loan agreement.

New financing agreement with Nordea conditional upon the completion of the Offering

The Company has, as borrower, on 25 May 2021 entered into a new credit facility agreement in the amount of approximately SEK 147.6 million divided into two capex-facilities (of approximately SEK 17.6 million and SEK 50 milllion, respectively) and a revolving credit facility (SEK 80 million) with the Lender. The agreement has been entered for the purpose of refinancing existing debt and financing certain acquisitions in accordance with an existing investment plan. The loan is subject to the completion of the Offering no later than 31 December 2021. The agreement is subject to a floating interest rate with a minimum level and with a final termination date on 31 May 2026. Security for the loan is granted in accordance with the previous financing arrangement and is otherwise entered into on customary terms and conditions.

TRENDS

The Company's assessment is that, as of the date of the Prospectus, there are no other known trends, related to production, sales, stock, costs and sales prices during the period from the end of the last financial year to the date of the Prospectus. The Company is not aware of any changes of the Group's financial results during the period for which financial information has been made public to the date of the Prospectus. Furthermore, the Company is not aware of any measures regarding public, financial, fiscal or monetary policy, or other political actions that, directly or indirectly, have had or could have a significant impact on the Group's operations and prospects for the current financial year.

Significant changes in the Group's financial position after 31 March 2021 up to and including the date of the Prospectus

No significant changes in the Group's financial position have occurred since 31 March 2021, being the date to which the Company's latest unaudited financial information was published, and up to the date of the Prospectus.

BOARD OF DIRECTORS, SENIOR EXECUTIVES AND AUDITOR

BOARD OF DIRECTORS

As of the date of the Prospectus, Permascand's board of directors consists of seven members elected by the shareholders, including the chair of the board, elected up until the annual general meeting 2022. The board also includes two employee representatives. The Company's articles of association provides for a minimum of four and a maximum of ten members. All board members and senior executives can be contacted via the Company's address in the section "*Addresses*".

			Independent in relation to	
Name	**Position**	**Board member since**	**The Company and its management**	**Major shareholders**
Per Lindberg	Chairman of the board	2020	Yes	Yes
Marie Grönborg	Member of the board	2020	Yes	Yes
Mario Houde	Member of the board	2015	Yes	Yes
Ingar Jensen	Member of the board	2015	Yes	No
Pernilla Lundin	Member of the board	2020	Yes	Yes
Per-Ola Baalerud	Member of the board	2015	Yes	No
Johan Karlsson	Member of the board	2020	Yes	Yes
Erik Zimmerman	Employee representative	2017	No	Yes
Emil Wiljesäter	Employee representative	2020	No	Yes

Per Lindberg (born 1959)

Chair of the board

Education: Per Lindberg holds a Master of Science degree in Engineering and a PhD in Industrial Management & Work Organization from Chalmers University of Technology.

Background: Per was previously CEO of Billerud AB, Korsnäs AB, Billerudkorsnäs AB and Epiroc AB, and deputy CEO of Kinnevik AB. He has also been a board member of Nordstiernan AB, Bergvik Skog AB and Middlepoint AB, among others.

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

Prior positions (past five years): Member of the board of Nordstiernan AB. CEO of BillerudKorsnäs AB and Epiroc AB.

Holdings in the Company (including related parties): As of the date of the Prospectus, adjusted for the pending conversion of B-shares to ordinary shares and the share split 1:27, Per Lindberg holds 106,087 shares in the Company, through Peymar Holding AB. Following the Offering, Per Lindberg will also hold 151,470 warrants of series 2021/2025.

Marie Grönborg (born 1970)

Board member

Education: Marie Grönborg holds a Master of Science degree in Advanced Chemical Engineering from Chalmers University of Technology and Imperial College, London.

Background: Marie has 25 years of global experience in the chemical and clean-tech industry, with focus on strategy, marketing, business and sales. She is currently the CEO of Purac AB and serves on the Board of SSAB AB. Prior to this, she held the position of Executive VP-BA Specialties & Solutions and Executive VP – Innovation at Perstorp Holding AB and President & Director at Perstorp Formox AB.

Current positions: Member of the board of SSAB AB. External CEO of Purac AB.

Prior positions (past five years): Chairman of the board of Perstorp Specialty Fluids AB and Perstorp Waspik BV. Member of the board of Perstorp Aktiebolag, Perstorp Quimica do Brazil and Perstorp Chemicals India.

Holdings in the Company (including related parties): As of the date of the Prospectus, Marie Grönborg does not hold any shares in the Company. Following the Offering, Marie Grönborg will hold 66,268 warrants of series 2021/2025.

Mario Houde (born 1960)

Board member

Education: Mario Houde holds a Bachelor's degree in Chemical Engineering from University of Montreal, Canada.

Background: Mario is currently principal and owner of MCHoude Consulting LLC, offering management consulting services to industrial companies. Prior to this, Mario worked for more than 30 years at AkzoNobel Pulp and Performance Chemicals, most recently as Integrated Supply Chain Director for Global Operations.

Current positions: Principal at MCHoude Consulting LLC.

Prior positions (past five years): Supply Chain Director Global Operations at AkzoNobel Pulp and Performance Chemicals.

Holdings in the Company (including related parties): As of the date of the Prospectus, adjusted for the pending conversion of B-shares to ordinary shares and the share split 1:27, Mario Houde holds 1,397,122 shares in the Company, through MCHoude Consulting LLC. Following the Offering, Mario Houde will also hold 66,268 warrants of series 2021/2025.

Ingar Jensen (born 1955)

Board member

Education: Ingar Jensen holds a MSc in Economics from Gothenburg University with focus on Marketing and International Financing.

Background: Ingar has many years of experience from leading positions in global engineering companies. Among his previous positions are CEO for SabWabco (Cardo Rail) and CEO Vickers Plc, Marine Division. He was Chairman of the Board of Permascand 2012 – 2015.

Current positions: Member of the board of Arctic Engineering AB and Chairman of the board in the subsidiaries Släp och Lastbilspåbyggnader AB i Övertorneå (SLP) and Släp och Lastbilpåbyggnader i Övertorneå Fastighets AB as well as Domi System AB. Member of the board of Jonsson & Paulsson Industri Aktiebolag, Arctic Fastigheter AB, Lugnviksverkstaden Aktiebolag, ZMek Fastighet & förvaltning AB and ZMek AB. Chairman of Öna Skog AB, MD and member of the board of Trokhaios Holding AB, Ulven Invest AB, Beati AB and Prestsbaer ehf.

Prior positions (past five years): Member of the board of SMA Mineral AB, SMA Mineral Holding AB and Robust AB.

Holdings in the Company (including related parties): As of the date of the Prospectus, adjusted for the pending conversion of B-shares to ordinary shares and the share split 1:27, Ingar Jensen holds 6,125,167 shares in the Company, through Ulven Invest AB. Following the Offering, Ingar Jensen will also hold 66,268 warrants of series 2021/2025.

Pernilla Lundin (born 1969)

Board member

Education: Pernilla Lundin holds a degree in Financial Engineering from Gävle Colllege.

Background: Pernilla is a Branding consultant and serves on the board of directors of Länsförsäkringar Gävleborg, Komson AB and Facilitate Partner AB. She was previously CEO of Donald Davies & Partners AB and has previously spent 10 years in various roles at Sandvik, most recently as Director Marketing and Communications at Sandvik Coromant.

Current positions: Chaiman of the board of Facilitate Partner AB. Vice Chairman of the board of Länsförsäkringar Gävleborg. CEO and chairman of the board of By ilo AB. Member of the board and CEO of Kontrollbolaget by ilo AB. Member of the board of Kontrollbolaget Norr AB and Norrländska Entreprenadbolaget AB.

Prior positions (past five years): CEO and member of the board of Donald Davies & Partners. Member of the board of Komson AB, Facilitate Partner and Almi Företagspartner AB. External CEO of DD Spring i framtiden AB and DD Rekrytering AB.

Holdings in the Company (including related parties): As of the date of the Prospectus, Pernilla Lundin does not hold any shares in the Company. Following the Offering, Pernilla Lundin will hold 66,268 warrants of series 2021/2025.

Per-Ola Baalerud (born 1972)

Board member

Education: Per-Ola Baalerud holds a Bachelor of Engineering degree in Marine Technology from University of Newcastle-upon-Tyne, and a Master of Business Administration degree from BI Norwegian School of Management.

Background: Per-Ola is a Partner with Norvestor since 2014. Prior to Norvestor, Per-Ola acquired, developed and managed companies on behalf of Aker Solutions, an international oil services company where he was Senior Vice President. Per-Ola gained substantial operational investment and corporate finance experience at investment companies such as Aker and Kistefos.

Current positions: Chairman of the board of Sperre Compressors Holding AS, HydraWell Intervention, EnFlow Holding AS and Investas AS. Partner at Norvestor Advisory AS.

Prior positions (past five years): Member of the board of Future Production AS, READ Cased Hole Ltd., Investas AS, PG Flow Solutions AS and Cegal Group AS.

Holdings in the Company (including related parties): As of the date of the Prospectus, Per-Ola Baalerud does not hold any shares in the Company.

Johan Karlsson (born 1965)

Board member

Education: Johan Karlsson holds a Bachelor's degree in Business Administration and Economics from Gothenburg School of Economics.

Background: Johan is currently Group CFO and Head of Business support at Dustin Group, a role he has held since 2009. Prior to this, he held the positions as Regional Finance Director at Tech Data Nordic and Group CFO at ACO Hud Nordic.

Current positions: Group CFO and Head of Business support at Dustin Group. Chairman of the board of Adlibris Aktiebolag. Member of the board of Dustin A/S, Inventio IT A/S, Chilit Group Oy, Chilit Oy, Dustin Finland Oy, ITaito Oy, Dustin Norway AS, Dustin Aktiebolag, Dustin Sverige AB, JML-System AB and Kontext Agency of Scandinavia AB.

Prior positions (past five years): Member of the board of IDENET AB, DAV Partner AB, Saldab IT AB, IT-Hantverkarna Sverige AB, Tidlog AB, Communication and Security i Mälardalen AB and Seciveres FD AB.

Holdings in the Company (including related parties): As of the date of the Prospectus, adjusted for the pending conversion of B-shares to ordinary shares and the share split 1:27, Johan Karlsson holds 106,176 shares in the Company. Following the Offering, Johan Karlsson will also hold 88,357 warrants of series 2021/2025.

Erik Zimmerman (born 1969)

Employee representative

Education: Erik Zimmerman has a bachelor's degree in business administration from Mid Sweden University and a degree of Master of Science in Chemisty from Umeå University.

Background: Erik Zimmerman has worked at Permascand for 26 years and had a number of different roles, since January 2020 he is Research And Development Manager at Permascand.

Current positions: -

Prior positions (past five years): Chairman of the board of Vätgas Sverige.

Holdings in the Company (including related parties): As of the date of the Prospectus, Erik Zimmerman does not hold any shares in the Company. Following the Offering, Erik Zimmerman will hold 48,195 warrants of series 2021/2024.

Emil Wiljesäter (born 1988)

Employee representative

Education: Emil Wiljesäter has a high school diploma from Boberg high school.

Background: Emil Wiljesäter has worked at Permascand since 2009.

Current positions: -

Prior positions (past five years): -

Holdings in the Company (including related parties): As of the date of the Prospectus, Emil Wiljesäter does not hold any shares in the Company.

Senior executives

Name	Position	Employed since
Peter Lundström	Chief Executive Officer	2017
Linda Ekman	Chief Financial Officer	2018
Fredrik Herlitz	Chief Technology Officer	2017[1]
Viktoria Lindstrand	Chief Commercial Officer	2017
Lars Nyman	Chief Operations Officer	2015
Lena Oskarsson Engberg	HR Manager	2019
Jens Michael Povlsen	Quality Environmental Health Safety Manager	2018

1) Fredrik Herlitz har varit anställd på Permascand sedan 2002 och har innehaft rollen som CTO sedan 2017.

Peter Lundström (born 1968)

CEO

Education: Peter Lundström holds a Master of Science degree in Business and Administration, Finance and Accounting, from Mid Sweden University.

Background: Peter has extensive experience from international companies in the field of technology. Peter's previous positions include Director of Commercial Finance EMEA at Xylem Europe GmbH, which he held between 2008 and 2015. Prior to this, he served as Head of Business Control at Fortum Customer Service and Finance & European Business Manager at Arrow Electronics AB.

Current positions: Member of the board of Fyra L Holding AB.

Prior positions (past five years): Member of the board of Xylem Water Solutions Sweden AB.

Holdings in the Company (including related parties): As of the date of the Prospectus, adjusted for the pending conversion of B-shares to ordinary shares and the share split 1:27, Peter Lundström holds 2,328,525 shares in the Company, through Fyra L Holding AB. Following the Offering, Peter Lundström will also hold 227,205 warrants of series 2021/2024.

Linda Ekman (born 1979)

CFO

Education: Linda Ekman holds a Master's degree in Business and Economics from Uppsala University.

Background: Before joining Permascand, Linda held the position as CFO at NP3 Fastigheter AB. Prior to this, she held the position as Controller Group Finance at Permobil.

Current positions: Deputy member of the board of BusinessDuke AB.

Prior positions (past five years): In Lindas Ekmans role as CFO of NP3 Fastigheter AB she was also a board member in various real estate companies included in the NP3 real estate portfolio.[2]

Holdings in the Company (including related parties): As of the date of the Prospectus, adjusted for the pending conversion of B-shares to ordinary shares and the share split 1:27, Linda Ekman holds 272,968 shares in the Company. Following the Offering, Linda Ekman will also hold 77,292 warrants of series 2021/2024.

2) Member of the board of Engros Fastighets AB, Jacob Wennberg Aktiebolag, Stora Tuna Fastighets AB, Daldansen 3 AB, Tjärnvägen Fastighets AB, Beretta Logistikfastigheter AB, Hotellfastigheter Dalecarlia AB, Karmino Förvaltning AB, Gross Fastigheter Norrland AB, Turisten 1 Borlänge AB, Birsta Centrum Aktiebolag, NP8 Fastigheter Sundsvall AB, Fastigheten Operatören 1 AB, Fastighets Aktiebolaget Vävskeden, JMLT Fastighets Aktiebolag, Bergsåker 5:18 AB, Nordbågen Förvaltning AB, Norrtoppen AB, Hågesta Fastighets AB, NP9 Fastigheter AB, AB Klar-Invest, Sörby Urfjäll 29:1 AB, Handelsfastigheten Majoren 1 Falun AB, Kasernhus Fastigheter Gävle AB, Övermo Förvaltning AB, Logistikfastigheter Borlänge AB, Rasken Fastigheter AB, M Properties AB, Fastighets AB Lärlingsvägen, Cederlöfs Fastighets AB, Tenga AB, NP11 Fastigheter Luleå AB, Hemsta 12:6 och 12:21 AB, Företagaren 30 Aktiebolag, M-punkten Fastighets AB, NP2 Förvaltning AB, Gruvgången Fastighets AB, Myrod Fastigheter AB, Fastighets AB Cementeriet, Timmerlasset Fastighets AB, NP2 Fastigheter Sundsvall AB, Monte Fastighets AB, Söderhamn Tönnebro 1:5 AB, Tin Fastighets AB, NP2 Fastigheter Timrå AB, Grålnäs Fastighets AB, Fastighets AB Flamman, Marmolada i Luleå AB, NP5 Förvaltning AB, Högom AB, Förfast AB, Fastighets AB Rederihuset, NP3 Förvaltning AB, Familjehuset Umeå AB, NP4 Förvaltning AB, Treenighetens Fastighets AB, Stadsdel Norr Fastigheter 1 AB, Näringen 14:4 Fastighets AB, NP8 Förvaltning AB, NP9 Förvaltning AB, Kumo Kajens Fastighets AB, Ångsalt Fastigheter AB, Hemsta Ersand AB, NP7 Förvaltning AB, NP 6 Förvaltning AB, Stackellska Huset AB, Smidesgatan Fastighets AB, Kolvägen Fastighets AB, Industrifastigheter i Timrå AB, Cisitalia fastigheter AB, Fastighets AB Behållaren, Hälsinggårdens Industrifastigheter AB, Hagkvist Fastighet AB, Företagscentrum i Gällivare AB, NP9 Industrifastigheter Timrå AB, NP1 Förvaltning AB, NordicPortalen AB, Nordiska Lantbruksfastigheter AB, NP11 Förvaltning AB, Fastighets AB Förtältet, Stadsdel Norr Fastigheter 2 AB, NP10 Fastigheter i Umeå AB, NP10 Förvaltning AB, Separatorn Fastighets AB, NP12 Förvaltning AB, NP10 Fastigheter AB, NP3 Projekt AB, Beretta Fastigheter AB, Ersboettan AB, Bosvedjan Centrum Förvaltning AB, NP10 Fastigheter Luleå AB, NP10 Fastigheter Sundsvall AB, NP10 Fastigheter Sollefteå AB, Nyfosa Lärkan 21 Fastighets AB, NP10 Fastigheter Ljusnan AB, Fastighets AB Åkdonet, Fastighets AB Björnjägaren 3, Kiamit Fastighets AB, Nordstaben Fastigheter AB, Plikthuggaten AB, Fastighets AB Rannåsen, Simple Self Storage Sundsvall AB, Torvalla Förvaltning AB, MJE Fastigheter AB, Cementeriet 2.0 i Umeå AB, Ledningen 1 & 2 Umeå AB, Sandviken Eldaren 13 AB, Localis Sandåker AB, NP10 Teknikern AB, NP10 Lunstavägen AB, NP10 Vägv 2 Fastigheter AB, C/A Haga Fastighet AB, Fastighets AB Telegrafen 2, Ingarvsbacken Fastigheter AB, Prästskeden Fastigheter AB, Sörby Nygårdarna Fastighets AB, MaxFastigheter Arvika AB, Fastighets AB Vandringsmannen, Stadsdel Norr Fastigheter 3 AB, Stadsdel Norr Fastighets AB, Nordman Fastigheter AB, Luftvärnet Fastighets AB, Lejonögat AB, Fastighets AB Vägräcket, Sundsvall Staben 6 AB, Helge Jung Fastighets AB, Målås Fastighets AB 2, NP1 Fredriksskans AB, Moorland Fastigheter Luleå AB, Gällivare 15:336 AB, Målås Fastigheter AB, Olert Fastigheter Skönsmon 2:13 AB, Gävle Företagshotell AB, NP10 BP Fastigheter AB, NP10 Fastigheter BP 1 AB, Fastigheten Gävle Sörby Urfjäll 34:4 AB, Sjögren Fastighets AB and Fastighets AB Hummergatan.

Fredrik Herlitz (born 1966)

CTO

Education: Fredrik Herlitz holds a Master of Science degree in chemical engineering from KTH Royal Institute of Technology.

Background: For the past 18 years, Fredrik has held various positions within Permascand, including CEO of Permascand AB. Prior to joining Permascand, Fredrik held the position as Group Manager at Eka Chemicals R&D Sundsvall.

Current positions: Member of the board of directors of SEKAB BioFuels & Chemicals AB, SEKAB E-Technology AB and 5J Holding AB.

Prior positions (past five years): Member of the board of JFL Holding AB, Teknikföretagen (North region) and Chamber of Commerce Sundsvall region.

Holdings in the Company (including related parties): As of the date of the Prospectus, adjusted for the pending conversion of B-shares to ordinary shares and the share split 1:27, Fredrik Herlitz holds 6,125,203 shares in the Company, through 5J Holding AB. Following the Offering, Fredrik Herlitz will also hold 77,292 warrants of series 2021/2024.

Viktoria Lindstrand (born 1971)

Chief Commercial Officer (CCO)

Education: Viktoria Lindstrand holds a Master of Science degree in chemical engineering from University of Lund and a licentiate in chemical engineering from Technical University in Lund.

Background: Viktoria is currently serving as member of the board of Easit AB. Prior to joining Permascand, Viktoria held various positions with AzkoNobel, including the position as Global Marketing & Sales Manager at AkzoNobel Surface Chemistry.

Current positions: Member of the board of Easit AB and Lindstrand Executive AB.

Prior positions (past five years): -

Holdings in the Company (including related parties): As of the date of the Prospectus, adjusted for the pending conversion of B-shares to ordinary shares and the share split 1:27, Viktoria Lindstrand holds 202,191 shares in the Company. through Lindstrand Executive AB. Following the Offering, Viktoria Lindstrand will also hold 77,292 warrants of series 2021/2024.

Lars Nyman (born 1969)

Chief Operations Officer (COO)

Education: Lars Nyman has participated in studies in forestry at Hussborgs skogsbruksskola.

Background: Prior to his current role, Lars has held several positions at Permascand, including Business Development Manager and Business Manager at EctoSys. In addition, Lars was Business Manager at EctoSys at RWO GmbH between 2007 and 2013.

Current positions: Member of the board of Hussborg Microbrewery AB.

Prior positions (past five years): -

Holdings in the Company (including related parties): As of the date of the Prospectus, adjusted for the pending conversion of B-shares to ordinary shares and the share split 1:27, Lars Nyman holds 232,842 shares in the Company. Following the Offering, Lars Nyman will also hold 77,292 warrants of series 2021/2024.

Lena Oskarsson Engberg (born 1966)

HR Manager

Education: Lena Oskarsson Engberg holds a degree in human resources from Företagsekonomiska Institutet (FEI).

Background: Prior to joining Permascand, Lena held the position as HR Specialist at Samhall AB. Prior to this, she worked as HR Business Partner at Permobil AB and as HR-partner at IF Skadeförsäkring AB.

Current positions: -

Prior positions (past five years): -

Holdings in the Company (including related parties): As of the date of the Prospectus, Lena Oskarsson Engberg holds no shares in the Company. Following the Offering, Lena Oskarsson Engberg will hold 48,195 warrants of series 2021/2024.

Jens Michael Povlsen (born 1976)

Quality Environmental Health Safety Manager

Education: Jens Michael Povlsen holds a bachelor in science degree in environmental science from University of Stirling.

Background: For the past three years Jens Michael has been part of the management team at Permascand in the role of QHSE manager. Jens Michael has a background in environmental policymaking, environmental regulations and enforcement in Denmark and Scotland. His primary focus has been in the areas of industrial and waste regulations which has clarified the role industry has in transitioning the economy to a more sustainable model via innovative solutions in products and processes.

Current positions: -

Prior positions (past five years): -

Holdings in the Company (including related parties): As of the date of the Prospectus, Jens Michael Povlsen holds no shares in the Company. Following the Offering, Jens Michael Povlsen will hold 48,195 warrants of series 2021/2024.

OTHER INFORMATION ON THE BOARD OF DIRECTORS AND SENIOR EXECUTIVES

There are no family ties between any of the board members or senior executives. None of the Company's board members or senior executives have any private interests that could conflict with those of the Company. However, as described above, several board members and senior executives have financial interests in the Company through their shareholdings. None of the board members or senior executives have been chosen or elected as a result of a specific arrangement with major shareholders, customers, suppliers or other parties.

None of the board members or senior executives in the Company have during the past five years, been (i) a representative of a company which has been declared bankrupt, put into liquidation or undergone corporate structuring, (ii) been subject to accusations or convicted in fraud-related offences, (iii) been subject to accusations or sanctions by statutory or regulatory authorities (including recognized bodies) or (iv) been disqualified by a court from acting as a member of a company's administrative, managing or supervisory body or from acting in the management or conduct affairs of any issuer.

AUDITOR

KPMG AB is the independent auditor of the parent company in the Group, Permascand Top Holding AB (publ) with Helena Nilsson as the responsible auditor since 2020. Helena Nilsson is an authorized public accountant and a member of FAR (the professional institute for authorized public accountants). Lars Skoglund was the principal auditor during the period 2018 to 2020. Lars is an authorized public accountant and a member of FAR. Put together, Helena Nilsson and Lars Skoglund have been auditors for the periods covered by the historical financial information in the Prospectus. KPMG's address is Vasagatan 16, 111 20, Stockholm, Sweden.

The financial statements of Permascand Top Holding AB (publ) as of 1 January 2018, 31 December 2018, 31 December 2019 and 31 December 2020, and for the years then ended, included in this Prospectus, have been audited by KPMG AB, independent auditors, as stated in their report included in the Prospectus.

With respect to the unaudited interim financial information for the periods ended March 31, 2021 and 2020, included herein, the independent auditors have reported that they applied limited procedures in accordance with professional standards for a review of such information. However, their separate report included in the Company's interim financial statements for the quarter ended March 31, 2021, and included herein, states that they did not audit and they do not express an opinion on that interim financial information. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied.

CORPORATE GOVERNANCE

The Company is a Swedish public limited liability company. Prior to the listing on Nasdaq First North Premier Growth Market, the corporate governance in the Group was based on Swedish law and internal rules and regulations. After the listing on Nasdaq First North Premier Growth Market, Permascand will also apply the Swedish Corporate Governance Code (the "**Code**"). Companies that apply the Code do not have to comply with all of the rules in the Code, but rather have the possibility of choosing alternate solutions that the company deems to be better suited to the company and its operations, provided that any deviations are presented, that the alternate solution is described and that the reasons are explained in the corporate governance report (the "**comply or explain principle**"). As of the date of the Prospectus, Permascand does not expect to report any deviations from the Code in the corporate governance report.

General meetings of shareholders

Pursuant to the Swedish Companies Act, the general meeting of shareholders is the Company's highest decision-making body. At a general meeting, the shareholders exercise their voting rights on key issues, such as the adoption of income statements and balance sheets, appropriation of the Company's profit, discharge from liability of board members and the CEO, election of board members and auditors, and remuneration of the board of directors and auditors.

In addition to the annual general meeting, extraordinary general meetings may be convened. In accordance with the Company's articles of association and the Swedish Companies Act, notice of the annual general meeting and notice of an extraordinary general meeting at which the matter of an amendment to the articles of association is to be addressed are to be issued not earlier than six weeks and not later than four weeks prior to the meeting. Notices of other extraordinary general meetings shall be issued not earlier than six weeks and not later than two weeks prior to the meeting. Notice of general meetings shall be made by announcement in the Official Swedish Gazette and by posting the notice on the company's website. At the time of the notice, an announcement with information that the notice has been issued shall be published in Dagens industri.

Right to attend general meetings

All shareholders who are directly registered in the share register maintained by Euroclear six business days before the general meeting and have notified the Company of their intention to participate in the general meeting not later than the date stated in the notice convening the general meeting have the right to attend the general meeting and vote in accordance with the number of shares they hold. Voting registration requested by a shareholder in such time that the registration is made by the relevant nominee no later than two business days following the record date is also considered in preparations of the share register. Shareholders can normally register for general meetings in several different ways, as stated in the convening notice for the meeting.

Shareholder initiatives

Shareholders who wish to have a matter addressed at the general meeting must submit a written request to the board of directors. The request must normally have been received by the board of directors not later than seven weeks before the general meeting.

NOMINATION COMMITTEE

Under the Code, the Company is to have a nomination committee, the purpose of which is to submit proposals in respect of the chairman of general meetings, board member candidates (including the chairman), fees and other remuneration to each board member as well as remuneration for committee work, election of and remuneration to the external auditors and a proposal regarding the nomination committee for the following annual general meeting. The nomination committee's proposals are presented in the official notice of the annual general meeting. At the annual general meeting on 22 April 2021, the shareholders adopted the following principles for the appointment of the nomination committee. The nomination committee for the annual general meeting in the Company shall consist of five members, of whom four are to be appointed by the four largest owner registered shareholders, with respect to voting power, listed in the share register maintained by Euroclear Sweden AB on the end of the third quarter of the Company's financial year, and the chairman of the board, who also shall summon the nomination committee to its first meeting. The first nomination committee shall be appointed prior to the annual general meeting 2022.

BOARD OF DIRECTORS

The board of directors in the Company is the highest decision-making body after the general meeting.

In accordance with the Swedish Companies Act, the board of directors is responsible for the management and organization of the Company, which means that the board of directors is responsible for, *inter alia*, establishing procedures and strategies, to ensure the evaluation of set targets, continuously evaluating Permascand's financial position and performance, and evaluating the executive management. The board of directors is also responsible for ensuring that the annual accounts, consolidated financial statements and interim reports are prepared on time. In addition, the Board of directors also appoints the CEO.

The Board of directors follow written rules of procedure, which are revised annually and adopted by the statutory board meeting every year, or in another manner if so required. The rules of procedure govern, *inter alia*, the Board of directors' practices, duties and the work between the members of the Board of directors and committees, the CEO and the established committees. At the statutory board meeting, the Board of directors also adopts instructions for the CEO, including instructions for financial reporting.

The board of directors meet according to a schedule that is determined annually. In addition to these meetings, additional board meetings can be convened to address issues that cannot be postponed until the next ordinary board meeting. In addition to the board meetings, the chairman of the board and the CEO discuss the management of the Company and the Group on an ongoing basis.

The board members are elected every year at the annual general meeting for the period until the end of the next annual general meeting. Under the Company's articles of association, the board of directors is to consist of at least four and no more than ten members with a maximum of two deputy members.

As of the date of the Prospectus, the board of directors consists of seven elected members who are presented in greater detail in the section "*Board of directors, senior executives and auditor*". The chairman of the board of directors has a special responsibility for managing the board of directors' work and ensuring that it is well organized and effectively implemented.

Remuneration committee

On 4 November 2020, the board of directors established a remuneration committee consisting of Per Lindberg (chairman of the committee), Mario Houde and Pernilla Lundin as members of the remuneration committee. The remuneration committee is primarily a preparatory body that prepares proposals for the Board of directors. The work of the remuneration committee is conducted in accordance with the most recently adopted rules of procedure, adopted by the Board of directors on 4 November 2020. The primary tasks of the remuneration committee are to prepare decisions to be taken by the board of directors on issues concerning remuneration policies, remuneration and other terms of employment for company management; to monitor and evaluate ongoing programs for variable remuneration to company management and programs that were adopted during the year; and to monitor and evaluate the application of the guidelines for remuneration to senior executives decided on at the annual general meeting as well as existing remuneration structures and levels in the Company.

Audit committee

The Board of directors resolved on 4 November 2020 to establish an audit committee and to elect Johan Karlsson (chairman of the committee), Ingar Jensen and Marie Grönborg as members of the audit committee. The audit committee is primarily a preparatory body that prepares proposals for the board of directors. The work of the audit committee is conducted in accordance with the rules of procedure adopted by the board of directors. Its primary tasks, without prejudice to the general duties and responsibilities of the board of directors, are to:

- monitor the Company's financial statements;
- monitor the efficiency of the Company's internal control and risk management with regard to the financial statements;
- remain informed about the audit of the annual report and consolidated accounts;
- inform the Board of directors of the results of the audit and of the manner in which the audit contributed to the reliability of the financial statements as well as the functions the committee has had;
- quality-assure the year-end reports and interim reports prior to decisions by the board of directors;
- monitor the auditor's impartiality and independence and thereby noting in particular, whether the auditor provides he Company with services other than audit services;
- approve the auditor's advisory services;
- assist in the preparation of proposals regarding auditors for resolution at general meetings; and
- evaluate and approve the auditor's audit plan regarding scope and areas of priority.

CEO

The CEO is subordinated the board of directors and is responsible for the everyday management and operations of the Company. The division of work between the board of directors and the CEO is set forth in the rules of procedure for the board of directors and the instructions to the CEO.

The CEO shall ensure that the company's accounts are maintained in accordance with applicable legislation and that the management of funds is conducted in a sound manner and is subject to appropriate control and review.

The CEO shall be present at the board meetings. The CEO shall further prepare and present to the board of directors issues that are outside of day to day management. The CEO shall ensure that issues are well documented and that the board of directors, not later than in connection with the notice convening the board meeting, receive relevant information and documentation as specified in the rules of procedure for the board. Furthermore, the CEO shall, among other things, execute the resolutions passed by the board of directors.

According to the instructions for the financial reporting, the CEO is responsible for the financial reporting in the Company and shall accordingly ensure that the board of directors obtains information sufficient for the board to be able to continuously assess the Company's financial condition.

The CEO shall continuously (at least at every board meeting) keep the board of directors informed about the development of the Company's operations, the size of turnover, price and cost developments, the Company's earnings and financial position, cash flow, the liquidity and credit position, gained and lost material customers, whether taxes and statutory fees have been paid as well as more important business events such as substantial budget deviations concerning important indicators of results and liquidity and any current disputes of significance and the termination of agreements of importance to the Company. The CEO shall also continuously inform the board of directors of any other event, circumstance or condition that cannot be assumed to be irrelevant to the Company's shareholders. The CEO and other senior executives are presented in the section "*Board of directors, senior executives and auditor*".

INTERNAL CONTROL ACTIVITIES

Internal control over financial reporting

The Company has a framework for managing risk which is an important part of the operational and strategic management of the Company. The framework for governance consists of a code of conduct, policies and guidelines that regulate how the Company is governed. The Board of Directors and the CEO are ultimately responsible for ensuring that internal controls are developed, communicated to and understood by the employees responsible for the individual control routines, and to ensure that the control routines are monitored, implemented, updated and maintained.

Directors at various levels are responsible for ensuring that internal controls are established within their own areas of activity and that these controls fulfill their purpose. At Group level, the CEO, together with the CFO and the Quality Environmental Health Safety Manager, is responsible for ensuring that the necessary controls have been developed and followed up. Internal control includes control over the Group and the organization, routines and follow-up measures. The purpose is to ensure that reliable and correct financial reporting takes place and to ensure that the Company's and the Group's financial reporting is prepared in accordance with legislation, applicable accounting standards and other requirements. The internal control system also aims to monitor compliance with the Group's policies, principles and instructions. In addition, the system ensures that the Company's assets are protected and that the Company's resources are utilized in a cost-effective and appropriate manner.

Sustainable management

The Board of Directors is responsible for the Company's sustainability strategy and for managing the associated risks and opportunities. The Board of Directors responsibility includes follow up compliance with the Group's code of conduct, which is based on principles in the areas of social responsibility, the environment and business ethics. The Board of Directors adopts the Group's policies, including the Code of Conduct, and the senior management of the Group sets sustainability goals. The Code of Conduct is communicated regularly through information to and training of the Group's employees. The responsibility for implementing the Code of Conduct and following up its compliance lies with the CEO and other members of senior management of the Group.

REMUNERATION TO THE BOARD OF DIRECTORS, THE CEO AND OTHER SENIOR EXECUTIVES

Remuneration to the Board of Directors

The chairman and the other members of the board of directors are paid a fee in accordance with the decision of the annual general meeting. At the annual general meeting on 22 April 2021, it was resolved that the remuneration is to be paid in quarterly payments with SEK 200,000 to Ingar Jensen, Johan Karlsson, Pernilla Lundin and Marie Grönborg and USD 18,000 to Mario Houde. No remuneration shall be paid to the rest of the board of directors. The chairman of the board shall be paid SEK 500,000. In addition, the chairman of the remuneration committee will receive fees totaling SEK 50,000 and the other members of the remuneration committee will receive fees totaling SEK 15,000 and the chairman of the audit committee will receive fees totaling SEK 100,000 and the other members of the audit committee will receive fees totaling SEK 25,000.

The board members of the Company are not entitled to any benefits after their resignation as members of the board.

Guidelines for remuneration to senior executives

The following guidelines for remuneration to senior executives in the Group were adopted at the annual general meeting on 22 April 2021.

General

These guidelines apply to the CEO and other senior executives in the company group and remuneration other than remuneration to the board of directors.

Regarding employment conditions that are governed by rules other than Swedish, appropriate adjustments may be made in order to comply with such mandatory rules or established local practice, whereby the general objectives of these guidelines shall, to the extent possible, be met.

The guidelines promotion of the Company's business strategy, long-term interest and sustainability

The guidelines shall contribute to the possibility to create conditions for the Company to retain and recruit competent and committed senior executives in order to successfully implement the Company's business strategy and meet the Company's long-term interests, including sustainability. The guidelines shall further stimulate an increased interest in the business and earnings development as a whole, and to increase the motivation for the senior executives and increase positive cohesion in the Company. The Guidelines shall also contribute to good ethics and corporate culture.

In order to achieve the Company's business strategy, the total annual remuneration must be market-based and competitive in the employment market in which the senior executive is situated and taking into account the individual's qualifications and experience and that exceptional performance must be reflected in the total remuneration.

Each year, the board of directors evaluates whether a long-term share-related incentive program should be proposed to the annual general meeting.

The forms of remuneration etc.

The remuneration to the senior executives in the Company shall comprise of a fixed salary, possible variable cash remuneration and other customary benefits as well as pension payments. The total remuneration, including pension benefits, shall, on a yearly basis, be in line with market practice and competitive on the labor market where the senior executive is based and take into account the individual responsibility and authority as well as qualifications and experiences of the senior executive as well as reflecting any notable achievements. The fixed salary shall be revised on a yearly basis.

Fixed salary

The senior executives' fixed salary is to be competitive and based on the individual senior executive's competences, responsibilities and performance.

Variable remuneration

The senior executives may receive variable remuneration in addition to fixed salaries. Variable cash remuneration is conditional upon the fulfillment of defined and measurable goals which should be determined by results. The variable cash remuneration should to the CEO at most amount to 30 percent of the annual fixed salary and for other the senior executives amount to 20 percent of the annual fixed salary. The variable remuneration is based on the outcome in relation to individually set goals.

The variable cash remuneration shall be based on the outcome of actual pre-determined targets based on the Company's business strategy and the long term business plan approved by the board of directors. The targets for receiving variable cash remuneration may include share based or financial targets, either on group or section level, operative goals and goals for sustainability and social responsibility, employee engagement or customer satisfaction. These targets are to be established and documented annually. The Company has established financial targets and KPIs in relation strategic and business critical initiatives and projects which ensures alignment with the business plan and business strategy for a continued sustainable business. The variable cash remuneration shall also be designed with the aim of achieving greater community of interest between the participating senior executive and the Company's shareholders in order to contribute to the Company's long term interest, including sustainability.

Cash based variable remuneration calculated proportionally during the vesting year and requires continued employment and that no notice of termination is ongoing at the year end. Terms for variable cash remuneration should be designed so that the board of directors may limit or omit payment of variable cash remuneration, provided that exceptional economic circumstances are at hand, or if it motivated because of any other reasons, if the board of directors finds the payments unreasonable and incompatible with the Company's responsibility in relation to its shareholders. The board of directors shall also have the right to pay variable remuneration on an individual level in special circumstances for extraordinary achievements or during the year change the criteria for fulfillment of bonus targets if there are special reasons for it and a deviation is necessary to ensure the Company's long term interests and sustainability or to ensure the Company's economic viability. Such remuneration may not exceed an amount corresponding to 50 percent of the fixed annual salary and not be paid more than once a year per individual. A resolution for such remuneration shall be made by the board of directors after a proposal from the remuneration committee. The Company has no right according to agreements to reclaim variable remuneration paid in cash.

Other benefits

The Company may provide other benefits to senior executives in accordance with local practice. Such other benefits may include company car and company healthcare etc. Such benefits may amount to a maximum of 15 percent of the fixed annual cash salary.

For executives who are stationed in a country other than their home country, additional remuneration and other benefits may be paid to a reasonable extent, taking into account the particular circumstances associated with such expatriation, whereby the overall purpose of these guidelines is to be met as far as possible. Such benefits may amount to a maximum of 50 percent of the fixed annual cash salary.

Pensions

Pension benefits for the CEO and other senior executives must reflect customary market terms, compared with that which generally applies to executives in comparable positions in other companies, and should normally be based upon defined contribution pension plans. Retirement occurs at the relevant/applicable retirement age.

Pension benefits, including health insurance, must be defined in contribution schemes with respect to the CEO. Variable cash payments shall not entitle to pension. Pension premiums for defined contribution schemes shall amount to a maximum of 35 percent of the fixed annual cash salary.

For other senior executives, pension benefits, including health insurance, must be defined in contribution schemes unless the employee is covered by defined-benefit pensions under compulsory collective agreement provisions. Variable cash compensation shall be pension-based only insofar as it is compelled by compulsory collective agreement provisions applicable to the senior executive. Pension premiums for defined contribution schemes shall amount to a maximum of 35 percent of the fixed annual cash salary.

Consultancy fees

Payment of consultancy fees and additional remuneration may be paid to directors after decision by the board of directors, after preparation by the remuneration committee, if a director performs services on behalf of the Company, which do not constitute board work. Such remuneration shall be designed in accordance with these guidelines.

Notice of termination and severance pay

Fixed salary during the notice period and any severance pay shall in total not exceed an amount corresponding to a maximum of a two years' fixed salary. The maximum mutual notice period in any senior executive's contract may be no more than twelve months during which time salary payment will continue. The Company shall not allow any additional contractual severance payments.

Deviations from the guidelines

The board of directors shall be entitled to deviate from the guidelines, for example with respect to recruitments of senior executives on the global labor market to be able to offer competitive terms and conditions], in an individual case if there are special reasons for it and a deviation is necessary to ensure the Company's long term interests and sustainability or to ensure the Company's economic viability. Such deviation shall also be approved by the remuneration committee. An arrangement deviating from the guidelines can be renewed but each such arrangement shall be limited in time and shall not exceed a period of 24 months and twice the remuneration that the individual would have received had no additional arrangement been made.

Preparation, decision processes etc.

Decisions regarding salary and other remuneration to the managing director and other senior executives are prepared, within the scope of the guidelines resolved upon by the annual general meeting, by the remuneration committee and resolved on by the board of directors.

The remuneration committee shall also prepare the board of directors' decisions on issues concerning principles for remuneration. The remuneration committee shall also monitor and evaluate programs for variable remuneration, both ongoing and those that have ended during the year, for the senior executives and monitor and evaluate the application of these guidelines for remuneration to the senior executives, as well as and current remuneration structures and levels in the Company.

The board of directors shall prepare proposals for new guidelines at least every four years and submit the proposal for resolution at the annual general meeting. The guidelines shall apply until new guidelines have been adopted by the annual general meeting.

The guidelines shall be applied in relation to every commitment on compensation to senior executives and every change in such commitment, which is resolved after the annual general meeting at which the guidelines were adopted. Thus, the guidelines have no impact on already pre-existing contractually binding commitments. Guidelines resolved upon may also be amended by way of a resolution by any general meeting other than the annual general meeting.

Within the scope and on the basis of the guidelines, the board of directors shall annually decide on the specific revised remuneration terms for each senior executive and make such other decisions on compensation to senior executives that may be required. The CEO or other senior executives shall not participate in the remuneration committee's and the board of directors' processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

When the measurable period for fulfilment of the criteria for payment of variable cash compensation has ended, the extent to which the criteria have been met shall be determined. The board of directors, after following recommendation by the remuneration committee, is responsible for the assessment of variable cash remuneration to the CEO and the CEO is responsible for the assessment of variable cash remuneration to other executives. With respect to financial targets the evaluation shall be based on the Company's latest publicly available financial information. Day to day costs such as travel expenses for the CEO are approved by the chairman of the board. New recruitments, salary changes and other significant changes for other senior executives than the CEO are subject to approval from the chairman of the board of directors, whereas minor adjustments, and day to day costs are approved by the CEO. Payout of fixed base salary is prepared by local payroll departments and are approved before payout by the local HR representative. Payout of short-term variable remuneration to senior executives and the CEO is subject to approval from the remuneration committee. Eligibility for share-related incentive program must be approved by the board of directors based on the proposal approved at the annual general meeting.

Compliance with guidelines is controlled annually through the following activities:

- Collection of documented annual targets for short-term variable pay
- Random samples of salary payout approvals
- Sample reports from payroll systems to identify any out of the ordinary payouts

The results of the controls are summarized and reported to the Remuneration Committee.

The Company has received benchmark data from third party sources to secure that compensation to the CEO and other senior executives reflects what is offered to executives in comparable positions in other companies. Market rate is also secured through recruitment processes, in the cases where executives are recruited externally.

In the preparation of the board of directors' proposal for these guidelines for compensation to the CEO and other senior executives, salary and employment conditions for employees of the Company have been taken into account by including information on the employees' total remuneration, the components of the remuneration and increase and growth rate over time, in the board of directors' basis of decision.

The board of directors considers that the guidelines on remuneration to senior executives are proportionate in relation to salary levels, remuneration levels and conditions for other employees in the group.

Remuneration of the CEO and senior executives

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

REMUNERATION IN 2020

The table below presents the remuneration of board members and senior executives in Permascand during the 2020 financial year. No variable remuneration, share-based payments or benefits in kind, have been paid to the CEO and senior executives since the Company applied for, and received, financial support from the the Swedish Agency for Economic and Regional Growth in 2020 due to the Covid-19 pandemic. The Company's two employee representatives have not received any remuneration for their position as board members.

KSEK	Salaries/other remuneration/ board remuneration	Variable remuneration	Pension costs	Total
Board of directors				
Per Lindberg	104	-	-	104
Marie Grönborg	104	-	-	104
Mario Houde	164	-	-	164
Ingar Jensen	141	-	-	141
Pernilla Lundin	140	-	-	140
Per-Ola Baalerud	-	-	-	-
Johan Karlsson	44	-	-	44
Hans Karlsson	37	-	-	37
Erik Zimmerman	-	-	-	-
Emil Wiljesäter	-	-	-	-
Total Board of Directors	**734**	**0**	**0**	**734**
Senior executives				
Peter Lundström, CEO	1,810	-	549	2,359
Other senior executives (8 people)	6,984	-	2,167	9,151
Total senior executives	**8,794**	**-**	**2,716**	**11,510**
Total board of directors and senior executives	**9,528**	**-**	**2,716**	**12,244**

The Company has no allocated or accrued expenses for pensions or similar benefits in the event of a board member or senior executive leaves his assignment/position.

Benefits after termination of employment for the CEO and other senior executives

The CEO receives a fixed salary of SEK 150,000 per month and can, based on established parameters linked to the performance of the Group and certain individual performance targets, as decided by Permascand's board of directors, receive variable remuneration of 30 percent of the fixed salary on an annual basis. The notice period for termination for both the CEO and the Company is 12 months. The CEO is not entitled to a contractual severance payment. The CEO is entitled to a pension corresponding to 30 percent of the CEO's monthly salary.

The other senior executives receive fixed salaries varying between SEK 65,000 and SEK 135,000 per month. Except for Lars Nyman and Linda Ekman the notice of termination periods follows from the applicable collective bargaining agreement ("**CBA**") between Teknikarbetsgivarna and Unionen, Sveriges Ingenjörer and Ledarna. A particularity under this CBA is that for those employees who are 55 years or older and who have been in continuous employment for ten years or more, the CBA provides for an extended notice period of six months, in aggregate 12 months. Linda Ekman has a mutual notice period of six months.

Lars Nyman, Linda Ekman, Lena Oskarsson Engberg, Jens Michael Povlsen, Fredrik Herlitz and Viktoria Lindstrand are entitled to a bonus scheme based on certain individual, company performance targets and, with the exception of Linda Ekman, established parameters based on their position. They may receive bonuses of up to 20 percent of their annual salary.

Apart from what is described above, no senior executive has the right to any benefits during the notice period and the Company has no deposited or capitalized amounts for pensions or similar benefits in the event that a senior executive leaves his or her position.

AUDIT

The auditor is to review the Company's annual reports and financial statements as well as the management of the board of directors and the CEO. Following each financial year, the auditor is to submit an audit report and an audit report on the consolidated financial statements to the annual general meeting. In accordance with the Company's articles of association, the Company shall appoint one or two auditors, with not more than two deputy auditors. The Company's auditor is presented in greater detail in the section "*Board of directors, senior executives and auditor*".

For the 2020 financial year, total remuneration to the Company's auditor for its services within the Group amounted to SEK 1.7 million, of which SEK 1.7 million pertained to audit assignments.

SHARE CAPITAL AND OWNERSHIP STRUCTURE

GENERAL INFORMATION REGARDING THE SHARES OF THE COMPANY

As of the date of the Prospectus, according to the Company's articles of association, the share capital may not be less than SEK 1,870,000 and may not exceed SEK 7,480,000, and the number of shares may not be less than 1,870,000 and not exceed 7,480,000. As per 31 March 2021, the Company's share capital amounted to SEK 1,870,000 distributed on 1,870,000 shares. As of the date of the Prospectus, the Company's share capital amount to SEK 1,870,000 represented by 1,870,000 shares. The shares consist of two series, class A shares and class B shares. The shares are distributed on 1,630,000 class A shares and 240,000 class B shares. In connection with the Offering the class B shares of the Company will be converted to class A shares which thereafter will be ordinary shares whereby the Company will only have one share series. The ISIN-code for the Company's ordinary share will be SE0015962048.

The shares are denominated in SEK and, as of the date of the Prospectus, each share has a quota value of SEK 1. In connection with the Offering a share split 27:1 will be carried out whereby the quota value will be approximately SEK 0.037. The shares in the Company have been issued in accordance with Swedish law. All issued shares are fully paid and freely transferable. No public takeover bid has been made for the offered shares during the current or preceding financial year.

Settlement of the current share structure

As of the date of the Prospectus, there are two share classes in the Company, class A shares and class B shares. In connection with the listing of the Company's shares on Nasdaq First North Premier Growth Market, the two share classes will be converted (1:1) to the same share class (the "**Share Conversion**"). Following the Share Conversion, a share split 1:27 will be conducted in order to achieve the desired price of SEK 34 per share in the Offering. As a result, there will be only one share class in the Company after the Share Conversion, named shares. The Share Conversion and the share split will be decided upon at an extraordinary general meeting. All shareholders have committed to attend such general meeting by proxy and to vote for the settlement of the current share structure, which is expected to be registered with the Swedish Companies Registration Office on or about 2 June 2021. After the Share Conversion and the share split, there will be 50,490,000 shares and votes in the Company.

For the Share Conversion to result in equal treatment of all shareholders, based on the value of their shares prior to the Offering, the settlement of the current share structure will also include a reallocation of existing shareholders' respective holdings. The tables in the Prospectus showing the Company's ownership structure present the outcome of such reallocation based on the assumption that the Offering is fully subscribed, that the Overallotment Option is exercised in full and that the Main Shareholder grant the Joint Global Coordinators full discretionary fee. If these assumptions do not materialize as described above, the reallocation will be adjusted in accordance with what is stated in the existing shareholders' agreement. The shareholders' agreement will cease to apply in connection with the commencement of trading on Nasdaq First North Premier Growth Market.

Sale of shares from existing shareholders

Certain existing shareholders (owning shares directly as well as indirectly) in the Company, including, inter alia, board members, senior executives and other current and former employees, will offer shares in the Company in connection with the Offering. For more information on the number of shares offered by each selling shareholder, see the table in section "*Share capital and ownership structure - Ownership structure*".

CERTAIN RIGHTS ATTACHED TO THE SHARES

The rights attached to the shares issued by the Company, including those pursuant to the Company's articles of association, may only be amended in accordance with the procedures set out in the Swedish Companies Act (2005:551).

Preferential rights to new Shares, etc.

If the Company issues new shares, warrants or convertibles in a cash issue or a set-off issue, as a general rule, the main rule is that shareholders have preferential rights to subscribe for such securities proportionally to the number of shares held prior to the issue.

Voting Rights

Each share in the Company entitles the holder to one vote at general meetings of shareholders, and each shareholder is entitled to cast votes equal in number to the number of shares held by said shareholder in the Company.

Rights to dividends and balances in the event of liquidation

After the completion of the Offering, all shares will carry equal rights to dividends and to the Company's assets and any potential surplus in the event of liquidation. Decisions regarding dividends in limited liability companies are made by the general meeting of shareholders. Entitlement to receive dividends accrues to those who, on the record date adopted by the general meeting of shareholders, are registered in the share register maintained by Euroclear as shareholders. Dividends are normally distributed to the shareholders as a cash amount per share through Euroclear, but may also be distributed in forms other than cash (distribution in kind). Should a shareholder be unable to be reached through Euroclear, the shareholder will continue to have a claim against the Company with regard to the dividend limited in time pursuant to a ten-year statute of limitation. Should the claim become barred by the statute of limitations, the dividend amount accrues to the Company.

No restrictions on the right to receive dividends apply to shareholders residing outside of Sweden. With reservation for any limitations imposed by the banks and clearing systems in the jurisdictions concerned, distributions to such shareholders are conducted in the same manner as to shareholders in Sweden. Shareholders who are not subjects to taxation in Sweden are usually subject to Swedish withholding tax.

Information about public takeover bids and redemption of minority shares

Provided that the Company's shares are admitted to trading on Nasdaq First North Premier Growth Market, the Company's share will be subject to the rules regarding public takeover bids issued by the Swedish Corporate Governance Board (Takeover rules for certain trading platforms). These rules stipulate that any person who does not hold any shares, or hold shares representing less than 30 percent of the voting rights in a Swedish limited liability company whose shares are admitted to trading on, for example, Nasdaq First North Premier Growth Market, and who through the acquisition of shares in such a company, alone or together with a closely related party, holds shares representing 30 percent or more of the voting rights, is obliged to immediately disclose the size of its holding in the company and, within four weeks thereafter, make a public offer to acquire the remaining shares in the company (mandatory bid requirement).

A shareholder who directly, or through a subsidiary, holds more than 90 percent of the shares in a Swedish limited liability company is entitled to redeem the remaining shares in the company. Holders of the remaining shares are, correspondingly, entitled to have their shares redeemed by the majority shareholder. The procedure for such redemption of minority shares is regulated in the Swedish Companies Act (2005:551).

The shares in the Company are not subject to any offer made due to a mandatory bid, redemption rights or buy-out obligation. Nor has any public takeover bid been submitted regarding the shares during the current or preceding financial year.

DIVIDEND POLICY

Permascand's board of directors intends to use generated cash flow for continued growth and do not expect to propose a dividend in the short term. The board of directors will, however, each year evaluate the possibility of a dividend, taking into account the Company's business conditions, growth opportunities and financial position. The Company has not decided on dividends for the period covered by the historical financial information in the Prospectus.

CENTRAL SECURITIES DEPOSITORY

The Shares are registered in a central securities depositary register in accordance with the Swedish Central Securities Depositories and Financial Instruments Accounts Act (1998:1479). This register is maintained by Euroclear, Box 191, 101 23 Stockholm, Sweden. The account operator is Euroclear. The ISIN code for the Company's ordinary share will be is SE0015962048.

CHANGES IN SHARE CAPITAL

The following table presents the changes to the Company's share capital for the period encompassed by the historical financial information in the Prospectus, including any known changes after that date.

		Number of shares		Share capital (SEK)		
Reg. date	**Event**	**Change**	**Total**	**Change**	**Total**	**Subscription price (SEK)**
2021-06-07[1]	New share issue in connection with the Offering	8,823,529	59,313,529	326,797,370	2,196,797.37	34
2021-06-02[1]	Share split 27:1	48,620,000	50,490,000	-	1,870,000	N/A
2019-12-02	Reduction of share capital[2]	-50,000	1,870,000	-50,000	1,870,000	N/A
2019-12-02[3]	Share issue (in kind)	1,870,000	1,920,000	1,870,000	1,920,000	1,000
2019-11-14	Formation	50,000	50,000	50,000	50,000	1,000

1) Expected date.
2) The reduction of the share capital was an administrative measure to obtain a specific number of shares in the Company. At the time of the reduction, the Company had only one shareholder, Norvestor VI LP.
3) 1,630,000 class A shares and 240,000 class B shares.

Net asset value per share compared to the price per

share in the OfferingAs of 31 March 2021, the Company's net asset value per share amounted to SEK -11.99. Adjusted for the share split 1:27 in connection with the Offering the net asset value as of 31 March 2021 had amounted to SEK -0.44 per share. The Offering price is SEK 34.

SHAREHOLDER AGREEMENTS

One shareholders' agreement exist between certain shareholders in the Company. The shareholders' agreement will cease to apply in conjunction with the listing of the Company's shares on Nasdaq First North Premier Growth Market. To the best of the board of director's knowledge, there are no other shareholders' agreements' or other arrangements between the Company's shareholders pertaining to joint influence over the Company. Nor is the board of directors aware of any agreements or similar undertakings that could lead to changes in control over the Company.

CONVERTIBLES, WARRANTS, ETC.

Long-term incentive program for management

At the Extraordinary General Meeting in the Company on 3 June

2021, it is expected that the meeting will resolve to issue warrants as a part of the implementation of an incentive program ("**LTIP 2021/2024**") for existing and potential future senior executives and other key employees in the Group, 12 employees in total (the "**Participants**"). In total, LTIP 2021/2024 will comprise a maximum of 729,153 warrants. The warrants will be issued to the Participants or a Group company and subsequently transferred to the Participants at fair market value, which will be set by PricewaterhouseCoopers in accordance with the Black & Scholes valuation method at the time of transfer.

The number of warrants per Participant will vary depending on the Participant's position within the Group. The maximum number of warrants that each of the Participants in the Executive Management will be allowed to acquire is specified in the table below.

Participant	Warrants	% of program
Peter Lundström	227,205	31.2
Fredrik Herlitz	72,292	9.9
Linda Ekman	72,292	9.9
Viktoria Lindstrand	72,292	9.9
Lars Nyman	72,292	9.9
Lena Oscarsson-Engelberg	48,195	6.6
Jens Michael Povlsen	48,195	6.6
Erik Zimmerman	48,195	6.6
Louis Obaro Andrew	48,195	6.6
Nicholas Laroche	20,000	2.7
Total LTIP 2021/2024	**729,153**	**100.0**

The warrants can be exercised during the period 1 May - 10 June 2024. The strike price of the warrants will correspond to 120 percent of the Offering Price, i.e. SEK 40.8.

The terms and conditions of the warrants include customary recalculation provisions relating to, among other things, dividends that are distributed before the time of exercise of the warrants. The Company has reserved the right to repurchase the warrants if, for example, the Participant wishes to sell the warrants to a third party or if the Participant's employment is terminated.

Assuming that all 729,153 warrants in LTIP 2021/2024 are exercised for subscription of new shares, the share capital of the Company will increase by approximately SEK 27,005.67, corresponding to approximately 1.2 percent of the Company's share capital after completion of the Offering.

Since the warrants are transferred at fair market value, the Company assesses that any potential costs for social charges associated with the program will be limited. The costs related to the program will accordingly mostly consist of limited costs for the implementation and administration of the program.

Long-term incentive program for the board of directors

At the Extraordinary General Meeting in the Company on 3 June 2021, it is expected that the meeting will resolve to issue warrants as a part of the implementation of an incentive program ("**LTIP 2021/2025**") for existing directors in the Company (the "**Board Participants**"). In total, LTIP 2021/2025 will comprise a maximum of 504,899 warrants. The warrants will be issued to a Group company and subsequently transferred to the Board Participants at fair market value, which will be set by PricewaterhouseCoopers in accordance with the Black & Scholes valuation method at the time of transfer.
The maximum number of warrants that each of the Board Participants of the Board of Directors will be allowed to acquire is specified in the table below.

Participant	Warrants	% of program
Per Lindberg	151,470	30.0
Johan Karlsson	88,357	17.5
Ingar Jensen	66,268	13.1
Marie Grönberg	66,268	13.1
Pernilla Lundin	66,268	13.1
Mario Houde	66,268	13.1
Total LTIP 2021/2025	**504,899**	**100.0**

The warrants can be exercised during the period 1 May - 10 June 2025. The strike price of the warrants will correspond to 110 percent of the Offering Price, i.e., SEK 37.4.

The terms and conditions of the warrants include customary recalculation provisions relating to, among other things, dividends that are distributed before the time of exercise of the warrants. The Company has reserved the right to repurchase the warrants if, for example, the Board Participant wishes to sell the warrants to a third party or if the Board Participant's board assignment is terminated. Assuming that all 504,899 warrants in LTIP 2021/2025 are exercised for subscription of new shares, the share capital of the Company will increase by SEK approximately SEK 18,699.96, corresponding to 0.9 percent of the Company's share capital after completion of the Offering.

Since the warrants are transferred at fair market value, the Company assesses that any potential costs for social charges associated with the program will be limited. The costs related to the program will accordingly mostly consist of limited costs for the implementation and administration of the program.

AUTHORIZATION TO ISSUE SECURITIES

Authorization related to the Offering

The annual general meeting held on 22 April 2021 has resolved to authorize the board of directors during the period up until the next annual general meeting to, on one or more occasions, resolve to issue shares, with or without preferential rights for the shareholders, within the limits of the articles of association, to be paid in cash, in kind and/or by way of set-off. The authorization shall be valid up until the Company's shares are admitted to trading on a market place, however no longer than the next annual general meeting. The purpose of the authorization is for the board of directors to be able to resolve on share issues without preferential rights for the shareholders as above is primarily for raising new capital in connection with broadening the shareholder base in the Company in the event of ownership dispersal or listing of the Company's shares. Issuance in accordance with the authorization shall be made at market terms and is intended to be determined with assistance of external financial advisers and after agreement with external investors. If the board of directors finds it suitable in order to enable delivery of shares in connection with ownership dispersal or listing of the Company's shares it may be made at a subscription price corresponding to the shares quota value.

Authorization following the first day of trading on Nasdaq First North Premier Growth Market

The annual general meeting held on 22 April 2021 has resolved to authorize the board of directors during the period up until the next annual general meeting to, on one or more occasions, resolve to issue shares, warrants and/or convertibles, with or without preferential rights for the shareholders, in the amount not exceeding ten (10) percent of the total number of shares in the Company at the time when the authorization is used the first time, to be paid in cash, in kind and/or by way of set-off. The authorization shall be valid as of the time when the Company's share is admitted for trading at a market place and up until the next annual general meeting. The purpose for the board's ability to resolve on issuances with deviation from the shareholders preferential rights in accordance with the above is primarily for the purpose to raise new capital to increase flexibility of the Company and possibility to advance the development of the Company's business or in connection with acquisitions of companies. Issuances of new shares, warrants or convertibles under the authorization shall be made on customary terms and conditions based on current market conditions. If the board of directors finds it suitable in order to enable delivery of shares in connection with an issuance as set out above it may be made at a subscription price corresponding to the shares quota value.

OWNERSHIP STRUCTURE

As of the date of the Prospectus, the Company has 12 shareholders. The table below presents the Company's shareholders as of the date of the Prospectus. In addition, the table presents the holding of shares in the Company after the completion of the Offering, assuming that the Overallotment Option is exercised in full and that the Main Shareholder grant the Joint Global Coordinators full discretionary fee. The holdings are presented as if the restructuring of the current share structure and the subsequent adjustment of the shareholders' share of the total number of shares have already been conducted. For more information on the settlement of the current share structure, see section "*Settlement of the current share structure*" above. In connection with the completion of the Offering, a share split 1:27 will also be conducted.

	Holding immediately prior to the Offering (after conversion of class B shares into class A shares and share split 1:27)		Number of shares sold in the Offering	After the Offering (if the Offering is fully subscribed and the Overallotment Option is exercised in full)	
Shareholder	**Number of shares**	**Percent**	**Number of shares**	**Number of shares**	**Percent**
Norvestor VI, L.P.	32,824,703	65.0	6,561,954[1]	26,262,749	44.3
Ulven Invest AB[2]	6,125,167	12.1	-	6,125,167	10.3
5J Holding AB[3]	6,125,203	12.1	-	6,125,203	10.3
Fyra L Holding AB[4]	2,328,525	4.6	734,898	1,593,627	2.7
MCHoude Consulting LLC[5]	1,397,122	2.8	209,568	1,187,554	2.0
JL Executive Consulting AB	303,297	0.6	181,978	121,319	0.2
Linda Ekman[6]	272,968	0.5	67,928	205,040	0.3
Chlorcell Technologies, Inc.	465,719	0.9	349,290	116,429	0.2
Lindstrand Executive AB[7]	202,191	0.4	51,514	150,677	0.3
Lars Nyman	232,842	0.5	109,062	123,780	0.2
Johan Karlsson	106,176	0.2	-	106,176	0.2
Peymar Holding AB[8]	106,087	0.2	-	106,087	0.2
Total existing shareholders	**50,490,000**	**100.0**	**8,266,192**	**42,223,808**	**71.2**
Newly issued shares			**8,823,529**		
New shareholders			**17,089,721**	**17,089,721**	**28.8**
Total new and existing shareholders	**50,490,000**	**100.0**		**59,313,529**	**100.0**

1) Of which 2,229,094 shares are attributable to the Overallotment Option
2) Controlled by Ingar Jensen, member of the board
3) Controlled by Fredrik Herlitz, senior executive
4) Controlled by Peter Lundström, CEO
5) Controlled by Mario Houde, member of the board
6) Senior executive
7) Controlled by Viktoria Lindstrand, senior executive
8) Controlled by Per Lindberg, Chairman of the board

INFORMATION ABOUT THE SELLING SHAREHOLDERS

In addition to the shares offered by Permascand, the Selling Shareholders are offering up to 8,266,192 existing shares in the Offering, provided that the Overallotment Option is exercised in full. Information about the Selling Shareholders is presented in the table below.

Shareholder	Address	LEI-code	Legal form	Country of registration and jurisdiction
Norvestor VI, L.P.	PO BOX 656 East wing Trafalgar Court Les Banques, GY1 3PP, St Peter Port, Guernsey	213800KAH2PJEXNWY933	Limited partnership	UK, Guernsey
Fyra L Holding AB[3]	Hellbergsgatan 20, 856 31 Sundsvall	5493000PJ1AW88SQZE65	Swedish limited liability company	Sweden
MCHoude Consulting LLC[4]	1657 San Marina Blvd, 32550, Miramar Beach, Florida USA	54930054SKLE6GEVEF06	Limited Liability Company	United States, FL
JL Executive Consulting AB	Härlövsvägen 2 M, 352 50 Växjö	894500JKVW4WI26GZ796	Swedish limited liability company	Sweden
Linda Ekman[5]	Company's address	-	-	-
Chlorcell Technologies, Inc.	6538 Marine Drive, V7W 2S7,West Vancouver Canada	2549000E4PE7JJAD3U54	Company	Canada, BC
Lindstrand Executive AB[6]	Spånvägen 9, 854 60 Sundsvall	98450060F653RDY63873	Swedish limited liability company	Sweden
Lars Nyman	Company's address	-	-	-

1) Controlled by Peter Lundström, CEO
2) Controlled by Mario Houde, member of the board
3) Senior executive
4) Controlled by Viktoria Lindstrand, senior executive

LOCK-UP UNDERTAKINGS

All shareholders of the Company have undertaken vis-á-vis the Joint Global Coordinators, not to sell any shares in the Company for a specified period following the first day of trading in the shares on Nasdaq First North Premier Growth Market (the "**Lock-up Period**"). All lock-up undertakings are subject to customary restrictions and exceptions, for example the sale of shares as part of the Offering, an acceptance of a public takeover bid which is directed to all shareholders in the Company in accordance with Swedish takeover rules, a sale or other divestment of shares as a result of an offer from the Company to purchase its own shares, and transfers that must take place due to legal requirements, government decisions or rulings. The Lock-up Period for the shareholding board members and senior executives will be 360 days with the exemption for the CEO who will be subject to 540 days. The Lock-up Period for the Selling Shareholders, who are not board members or senior executives, will be 180 days. Following the expiration of the Lock-up Period, the shares may be offered for sale. The Joint Global Coordinators can grant exemptions to these undertakings.

In the Placing Agreement (see section "*Legal considerations and supplementary information — Placing Agreement*"), the Company will make an undertaking to the Joint Global Coordinators, subject to the customary exceptions and for a period of 180 days from the first day of trading in the Company's shares on Nasdaq First North Premier Growth Market, not to, inter alia, decide on or propose to the shareholders that the general meeting resolve on an increase in the share capital through a new issue of shares or other financial instruments, without the written consent of the Joint Global Coordinators.

ARTICLES OF ASSOCIATION

AS THE DATE OF THE PROSPECTUS

The Company's articles of association were adopted at the Annual General Meeting on 22 April 2021.

Permascand Top Holding AB
Registration number: 559227-6124

§ 1 Company name

The company name is Permascand Top Holding AB. The company is a public company (publ).

§ 2 Registered office

The registered head office of the company is in the municipality of Ånge.

§ 3 Objects of the company

The object of the company's business shall be to, directly or indirectly, own and manage shares and interests in subsidiaries and to provide administrative services to these companies as well as to engage in other activities related thereto.

§ 4 Share capital

The share capital shall be not less than SEK 1,870,000 and not more than SEK 7,480,000.

§ 5 Number of shares

The amount of shares shall be not less than 1,870,000 and not more than 7,480,000.

§ 6 Different series of shares

The company may issue shares of two series, shares of series A and shares of series B. Shares of series A and shares of series B shall each carry one vote. Shares of series A may be issued up to an amount that in total corresponds to the entire share capital and shares of series B may be issued up to a total amount which represents 12 per cent of the share capital.

In the event of new issue of shares of the two series, series A and series B, through a cash issue or by way of set-off, owners of shares of series A and shares of series B shares shall enjoy pre-emption rights to subscribe for new shares of the same class pro rata to the number of shares previously held by them (primary pre-emption right). Shares which are not subscribed for pursuant to the primary pre-emption rights shall be offered to all shareholders (secondary pre-emption right). If the entire number of shares subscribed pursuant to the secondary pre-emption right cannot be issued, the shares shall be allocated between the subscribers pro rata to the number of shares previously held and, to the extent such allocation cannot be effected, by the drawing of lots.

In the event of new issue of shares of one class only through a cash issue or by way of set-off, all shareholders shall, irrespective of whether their shares are shares of series A or shares of series B, enjoy pre-emption rights to subscribe for new shares pro rata to the number of shares previously held by them.

In the event of new issue of warrants or convertible debentures through a cash issue or by way of setoff, the shareholders shall enjoy pre-emption rights to subscribe for warrants as if the issue concerned such shares which can be subscribed for by reason of the warrants, or pre-emption rights to subscribe for convertible debentures as if the issue concerned such shares into which the debentures can be converted.

The above shall not limit the right to resolve upon an issue of shares against cash payment or payment by set-off with a deviation from the shareholders' pre-emption rights.

In the event of a bonus issue, new shares of each class shall be issued pro rata to the number of shares of the same class previously issued. In this connection, the owners of old shares of a certain class shall have pre-emption rights to new shares of the same class. This shall not restrict the possibility of issuing new shares of a new class by means of a bonus issue, following the required amendment to the articles of association.

§ 7 Rights to the company's assets and profit

Upon payment of dividend or distribution in connection with the liquidation of the company, shares of Series A and Series B shall have the same rights except as set forth below.

If a dividend is suggested with an amount (the "**Dividend Amount**"), an amount shall be distributed to each series of shares – to be divided between all shares within the same series – equivalent to:

(a) to the extent the amount which would be paid to shares of Series A through the Dividend Amount on the basis of the equal rights of the shares in accordance with the first paragraph (the "**Series A Amount**") is below a threshold amount decided by the general meeting pursuant to a proposal by the board of directors prior to each dividend decision (the "**Threshold Amount**"),

- (i) an amount shall be allocated to the shares of Series B, which corresponds to 80 percent of the share of the Dividend Amount that would have been allocated to shares of Series B on the basis of the equal rights of the shares in accordance with the first paragraph, and
- (ii) the remaining part of the Dividend Amount shall be allocated to shares of Series A; and

(b) if the Series A Amount is equal to or exceeds the Threshold Amount,

- (i) the Dividend Amount up to the Threshold Amount shall first be allocated in accordance with (a),
- (ii) thereafter an amount shall be allocated to the shares of Series B, which corresponds to 250 percent of the share of the Dividend Amount that exceeds the Threshold Amount (the "**Exceeding Amount**") and which would have been allocated to shares of Series B on the basis of the equal rights of the shares in accordance with the first paragraph, and
- (iii) the remaining part of the Dividend Amount shall be allocated to shares of Series A.

The Threshold Amount shall be established on the basis of a return requirement agreed by the shareholders in connection with the adoption of these articles of association and communicated to the board of directors.

§ 8 Board of directors and company auditors

The board of directors shall consist of 4 -10 members with a maximum of 2 deputy members. The company shall have 1 – 2 auditors, with not more than 2 deputy auditors, or an registered auditing company.

§ 9 Convening of general meeting

Notice of general meetings shall be made by announcement in the Official Swedish Gazette and by posting the notice on the company's website. At the time of the notice, an announcement with information that the notice has been issued shall be published in Dagens industri.

§ 10 Attendance at general meetings

A shareholder who wishes to participate in a general meeting must be recorded in a printout or other transcript of the share ledger as of the date as set out in the Swedish Companies Act, and notify the company of his/her, and any advisors' (no more than two), intention to attend the meeting no later than on the date stated in the notice of the meeting. Such a date may not be a Sunday, other public holiday, Saturday, Midsummer Eve, Christmas Eve or New Year's Eve and may not occur earlier than the fifth weekday prior to the general meeting.

§ 11 Collection of proxies and voting by post

The board of directors may collect proxies at the company´s expense in compliance with the procedure set out in chapter 7 section 4 paragraph 2 of the Swedish Companies Act (2005:551). The board of directors may resolve, ahead of a general meeting of the shareholders, that the shareholders shall be entitled to exercise their voting rights by post prior to the meeting.

§12 Place for holding general meetings

A general meeting is to be held where the board of directors has its registered office or in the municipality of Stockholm.

§ 13 Annual general meeting

The annual general meeting shall be held annually within 6 months after the end of the financial year.

The following business shall be considered at the annual general meeting:

1) Election of chairman of the meeting
2) Drawing up and approval of the voting list
3) Approval of the agenda
4) Election of one or two persons to certify the minutes
5) Determination of whether the meeting was duly convened
6) Presentation of the submitted annual report and auditors' report and, where applicable, the consolidated annual report and the auditors' report for the group
7) Resolutions
   a) regarding the adoption of the income statement and balance sheet and, where applicable, the consolidated income statement and balance sheet
   b) regarding allocation of profit or loss in accordance with the adopted balance sheet
   c) regarding the discharge from liability of the board members and, of the managing director
8) Determination of the number of directors and auditors.
9) Determination of fees for the board and for the auditors
10) Election of the board and an auditing company or auditors and possible deputy auditors
11) Other matters which rest upon the meeting according to the Swedish Companies Act or the company's articles of association

§ 14 Financial year

The company's financial year shall be 0101--1231.

§ 15 Central securities depository registration

A shareholder or nominee that is registered in the share register and a CSD register on the record date, in accordance with Ch. 4 the Central Securities Depositories and Financial Instruments.

Accounts Act (SFS 1998:1479), or registered in a CSD account pursuant to Ch. 4 Sec. 18 first § item 6-8 of the aforementioned act, is deemed to have the right to exercise the rights stipulated in Ch. 4 Sec. 39 the Swedish Companies Act (SFS 2005:551).

ARTICLES OF ASSOCIATION FOLLOWING THE OFFERING

The English text is an unofficial office translation. In the event of a discrepancy between the Swedish and the English texts, the Swedish text shall prevail.

AS THE DATE OF THE FIRST DAY OF TRADING ON NASDAQ FIRST NORTH PREMIER

Permascand Top Holding AB
Registration number: 559227-6124

§ 1 Company name

The company name is Permascand Top Holding AB. The company is a public company (publ).

§ 2 Registered office

The registered head office of the company is in the municipality of Ånge.

§ 3 Objects of the company

The object of the company's business shall be to, directly or indirectly, own and manage shares and interests in subsidiaries and to provide administrative services to these companies as well as to engage in other activities related thereto.

§ 4 Share capital

The share capital shall be not less than SEK 1,870,000 and not more than SEK 7,480,000.

§ 5 Number of shares

The amount of shares shall be not less than 50,000,000 and not more than 200,000,000.

§ 6 Board of directors and company auditors

The board of directors shall consist of 4 -10 members with a maximum of 2 deputy members.

The company shall have 1 – 2 auditors, with not more than 2 deputy auditors, or a registered auditing company.

§ 7 Convening of general meeting

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3. Approval of the agenda;
4. Election of one or two persons to certify the minutes;
5. Determination of whether the meeting was duly convened;
6. Presentation of the submitted annual report and auditors' report and, where applicable, the consolidated annual report and the auditors' report for the group;
7. Resolutions
    a) regarding the adoption of the income statement and balance sheet and, where applicable, the consolidated income statement and balance sheet;
    b) regarding allocation of profit or loss in accordance with the adopted balance sheet;
    c) regarding the discharge from liability of the board members and, of the managing director.
8. Determination of the number of directors and auditors;
9. Determination of fees for the board and for the auditors;
10. Election of the board and an auditing company or auditors and possible deputy auditors;
11. Other matters which rest upon the meeting according to the Swedish Companies Act or the company's articles of association;

§ 12 Financial year

The company's financial year shall be 0101--1231.

§ 13 Central securities depository registration

A shareholder or nominee that is registered in the share register and a CSD register on the record date, in accordance with Ch. 4 the Central Securities Depositories and Financial Instruments Accounts Act (SFS 1998:1479), or registered in a CSD account pursuant to Ch. 4 Sec. 18 first § item 6-8 of the aforementioned act, is deemed to have the right to exercise the rights stipulated in Ch. 4 Sec. 39 the Swedish Companies Act (SFS 2005:551).

TAXATION

U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following discussion describes certain U.S. federal income tax consequences to U.S. Holders (as defined below) under present law of an investment in the Company's shares. The discussion below applies only to U.S. Holders that acquire shares of the Company in this Offering, hold such shares as capital assets within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (the "Code"), and that have the USD as their functional currency. The discussion below is based on the Code, existing and proposed U.S. Treasury regulations, as well as judicial and administrative interpretations thereof, all as of the date of this Prospectus. All of the foregoing authorities are subject to change or differing interpretation, which change or differing interpretation could apply retroactively and could affect the tax consequences described below. There can be no assurance that the U.S. Internal Revenue Service (the "IRS") will not assert a different position concerning any of the tax consequences discussed below or that any such position would not be sustained by a court. This summary does not address any alternative minimum tax considerations, any estate or gift tax consequences or any state, local, or non-U.S. tax consequences, or special tax accounting rules that apply to certain accrual basis taxpayers under Section 451(b) of the Code, nor does it address the Medicare contribution tax on net investment income.

The following discussion does not deal with the tax consequences to any particular investor and does not describe all of the tax consequences to persons in special tax situations such as:

- banks;
- certain financial institutions;
- regulated investment companies;
- insurance companies;
- broker-dealers;
- traders that elect to mark to market;
- tax-exempt entities;
- certain U.S. expatriates;
- persons holding Company shares as part of a straddle, hedging, constructive sale, conversion or integrated transaction;
- persons that actually or constructively own 10 percent or more of the Company's stock (by vote or value);
- persons that are resident or ordinarily resident in or have a permanent establishment in a jurisdiction outside the United States;
- persons holding the Company's shares in connection with a trade or business conducted outside of the United States;
- persons who acquired shares pursuant to the exercise of any employee share option or otherwise as compensation; or
- persons holding shares through partnerships or other pass-through entities.

PROSPECTIVE PURCHASERS ARE URGED TO CONSULT THEIR TAX ADVISORS ABOUT THE APPLICATION OF THE U.S. FEDERAL TAX RULES TO THEIR PARTICULAR CIRCUMSTANCES, AS WELL AS THE STATE, LOCAL AND NON-U.S. TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE COMPANY'S SHARES.

The discussion below of the U.S. federal income tax consequences to "U.S. Holders" applies to a holder that is a beneficial owner of shares and is, for U.S. federal income tax purposes,

- an individual who is a citizen or resident of the United States;
- a corporation created or organized under the laws of the United States, any State thereof or the District of Columbia;
- an estate whose income is subject to U.S. federal income taxation regardless of its source; or
- a trust that (1) is subject to the primary supervision of a court within the United States and the control of one or more U.S. persons with respect to all substantial decisions or (2) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

If a partnership (or an entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds shares, the U.S. federal income tax treatment of a partner in such partnership generally will depend on such partner's status and the activities of the partnership. Such a partnership or partner in such partnership should consult its tax advisor as to its tax consequences of an investment in the Company's shares.

Distributions

Subject to the passive foreign investment company rules discussed below, the gross amount of distributions made to a U.S. Holder by us with respect to shares (including the amount of any non-U.S. taxes withheld therefrom) generally will be includable in a U.S. Holder's gross income in the year received as foreign source ordinary dividend income, but only to the extent that such distributions are paid out of the Company's current or accumulated earnings and profits as determined under U.S. federal income tax principles. Distributions in excess of current and accumulated earnings and profits will be treated as a non-taxable return of capital to the extent of the U.S. Holder's basis in the shares and thereafter as capital gain. The Company does not plan to maintain calculations of its earnings and profits under U.S. federal income tax principles. U.S. Holders should therefore assume that all distributions will be reported to them as dividend income.

Dividends paid to U.S. Holders that are corporations will not be eligible for the dividends-received deduction generally allowed to U.S. corporations in respect of dividends received from other U.S. corporations. With respect to certain non-corporate U.S. Holders (including individuals), dividends may be taxed at the preferential capital gains rate applicable to "qualified dividend income", provided that (1) the Company is eligible for the benefits of the Convention between the Government of the United States of America and the Government of Sweden for the Avoidance of Double Taxation with Respect to Taxes on Income (the "**Treaty**"), (2) the Company does not constitute a passive foreign investment company for the taxable year in which the dividend is paid and the preceding taxable year, (3) certain holding period requirements are met, and (4) the U.S. Holder is not under an obligation to make related payments with respect to positions in substantially similar or related property. The Company may be a passive foreign investment company for U.S. federal income tax purposes. See the passive foreign investment company rules discussed below. U.S. Holders should consult their own tax advisors regarding the availability of the preferential rate for dividends paid with respect to the Company's shares.

For U.S. federal income tax purposes, U.S. Holders will be treated as having received the amount of any Swedish taxes withheld by any withholding agent and then as having paid over the withheld taxes to the Swedish taxing authorities. As a result of this rule, the amount of dividend income a U.S. Holder is required to include in gross income for U.S. federal income tax purposes with respect to a payment of dividends may be greater than the amount of cash actually received (or receivable) by such U.S. Holder with respect to the payment. Subject to certain conditions and limitations, Swedish taxes withheld from a distribution are generally eligible to be used as a credit against, or a deduction in computing, the U.S. Holder's U.S. federal income tax liability. If a refund of the tax withheld is available to a U.S. Holder under the laws of Sweden or under the Treaty, the amount of tax withheld that is refundable will not be eligible for the credit or deduction against U.S. federal income tax liability. See "*Legal consideration and supplementary information - Tax consequences for investors*" for information on Swedish withholding tax. The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. For this purpose, dividends distributed with respect to shares will generally constitute "passive category income" but in the case of certain U.S. Holders could constitute "general category income".

The rules governing the treatment of foreign taxes and foreign tax credits are fact-specific and complex, and U.S. Holders should consult their tax advisors about the impact of these rules in their particular situations.

The amount of any distribution paid in Swedish krona will be equal to the USD value of such Swedish krona calculated by reference to the spot rate of exchange on the date such distribution is included in income by a U.S. Holder, regardless of whether the payment is in fact converted into USD s at that time. If the Swedish krona are converted into USD s on the date received, a U.S. Holder generally should not recognize foreign currency gain or loss on such conversion. If the Swedish krona are not converted into USD s on the date received, a U.S. Holder will have a basis in the Swedish krona equal to their USD value on the date received, and generally will recognize foreign currency gain or loss on a subsequent conversion or other disposal of such Swedish krona. Such foreign currency gain or loss generally will be treated as U.S. source ordinary income or loss for foreign tax credit limitation purposes. The amount of any distribution of property other than cash will be the fair market value of such property on the date of distribution.

Sale or Other Disposition of Shares

Subject to the passive foreign investment company rules discussed below, upon a sale or other disposition of the Company's shares, a U.S. Holder will recognize a capital gain or loss for U.S. federal income tax purposes in an amount equal to the difference between the amount realized and the U.S. Holder's tax basis in such shares. Any such gain or loss generally will be U.S. source gain or loss for foreign tax credit limitation purposes, and will be treated as long-term capital gain or loss if the U.S. Holder's holding period in the shares exceeds one year. Non-corporate U.S. Holders (including individuals) generally will be subject to U.S. federal income tax on long-term capital gain at preferential rates. The deductibility of capital losses is subject to limitations.

If the consideration a U.S. Holder receives upon a sale or other disposition of the Company's shares is not paid in USD s, the amount realized will be the USD value of the payment received, determined by reference to the spot rate of exchange on the date of the sale or other disposition. However, if the shares are treated as traded on an established securities market and the U.S. Holder is a cash basis taxpayer or an accrual basis taxpayer who has made a special election (which must be applied consistently from year to year and cannot be changed without the consent of the IRS), such U.S. Holder will determine the USD value of the amount realized in a foreign currency by translating the amount received at the spot rate of exchange on the settlement date of the sale or other disposition. If a U.S. Holder is an accrual basis taxpayer that does not elect to determine the amount realized using the spot rate on the settlement date, it will recognize foreign currency gain or loss to the extent of any difference between the USD amount realized on the date of the sale or other disposition (as determined above) and the USD value of the currency received at the spot rate on the settlement date. This foreign currency gain or loss generally will be treated as U.S. source ordinary income or loss for foreign tax credit limitation purposes. However, if such foreign currency is converted into USD s on the date received by the U.S. Holder, a cash basis or electing accrual basis U.S. Holder should not recognize any gain or loss on such conversion.

A U.S. Holder's initial tax basis in the Company's shares generally will equal the USD cost of such shares. If a U.S. Holder uses a foreign currency to purchase the shares, the cost of the shares will be the USD value of the foreign currency purchase price determined by reference to the spot rate of exchange on the date of purchase. However, if the shares are treated as traded on an established securities market and the U.S. Holder is a cash basis taxpayer or an accrual basis taxpayer who has made the special election described above, such U.S. Holder will determine the USD value of the cost of such shares by translating the amount paid at the spot rate of exchange on the settlement date of the purchase.

Passive Foreign Investment Company

A non-U.S. corporation will be classified as a passive foreign investment company (a "**PFIC**") for U.S. federal income tax purposes for any taxable year if either: (a) at least 75 percent of its gross income is "passive income" for purposes of the PFIC rules or (b) at least 50 percent of the value of its gross assets (determined on the basis of a quarterly average) produce or are held for the production of passive income. Passive income for this purpose generally includes dividends, interest, royalties, rents and gains from commodities and securities transactions, and gains from assets that produce passive income. Cash (including net proceeds from the Offering) is generally treated as an asset that produces passive income. If the stock of a non-U.S. corporation is publicly-traded for the taxable year, the asset test is applied using the fair market value of the assets for purposes of measuring such corporation's assets.

For this purpose, the Company will be treated as owning its proportionate share of the assets and earning a proportionate share of the income of any other corporation in which the Company owns, directly or indirectly, 25 percent or more (by value) of the stock. Under the PFIC rules, if the Company were considered a PFIC at any time that a U.S. Holder holds shares, the Company would continue to be treated as a PFIC with respect to such U.S. Holder's investment unless (i) the Company ceases to be a PFIC and (ii) the U.S. Holder makes a "deemed sale" election under the PFIC rules.

Based upon the nature of the Company's current income, assets, and method of operation, and the current income, assets, and method of operation of its subsidiaries, and assuming that the Company uses all the cash raised from the Offering for the purposes described in "*Background and rationale*" and under a reasonable timetable for its expenditure, the Company believes that neither the Company nor any of its subsidiaries is likely to be treated as a PFIC with respect to its 2021 taxable year. This is a factual determination, however, that must be made annually at the close of each taxable year. Therefore, there can be no assurance that the Company or any of its subsidiaries will not be classified as a PFIC until the close of the current taxable year or for any future taxable year. Changes in the nature of the Company's income or assets, the manner and rate at which the Company utilizes the proceeds of the Offering, or a decrease in the trading price of the shares may cause the Company to be considered a PFIC in a future taxable year.

If the Company is considered a PFIC at any time that a U.S. Holder holds shares, any gain recognized by the U.S. Holder on a sale or other disposition of such shares, as well as the amount of any "excess distribution" (defined below) received by the U.S. Holder, would be allocated ratably over the U.S. Holder's holding period for the shares. The amounts allocated to the taxable year of the sale or other disposition (or the taxable year of receipt, in the case of an excess distribution) and to any year before the Company became a PFIC would be taxed as ordinary income in the current year. The amount allocated to each other taxable year would be subject to tax at the highest rate in effect for individuals or corporations, as appropriate, for that taxable year, and an interest charge at the rate of underpayment of taxes would be imposed. For purposes of these rules, an excess distribution is the amount by which the aggregate distributions received by a U.S. Holder on the shares during the taxable year exceeds 125 percent of the average of the annual distributions on such shares received during the preceding three taxable years or the portion of the U.S. Holder's holding period before such taxable year, whichever is shorter. Certain elections may be available that would result in alternative treatments (such as modified mark-to-market treatment) of shares. However, there can be no assurance that any such elections for alternative treatments will be available with respect to the Company's shares.

If the Company is treated as a PFIC with respect to a U.S. Holder for any taxable year, the U.S. Holder will be deemed to own a proportionate amount (by value) of the shares in any of the Company's subsidiaries that are also PFICs and generally be subject to the treatment described above with respect to any distribution on or disposition of such shares, even though such U.S. Holder would not receive the proceeds of those distributions or dispositions. An election for mark-to-market treatment, however, would likely not be available with respect to any such subsidiaries. If the Company is considered a PFIC, a U.S. Holder will also be subject to information reporting requirements on an annual basis. U.S. Holders should consult their own tax advisors about the potential application of the PFIC rules to an investment in the Company's shares.

U.S. Information Reporting and Back-up Withholding

Dividend payments with respect to shares and proceeds from the sale or other disposition of shares may be subject to information reporting to the IRS and possible U.S. backup withholding. Back-up withholding will not apply, however, to a U.S. Holder who furnishes a correct taxpayer identification number and makes any other required certification or who is otherwise exempt from back-up withholding. U.S. Holders who are required to establish their exempt status may be required to provide such certification on IRS Form W-9. U.S. Holders should consult their tax advisors regarding the application of the U.S. information reporting and back-up withholding rules.

Back-up withholding is not an additional tax. Amounts withheld as back-up withholding may be credited against a U.S. Holder's U.S. federal income tax liability, and such holder may obtain a refund of any excess amounts withheld under the back-up withholding rules by timely filing the appropriate claim for refund with the IRS and furnishing any required information.

Information With Respect to Foreign Financial Assets

Certain U.S. Holders that own "specified foreign financial assets" with an aggregate value in excess of USD 50,000 are generally required to file an information statement along with their U.S. federal tax returns, currently on IRS Form 8938, with respect to such assets. "Specified foreign financial assets" include any financial accounts held at a non-U.S. financial institution, as well as securities issued by a non-U.S. issuer that are not held in accounts maintained by financial institutions. If a U.S. Holder does not include in such holder's gross income an amount relating to one or more specified foreign financial assets, and the amount such U.S. Holder omits is more than USD 5,000, any tax such U.S. Holder owes for the tax year can be assessed at any time within 6 years after the filing of such U.S. Holder's federal tax return. U.S. Holders who fail to report the required information could be subject to substantial penalties. Prospective investors are encouraged to consult with their own tax advisors regarding the possible application of the foregoing to an investment in the Company's shares in light of their particular circumstances.

TRANSFER RESTRICTIONS

The Company has not registered the Shares under the Securities Act or the laws of any state securities commission and, therefore, the Shares may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Shares are being offered and sold only (1) to QIBs in reliance upon Rule 144A under the Securities Act and (2) outside the United States in reliance upon Regulation S under the Securities Act.

By its purchase of Shares, each purchaser will be deemed to have acknowledged, represented and agreed with the Joint Global Coordinators and the Issuer as follows:

RULE 144A SHARES

Each purchaser of Shares in the Offering within the United States purchasing pursuant to Rule 144A under the Securities Act or another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act will be deemed to have represented, agreed and acknowledged that:

- it has received a copy of the Prospectus in English and such information as it deems necessary to make an informed investment decision;
- the Shares have not been, and will not be, registered under the Securities Act or with any securities regulatory authority of any state of the United States, and may not be offered or sold, except in a transaction not subject to, or pursuant to an exemption from, the registration requirements of the Securities Act and are subject to significant restrictions on transfer;
- it (a) is a QIB as that term is defined in Rule 144A under the Securities Act, (b) is aware that, and each beneficial owner of such Shares has been advised that, the sale to it is being made in reliance on Rule 144A under the Securities Act or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, (c) is acquiring such Shares for its own account or for the account of a QIB and (d) if it is acquiring such Shares for the account of one or more QIBs, it has sole investment discretion with respect to each such account and has full power to make the representations, agreements and acknowledgements herein on behalf of each such account;
- the Shares are being offered in the United States in a transaction not involving any public offering in the United States within the meaning of the Securities Act;
- if, in the future, it decides to offer, resell, pledge or otherwise transfer Shares sold in the Offering, such Shares may be offered, sold, pledged or otherwise transferred only (a) to a person whom the beneficial owner or any other person acting on its behalf reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S under the Securities Act, or (c) in accordance with Rule 144 under the Securities Act (if available), in each case in accordance with any applicable securities laws of any state of the United States or any other jurisdiction;
- the Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act and no representation is made as to the availability of the exemption provided by Rule 144 for the resale of any Shares;
- it will not deposit or cause to be deposited the Shares into any depositary receipt facility established or maintained by a depositary bank other than a Rule 144A restricted depositary receipt facility, for so long as such Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act;
- the Company and the Joint Global Coordinators and their respective affiliates and others will rely upon the truth and accuracy of the foregoing representations, agreements and acknowledgements; and
- the Company shall not recognise any offer, sale, pledge or other transfer of the Shares made otherwise than in compliance with the above stated restrictions.

PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT SELLERS OF SHARES MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A.

REGULATION S SHARES

Each purchaser of Shares in the Offering purchasing in compliance with Regulation S will be deemed to have represented, agreed and acknowledged that (terms used in this paragraph that are defined in Regulation S are used herein as defined in Regulation S):

- it has received a copy of the Prospectus and such other information as it deems necessary to make an informed investment decision:
- the Shares have not been, and will not be, registered under the Securities Act, or with any securities regulatory authority of any state of the United States;
- it and the person, if any, for whose account or benefit it is acquiring the Shares in the Offering was located outside the United States at the time that the buy order for the Shares was originated for the purposes of Rule 903 of Regulation S under the Securities Act and continues to be located outside the United States and has not purchased the Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the Shares or any economic interest therein to any person in the United States;
- the purchaser is not an affiliate of the Company or a person acting on behalf of such affiliate;
- the Shares have not been offered to it by means of any "directed selling efforts" as defined in Regulation S;
- if it is acquiring Shares as a fiduciary or agent for one or more investor accounts, it has sole investment discretion with respect to each such account and it has full power to make the representations, agreements and acknowledgements herein on behalf of each such account;

- the Shares are being offered outside the United States pursuant to Regulation S and, subject to certain exceptions, such Shares may not be offered or sold within the United States;
- it is aware of the restrictions on the Offering and sale of the Shares pursuant to Regulation S described in the Prospectus.
- the Company, the Joint Global Coordinators and their respective affiliates and others will rely upon the truth and accuracy of the foregoing representations, agreements and acknowledgements; and
- the Company shall not recognise any offer, sale, pledge or other transfer of the Shares made otherwise than in compliance with the above stated restrictions.

LEGAL CONSIDERATIONS AND SUPPLEMENTARY INFORMATION

APPROVAL OF THE PROSPECTUS

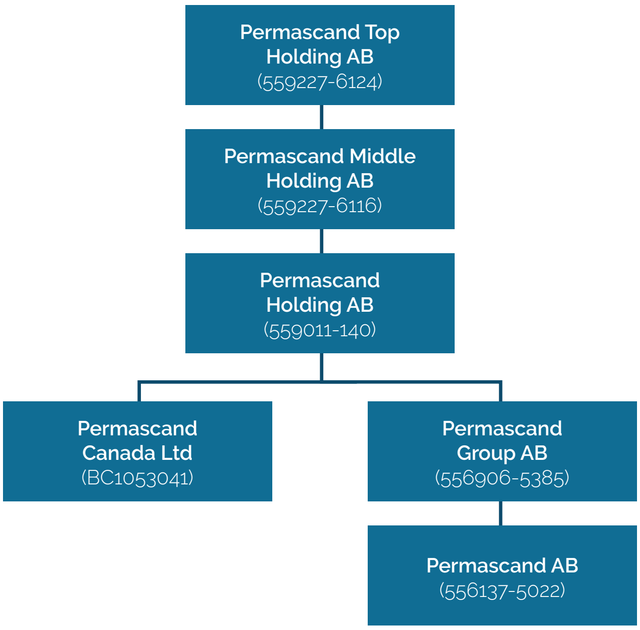
The Prospectus has been approved by the SFSA, as the national competent authority under Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). The SFSA only approves the Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval from the SFSA should not be considered as an endorsement of the quality of the Group or of the securities that are subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the securities.

GENERAL COMPANY INFORMATION

Permascand Top Holding AB is a Swedish public limited liability company that was formed in Sweden and registered with the Swedish Companies Registration Office on 20 November 2019. The Company's name was registered on 17 December 2019. The Company's corporate registration number is 559227-6124 and the registered seat is located in Ånge municipality, Västernorrland County. The Company's operations are governed by the Swedish Companies Act (2005:551). The Company's Legal Entity Identifier (LEI) code is 549300DL6L1ECCBK1158. The address of the Company's head office is Folkets husvägen 50, SE-841 99 Ljungaverk and the Company can be reached by telephone at +46 691 355 00. The Company's website is www.permascand.com.

LEGAL GROUP STRUCTURE

Permascand Top Holding AB is the parent company of a group consisting of five wholly owned subsidiaries. A Group chart is presented below.



MATERIAL AGREEMENTS

Customer agreements

Erma First

On 28 June 2018, Permascand AB and Erma First ESK Engineering Solutions S.A., a global company providing waste and water treatment technology in marine applications ("**Erma First**"), entered into an agreement under which Permascand shall supply Erma First with Ballast Water Treatment System products and services. Erma First shall place purchase orders or letters of intent for manufacture of the products, which need to be approved by Permascand. The pricing of the products is made in accordance with a price list in the agreement. Changes to the prices may be negotiated on an ad-hoc basis and agreed by both parties for specific orders, for example in higher volume orders.

The products include a warranty as standard. The warranty is based on a set number of operating hours or maximum number of years from delivery, whichever occurs first.

The agreement shall continue in full force for a period of two years. Unless terminated in writing by either party no later than nine months prior to the expiry of the term or any automatic renewal thereof, the term shall automatically continue to be extended with two-year periods until the agreement is terminated.

Nouryon Pulp and Performance Chemicals AB[1]

On 30 August 2018, Permascand AB entered into a master supply agreement with Nouryon Pulp and Performance Chemicals AB an international chemical group ("**Nouryon**") in which Permascand AB shall supply products and anode coating services to Nouryon's chlorate business globally, to improve Nouryon's chlorate manufacturing technology at its plants.

Ordering of products and services shall be made by the purchasing department at each plant by submitting an order to Permascand. Based on the request, Permascand shall provide an order to Nouryon which need to be accepted by Nouryon and thereby generating an order confirmation. The order confirmation shall include, inter alia, the price and delivery date. The coating price includes surface pre-treatment, coating and flattening operations as well as standard quality controls. The prices for the products and services is charged in accordance with a price per square meter for each respective anode coating technology produced by Permascand. The price shall be continuously adjusted based on the fluctuation in the price for ruthenium. In addition, any changes in the currency exchange rate SEK/USD or SEK/EUR shall also be reflected in the price adjustments.

The agreement is valid for three years and shall, unless terminated by a party with six months' written notice prior to the end of the initial period, be renewed for two-year periods, if not terminated by a party by giving six months written notice prior to the end of each renewal period.

1) Previously named AkzoNobel Pulp and Performance Chemical AB.

Supplier agreements

Supply of precious metals from Johnson Matthey and Heraeus

Permascand uses two of the large suppliers on the world market, Johnson Matthey and Heraeus, for supplying raw materials in the form of precious metals. Ruthenium and iridium are important ingredients in the Company's catalyst coatings. Both suppliers are located in Europe. The sourcing of raw materials is based on forecasts for the upcoming 12 to 18 months to fulfil the estimated demand for raw materials in Permascand's operations. Permascand enters into purchase orders with the distribution partners for each order of raw materials used in the Company's operations. The order volume in the purchase orders are preliminary and Permascand has the right to adjust the orders up to a certain point in time.

Supply of titanium from several suppliers and agreement with Torps Vattenskärning AB

Permascand is dependent on a supply of titanium for its anode and cathode production. Permascand uses several suppliers of titanium and the majority of the orders are made by submitting quotes to the suppliers without having a supply agreement in place.

Permascand has entered into a written agreement with one such titanium supplier. On 11 February 2021, Permascand AB and Torps Vattenskärning AB ("**Tovab**") entered into a new supply agreement, where Tovab shall supply 50 tonnage of titanium sheets to Permascand at an agreed price per kilogram in accordance with the material specifications as detailed in the agreement. Permascand shall issue purchase orders indicating the specifications, quantity, agreed price per kilogram and delivery date. Tovab shall acknowledge each purchase order in writing. Tovab must be able to supply the titanium sheets to Permascand within a minimum of fourteen weeks (98 days) from the day Permascand sent the purchase order. Tovab shall invoice Permascand AB for the supply of titanium plates with a 60 day payment term. Permascand must provide security in the form of an irrevocable bank guarantee of SEK 1.5 million to Tovab. The security shall be valid until 60 days from last delivery date. The agreement is valid for sixteen months or until the full volume of 50 tonnage has been delivered to Permascand.

Agreement with Eitech Electro AB to supply electrical installation services

In January 2018, Permascand AB and Eitech Electro AB ("**Eitech Electro**") entered into an agreement under which Eitech Electro shall provide electrical installation services at Permascand's facilities. Eitech Electro is certified to perform the electrical installations in accordance with applicable standards. The work includes installations, service and regularly maintenance. The price for electrical installations is fixed and is charged on an annual basis and all other services are charged based on hourly, weekly or monthly rates. The hourly rates are regulated each year by the Statistics Swedish (Sw. Statistiska centralbyrån) index SNI 92:28/35. The agreement is valid from 1 April 2018 until 31 March 2021 and the agreement shall be renegotiated six months prior to expiration of the agreement. As of the date of the Prospectus, discussions regarding a new agreement are currently ongoing.

Supply agreement with Gulf Machine Shop, Inc. for manufacture and refurbishment of Glanor diaphragm type chloralkali cells

On 9 December 2019, Permascand AB and Gulf Machine Shop, Inc. ("**GMS**") entered into a supply agreement and on 1 July 2020 Permascand AB and GMS entered into a supplementary agreement to the supply agreement (jointly the "**GMS Supply Agreement**"). GMS owns and operates a workshop facility and machine shop with specialized experience in the manufacture and refurbishment of Glanor diaphragm type chloralkali cells. GMS shall supply materials and services to Permascand for, amongst other purposes, the manufacture of new and refurbishment of existing industrial chemical plant equipment.

The GMS Supply Agreement is valid for two years, i.e., until 9 December 2021, and shall be renewed for one-year periods if not terminated with six months' written notice prior to each renewal period.

GMS shall only manufacture products based on a purchase order from Permascand, which shall be agreed between the parties in an order confirmation. GMS is responsible for the packaging and storage of the products at GMS's facility in Louisiana, US. Both parties shall agree to the shipping date and prices for each product order.

Permascand is responsible for providing and delivering some of the raw materials and tools that are required to manufacture the products for GMS.

The prices of the products manufactured by GMS are based on hourly rates for the different manufacturing professionals. The parties shall meet once a year to review the pricing detailed in the GMS Supply Agreement and negotiate any need for revisions.

The intellectual property rights associated with the products and their subsequent development, the tools and Permascand's developed techniques used for manufacturing shall become vested or remain vested with Permascand at all times. Permascand grants GMS a limited, non-exclusive, non-transferable, non-sublicense, royalty free license, during the terms of the GMS Supply Agreement, to use the techniques and tools to fulfil the obligations under the GMS Supply Agreement.

The agreement is governed by the laws of the State of Texas, US and any disputes shall be settled by arbitration administered by the International Chamber of Commerce ("**ICC**") in accordance with the ICC Rules of Arbitration and the place of arbitration shall be Dallas, Texas, US.

Supply agreement with Nordpipe Composite Engineering Oy for supply of industrial plastics

In October 2014, Permascand AB and Nordpipe Composite Engineering Oy ("**Nordpipe**") entered into a supply agreement. Nordpipe is a provider of technical industrial plastics intended to be used in highly corrosive conditions under pressure. Nordpipe supply plastic shells used in the manufacturing of Permascand's BWT systems.

Permascand issue purchase orders for the manufacturing of the products, which shall be confirmed in writing by Nordpipe. Permascand shall provide a preliminary assessment for each calendar year of the expected volumes of products and the estimated dates for delivery.

The pricing of the products is based on a price list for each prototype agreed in the supply agreement. Permascand and Nordpipe shall review the price structure for the products annually. Nordpipe shall invoice Permascand with a 45 days payment term.

Nordpipe guarantees that the products, for a period of 24 months from delivery, are functioning and otherwise meet Permascand's specified requirements.

Permascand shall own the intellectual property rights and all knowledge that is specific to the products under the agreement and their use. Nordpipe owns the general manufacturing technique used to produce the products under the agreement.

The agreement is valid for one-year periods from 31 December each year and can be terminated with six months' notice prior to each renewal period. In addition, the agreement can be terminated by either party with one months' notice if the parties have not agreed on the prices for the following calendar year, at the latest on 30 November the year preceding a renewal period.

Collaboration agreements

Permascand continuously works to improve its offering and to further advance the Company's capabilities in the catalytic coating field. In addition to closely working and collaborating with engineering companies and their customers, Permascand also work with academic institutions and benefit from, and contribute to, an extensive network of leading research institutes and universities.

Collaboration agreement with Calera d/b/a Chemetry

On 31 August 2020, Permascand AB and Calera d/b/a Chemetry ("**Chemetry**") entered into a collaboration agreement. Chemetry is a process technology engineering company with experience in electrochemical process development ("***eShuttleTM***") and novel cell design. The agreement is entered into for collaboration with respect to the design, development and commercialization of the eShuttleTM electrochemical cells. Permascand shall contribute skilled engineering and manufacturing competence and Chemetry shall contribute mechanical design, design requirements and detailed process knowledge. The project plan is divided into five cell development milestones and in accordance with the preliminary timetable milestone five shall be completed 30 months from the project start.

Permascand owns and shall retain all its intellectual property rights ("**IPR**") and exclusive rights to all pre-existing IPR. Chemetry owns and shall retain all IPR and exclusive rights to all pre-existing IPR, including the electrochemical cell, eShuttleTM, manufactured under the collaboration agreement and improvements thereto.

Permascand and Chemetry shall one month before the fulfilment of milestone five negotiate in good faith to enter into an agreement for each party's commercialization of the products developed under the agreement.

Each party shall bear its own costs and expenses under the agreement.

The agreement is valid and shall remain in full force and effect until the expiry of the project period, i.e., fulfilment of milestone five. If both parties at any time comes to the mutual conclusion, or if any of the parties at its sole discretion, acting reasonably, comes to the conclusion under the agreement that any of the products are not going to be viable after the technical and commercial review, a party may terminate the agreement immediately. Furthermore, both parties have the right to terminate the agreement after the fulfilment of milestone three.

Permascand and Chemetry shall undertake to keep all information confidential related to the agreement. The agreement stipulates that confidential information may be disclosed if a party is required to disclose the information if obligated in accordance with stock exchange agreement, including on admission to trading. However, the disclosing party has to give a pre-notice to the other party to enable the other party to seek protective actions.

Financing agreements

The Group have existing financing arrangements with Nordea Bank Abp filial i Sverige that will be changed, and largely repaid, through an amended agreement in connection with the completion of the Offering. Existing guarantees and collateral provided below remain. The main financial arrangement of the Group will thereafter consist of a new financing arrangement in the amount of approximately SEK 147.6 million divided into two capex-facilities (of approximately SEK 17.6 million and SEK 50 milllion, respectively) and a revolving credit facility (SEK 80 million). For more information about the financing agreement, see "*Capital structure in connection with the listing*".

Potential loan to the CEO

The Main Shareholder is as of the date of the Prospectus in discussions with the CEO regarding granting the CEO a loan of up to SEK 10 million after completion of the Offering. The loan, if received, will be granted on market terms. The reason for the CEO's potential need for financing is due to family reasons and to avoid that the CEO will have to sell additional shares in the Offering to finance his committments.

INTELLECTUAL PROPERTY RIGHTS

The Group's product portfolio is protected by mainly two patent families; (i) Electrode and (ii) Electro-chemical filter apparatus. The patents have been approved in jurisdictions relevant for the Group.

The abbreviations below refer to the following countries: United Arab Emirates (AE), African Regional Intellectual Property Organization (ARIPO), Austria (AT), Australia (AU), Belgium (BE), Brazil (BR), Chile (CL),China (CN), Germany (DE), European Patent Convention (EPC), France (FR), United Kingdom (GB), Indonesia (ID), Israel (IL), India (IN), Italy (IT), Japan (JP), Republic of Korea (KR), Mexico (MX), Netherlands (NL), Poland (PL), Russia (RU), Saudi Arabia (SA), Sweden (SE), Singapore (SG), USA (US), Venezuela (VN) and South Africa (ZA). PCT refers to the Patent Cooperation Treaty which is an international agreement allowing an applicant to file a single application in one language and get an international filing date. That means the application is considered as filed in all the PCT contracting states, more than 150, on that date.

Patent	Patent No.	Country	Filing date / reg. date	Expiry date	Status	Owner
Elektrod	EP1670973	AT, BE, DE, FR, GB, IT, NL, PL, SE (PCT)	06-10-2004 / 11-04-2018	06-10-2024	Granted	Permascand AB
Elektrod	CN1849414	CN (PCT)	06-10-2004 / 26-01-2011	06-10-2024	Granted	Permascand AB
Elektrod	JP5037133	JP (PCT)	06-10-2004 / 13-07-2012	06-10-2024	Granted	Permascand AB
Elektrod	241438	IN (PCT)	06-10-2004 / 02-07-2010	06-10-2024	Granted	Permascand AB
Electro-chemical filter apparatus	P1443/2015	AE (PCT)	25-04-2014		Application	Permascand AB
Electro-chemical filter apparatus	AU2014259153	AU (PCT)	25-04-2014 / 28-06-2018	25-04-2034	Granted	Permascand AB
Electro-chemical filter apparatus	BR112015027006	BR (PCT)	25-04-2014		Application	Permascand AB
Electro-chemical filter apparatus	CL2015003133	CL (PCT)	25-04-2014		Application	Permascand AB
Electro-chemical filter apparatus	201480023761.7	CN (PCT)	25-04-2014 / 10-12-2019	25-04-2034	Granted	Permascand AB
Electro-chemical filter apparatus	EP14726711	EPC (PCT)	25-04-2014		Application	Permascand AB
Electro-chemical filter apparatus	201592045 / 032266	RU (PCT)	25-04-2014 / 31-05-2019	25-04-2034	Granted	Permascand AB
Electro-chemical filter apparatus	GB2513368	GB	25-04-2013 / 24-12-2015	25-04-2033	Granted	Permascand AB
Electro-chemical filter apparatus	242253	IL (PCT)	25-04-2014 / 30-04-2018	25-04-2034	Granted	Permascand AB
Electro-chemical filter apparatus	6541233	JP (PCT)	25-04-2014 / 21-06-2019	25-04-2034	Granted	Permascand AB
Electro-chemical filter apparatus	KR102125264	KR (PCT)	25-04-2014 / 16-06-2020	25-04-2034	Granted	Permascand AB
Electro-chemical filter apparatus	374965	MX (PCT)	25-04-2014 / 17-09-2020	25-04-2034	Granted	Permascand AB
Electro-chemical filter apparatus	SG11201508762R	SG (PCT)	25-04-2014 / 17-11-2017	25-04-2034	Granted	Permascand AB
Electro-chemical filter apparatus	10093560	US (PCT)	25-04-2014 / 19-09-2018	25-04-2034	Granted	Permascand AB
Electro-chemical filter apparatus	7295/CHENP/2015	IN (PCT)	25-04-2014		Application	Permascand AB
Electro-chemical filter apparatus	P00201507696 / P000051969	ID (PCT)	25-04-2014 / 11-07-2018	25-04-2034	Granted	Permascand AB
Electro-chemical filter apparatus	1201504487	VN (PCT)	25-04-2014		Application	Permascand AB
Electro-chemical filter apparatus	AP/P/2015/008866	ARIPO (PCT)	25-04-2014		Application	Permascand AB
Electro-chemical filter apparatus	201508649 / 20150864	ZA (PCT)	25-04-2014	25-04-2034	Granted	Permascand AB
Electro-chemical filter apparatus	515370048 / 6210	SA (PCT)	25-04-2014 / 25-11-2018	25-04-2034	Granted	Permascand AB
Electrode	7566389	US	08-10-2004 / 28-07-2009	08-10-2024	Granted	Permascand AB
Clamping device for electrochemical cell	45956	CL	26-02-1999 / 09-10-2009	Not verified	Granted	Permascand AB

Permascand AB is the holder of the trademarks PERMASCAND and PERMACHLOR, which are registered amongst other in the EU, US, Canada and Brazil within relevant classes. Permascand AB has a number of registered domain names mainly consisting of domains containing the trademark protected terms *permascand* and *permachlor*. The main registered domain is permascand.com.

INSURANCE

The Company has insurance for general and product liability, for liability relating to the board, managing director, personnel, accidents and business travel. The Company considers that the Group's insurance cover encompasses the types of damages and for the amounts that the Company considers customary in the idustry. However, the Company cannot guarantee that any claims directed against the Company or the Group will be covered (neither in whole nor in part) by existing insurance policies since insurance policies by nature are subject to exemptions as well as limitations in the amounts that may be recovered under an insurance policy.

INFORMATION ABOUT GOVERNMENTAL, LEGAL AND ARBITRATION PROCEEDINGS

In November 2020, a neutralisation tank exploded in the factory in Ljungaverk, Sweden. The accident occurred after the end of the working day and no-one was injured. The cause of the accident has been investigated by the police and the Work Environment Authority, but the cause of the accident has not yet been determined as of the date of the Prospectus. On May 4, 2021, the Swedish Work Environment Authority announced that they had closed the investigation without further actions.

Besides what is stated above Permascand is not, nor has it been during the past 12 months, a party in any governmental, legal or arbitration proceedings, (including matters not yet decided or matter which according to the Company's knowledge risk being initated) which could have or has had a significant impact on the Company's and/or the Group's financial position or profitability, or an indication that no such procedures exist.

RELATED-PARTY TRANSACTIONS

Related party transactions as from 31 March 2021 up to the date of the Prospectus

No related party transactions have occurred with the Company after 31 March 2021 and up to the date of the Prospectus.

Related party transactions during the period 1 January - 31 March 2021

There have been no transactions with related parties during the period 1 January - 31 March 2021.

Related party transactions during the financial years 2020, 2019 and 2018

In addition to board fees, board member Mario Houde has received compensation for consulting assignments with regard to Industrial Solutions for the North American market during the period from 2018-2020, in total SEK 376 thousand. In addition to board fees, board member Ingar Jensen has received consulting fees for Group operations during the period from 2018-2019, in total SEK 283 thousand. It is the Company's opinion that all related party transactions have occurred on normal market terms.

SUBSCRIPTION UNDERTAKINGS (CORNERSTONE INVESTORS)

The Company has obtained undertakings from certain external investors ("**Cornerstone-Investors**") to acquire Shares in the Offering have been provided of SEK 275 million in total, corresponding to 47 percent of the Offering (assuming that the Offering is subscribed for in full and that the Overallotment Option is exercised in full). No compensation is paid to those who have provided subscription undertakings. The share subscription undertakings from Cornerstone Investors were entered into in May 2021. The undertakings are not secured by any pledge, blocked funds or similar arrangement. There is thus a risk that Cornerstone investors will not provide payment for shares and that the delivery of shares cannot take place in connection with the completion of the Offering, see also the section "*Risk factors — Risks related to the Company's shares and the Offering — Commitments from Cornerstone investors are not guaranteed*".

The table below presents complete information regarding the Cornerstone investors' financial commitments.

			Including Overallotment Option		
CORNERSTONE INVESTORS	**Subscription undertaking (Shares)**	**Subscription undertaking (SEK million)**	**Percentage of Shares in the Offering (%)**	**Post-IPO ownership (capital, %)**	**Post-IPO ownership (votes, %)**
SEB Investment Management	4,411,764	150	25.8	7.4	7.4
Länsförsäkringar Fondförvaltning	2,205,882	75	12.9	3.7	3.7
RAM ONE AB for the funds RAM ONE and RAM Equity Long Short	1,470,588	50	8.6	2.5	2.5
Total	**8,088,234**	**275**	**47.3**	**13.6**	**13.6**

PLACING AGREEMENT

Pursuant to an agreement concerning the placing of shares, which is intended to be entered into on 3 June 2021 between the Company, the Selling Shareholders (who will offer shares in the Offering) and the Global Coordinators (the "**Placing Agreement**"), the Company undertakes to issue the shares included in the Offering to the investors who have been brokered by the Global Coordinators. However, this assumes that the Offering is not terminated before then. The Main Shareholder intends to leave an Overallotment Option, equating to a commitment to, at the request of the Global Coordinators, at the latest 30 days from the first day of trading in the Company's shares on Nasdaq First North Premier Growth Market, sell an additional 15 percent at most of the shares in the Offering at a price equivalent to the Offering Price. The Overallotment Option may only be exercised in order to cover an over-allotment in the Offering, but the shares that form part of the Overallotment Option may also be used for potential stabilization measures (see further information below in the section "*Stabilization measures*"). Under the Placing Agreement, the Company gives customary guarantees and commitments to the Global Coordinators, including that the information in the Prospectus is correct, that the Prospectus and Offering meet the requirements of all relevant laws and regulations, and that there are no legal or other obstacles that prevent the Company from entering into the agreement or that would prevent or complicate the completion of the Offering.

In accordance with the Placing Agreement, the Global Coordinators' commitment to procure investors assumes amongst other matters, that the guarantees provided by the Company under the Placing Agreement are correct and that no events occur that have such a material negative impact on the Company that it would be unsuitable to complete the Offering. Under such circumstances, the Global Coordinators have the right to terminate the Placing Agreement at any point up to the settlement date and the Offering may be terminated. In that situation, neither delivery of, nor payment for, the shares under the Offering will be made. In accordance with the Placing Agreement, the Company commits, provided that customary conditions are met, to compensate the Global Coordinators if any demands are directed at the Global Coordinators or if any damages are incurred.

STABILIZATION MEASURES

In connection with the Offering, ABG Sundal Collier (the "**Stabilization Manager**") may, acting on behalf of the Joint Global Coordinators, over-allot shares to conduct transactions aimed to stabilize, maintain or in other ways support the market price of the Company's shares at a higher level than the one that might otherwise have prevailed in the open market. Such stabilization transactions may be conducted on Nasdaq First North Premier Growth Market, over-the-counter market or in any other way and may be executed any time during the period that starts from the first day of trading in the Company's shares on Nasdaq First North Premier Growth Market and ending not later than 30 calendar days thereafter. The Stabilization Manager is, however, not required to conduct such transactions and there is no assurance that such measures will be undertaken. Under no circumstances will transactions be carried out at a higher price than the price in the Offering.

The Stabilization Manager may utilize the Overallotment Option to over-allot shares in order to enable stabilization measures. The stabilization measures, if conducted, may be discontinued at any time without prior notice but must be discontinued no later than within the aforementioned 30-day period. The Stabilization Manager must, no later than by the end of the seventh daily market session after the stabilization measures have been undertaken, in accordance with article 5(4) of the Market Abuse Regulation (EU) 596/2014 and the Commission Delegated Regulation (EU) 2016/1052, disclose that stabilization measures have been undertaken. Within one week after the end of the stabilization period, the Stabilization Manager will, through the agency of the Company, disclose whether or not stabilization measures were undertaken, the date on which stabilization started, the date on which stabilization was last carried out as well as the price range within which stabilization was carried out for each of the dates when stabilization measures were conducted.

COSTS RELATED TO THE OFFERING

The Company's costs in connection with the Offering are estimated to amount to approximately SEK 50 million, of which approximately SEK 35 million remains to be paid as of the date of the Prospectus, provided that the Overallotment Option is fully exercised, of which approximately SEK 4 million has been included as an expense for the financial year 2019, approximately SEK 5 million for the 2020 financial year and approximately SEK 41 million is expected to be included as an expense for the financial year 2021. These costs are mainly related to commission to the Joint Global Coordinators, tax and legal advice, audits, management roadshows, and printing and distribution of the Prospectus.

ADVISER INTERESTS

In connection with the Offering, the Joint Global Coordinators, ABG Sundal Collier AB and Carnegie Investment Bank AB (publ) provides financial advisory and other services to the Company, services for which they will receive remuneration. From time to time, the Joint Global Coordinators may provide services to the Company in the ordinary course of business and in connection with other transactions, for which they may receive remuneration. Other than as set out above, there are no interest or engagements that could be material to the Offering.

TAX CONSEQUENCES FOR INVESTORS

Investors should note that the tax legislation in Sweden or in another state to which the investor has a connection or in which the investor is domiciled for tax purposes may impact the proceeds from the securities is taxed. Each shareholder should, individually, obtain tax advice to ascertain the tax consequences which may arise based on the shareholder's specific situation, including the applicability of foreign legislation, agreements and treaties.

WEBSITES AND HYPERLINKS MENTIONED IN THE PROSPECTUS

The Prospectus contains certain references to websites and hyperlinks. Please note that information on those websites and hyperlinks has not been reviewed/and or approved by the SFSA are not a part of the Prospectus unless explicitly stated that this information is incorporated in the Prospectus through references.

DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available on the Company's website, www.permascand.com/investors for the period during which the Prospectus is valid:

1. Permascand Top Holding AB's articles of association; and
2. Permascand Top Holding AB's updated certificate of registration.

GLOSSARY

Ballast water	Water pumped into not fully loaded ships to provide stability for the ship. With the ballast water follows various living organisms that is spread globally and may cause a negative impact on the environment when released to new locations
BWTS	Short for *Ballast Water Treatment System*, a product for treatment of ballast water
Electrification & Renewables	Permascand's segment for products within electrification and renewable energy
Electrochemical cell	Consists of several coated electrodes that are made into one cell, used for causing chemical reactions through application of electrical energy
Electrochemical solutions	The collective term for Permascand's products
Catalytic coatings	The main technical component to all of Permascand's products. Catalytic coatings consists of a mixture of precious metals and other compounds, giving a "surface layer" that is applied to metal substrates, for example titanium or nickel
Aftermarket services	The collective term for Permascand's offering to customers, primarily in terms of recoating electrodes or replacement of electrochemical cells
Electrode	The collective term for anodes and cathodes
Industrial Solutions	Permascand's segment for products in primarily the chemical industry
Chlorate	Chemical compound which may be industrially produced by electrochemistry and used in various industries, such as pulp and paper, organic and inorganic chemical manufacturing and PVC manufacturing
Water Treatment	Permascand's segment for products within water treatment
Recoating	The process by which catalytic coatings are added to electrodes

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HISTORICAL FINANCIAL INFORMATION

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF AND FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021

CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2019 AND 2018

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH

Amounts in SEK thousands	Note	Jan-Mar 2021	Jan-Mar 2020
Net sales	3	74,995	107,533
Cost of goods sold		-56,819	-80,116
Gross profit/loss		**18,176**	**27,418**
Selling expenses		-3,373	-3,845
Administrative expenses	4	-15,082	-7,642
Research and development expenses		-5,064	-3,518
Other operating income		2,227	3,917
Other operating expenses		-	-
Operating profit/loss		**-3,116**	**16,330**
Financial income		-	-
Financial expenses		-3,805	-3,680
Net finance costs		**-3,805**	**-3,680**
Profit/loss before tax		**-6,921**	**12,650**
Taxes		1,384	-3,103
Profit/loss for the period		**-5,537**	**9,547**
Other comprehensive income net of tax			
Items that are or may be reclassified subsequently to profit and loss			
Change in fair value of cash flow hedging		-1,045	-2,161
Tax attributable to changed value of cash flow hedging		215	445
Translation differences on foreign subsidiaries		108	-18
Total other comprehensive income/loss for the period		**-722**	**-1,734**
Total comprehensive income/loss for the period		**-6,259**	**7,813**
Profit/loss for the period attributable to:			
Parent company equity holders		-5,537	9,547
Total comprehensive income/loss for the period attributable to:			
Parent company equity holders		-6,259	7,813
Earnings per share, calculated on profit/loss for the period attributable to parent company equity holders:			
Earnings per share before and after dilution		-2.96	5.11

Notes on pages F-7 to F-8 are an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED BALANCE SHEET

Amounts in SEK thousands	Note	31/03/2021	31/12/2020
ASSETS			
Non-current assets			
Intangible assets			
Capitalised expenditure for development and similar work		7,830	7,856
Construction in progress for intangible non-current assets		4,559	4,398
Goodwill		55,540	55,540
Total intangible non-current assets		**67,929**	**67,794**
Tangible non-current assets			
Buildings and land		46,697	47,520
Plant and machinery		72,239	73,998
Equipment, tools, fixtures and fittings		19,430	20,553
Construction in progress and advance payments for tangible non-current assets		2,311	883
Total tangible non-current assets		**140,677**	**142,954**
Right-of-use assets		2,734	2,935
Financial assets			
Other long-term receivables		110	110
Deferred tax assets		6	5
Total non-current assets		**211,456**	**213,798**
Current assets			
Inventories			
Raw materials and consumables		97,950	84,265
Goods under manufacture		9,714	5,656
Total inventories		**107,664**	**89,921**
Current receivables			
Trade receivables		37,347	65,023
Current tax assets		169	1,164
Other receivables		1,633	2,645
Work completed not billed		27,719	13,460
Prepaid expenses and accrued income		8,468	7,447
Derivatives		-	792
Total current receivables		**75,336**	**90,531**
Cash and cash equivalents		13,192	19,182
Total current assets		**196,192**	**199,634**
TOTAL ASSETS		**407,648**	**413,432**

Notes on pages F-7 to F-8 are an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED BALANCE SHEET, cont.

Amounts in SEK thousands	Note	31/03/2021	31/12/2020
EQUITY AND LIABILITIES			
EQUITY			
Share capital		1,870	1,870
Other contributed capital		662,830	662,830
Acquisition reserve		-698,130	-698,130
Reserves		-205	517
Retained earnings including profit/loss for the year		11,223	16,761
Total equity		**-22,412**	**-16,152**
LIABILITIES			
Non-current liabilities			
Liabilities to credit institutions		291,287	280,200
Deferred tax liabilities		10,704	9,237
Lease liabilities		1,548	1,664
Total non-current liabilities		**303,539**	**291,101**
Current liabilities			
Liabilities to credit institutions		6,240	6,720
Advances from customers		17,195	18,115
Trade payables		27,839	26,258
Lease liabilities		1,167	1,247
Current tax liabilities		2,022	14,522
Derivatives		253	-
Other liabilities		3,523	2,747
Invoiced revenue not accrued		45,479	49,500
Accrued expenses and prepaid income		22,803	19,374
Total current liabilities		**126,521**	**138,483**
Total liabilities		**430,060**	**429,584**
TOTAL EQUITY AND LIABILITIES		**407,648**	**413,432**

Notes on pages F-7 to F-8 are an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH

Amounts in SEK thousands	Note	Share capital	Other contributed capital	Acquisition reserve	Translation reserve	Hedging reserve	Retained earnings, including profit/loss for the year	Total equity
Opening balance as at 1 January 2021		**1,870**	**662,830**	**-698,130**	**-112**	**629**	**16,761**	**-16,152**
Profit/loss for the period							-5,537	-5,537
Other comprehensive income for the period					108	-830		-722
Total comprehensive income for the period					**108**	**-830**	**-5,537**	**-6,259**
Closing balance as at 31 March 2021		**1,870**	**662,830**	**-698,130**	**-4**	**-201**	**11,223**	**-22,412**
Opening balance as at 1 January 2020		**1,870**	**662,830**	**-698,130**	**42**		**-16,176**	**-49,564**
Profit/loss for the period							9,547	9,547
Other comprehensive income for the period					-35	-1,716		-1,751
Total comprehensive income for the period					**-35**	**-1,716**	**9,547**	**7,796**
Closing balance as at 31 March 2020		**1,870**	**662,830**	**-698,130**	**7**	**-1,716**	**-6,629**	**-41,768**

Notes on pages F-7 to F-8 are an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 MARCH

Amounts in SEK thousands	Note	Jan-Mar 2021	Jan-Mar 2020
Cash flow from operating activities			
Operating profit/loss		-3,116	16,330
Adjustment for items not included in cash flow:			
-Depreciation and amortisation on tangible and intangible non-current assets		4,159	3,134
Other items not affecting cash flow		163	-60
Interest income received		-	-
Interest paid		-3,262	-4,146
Taxes paid		-8,429	-750
		-10,485	**14,508**
Cash flow from changes in working capital			
Increase/decrease in inventories		-17,743	17,374
Increase/decrease in current receivables		13,459	6,636
Increase/decrease in current liabilities		837	-11,837
Total change in working capital		**-3,447**	**12,173**
Net cash from operating activities		**-13,932**	**26,682**
Cash flow from investing activities			
Investment in intangible assets		-162	-128
Investment in tangible non-current assets		-1,656	-18,022
Net cash used in investing activities		**-1,818**	**-18,150**
Cash flow from financing activities			
Proceeds from borrowings		11,836	-
Repayment of borrowings		-1,735	-6,562
Payment of lease liabilities		-396	-393
Net cash (used in) from financing activities		**9,705**	**-6,955**
Net increase/decrease in cash and cash equivalents		**-6,045**	**1,577**
Cash and cash equivalents at beginning of period		19,182	26,790
Exchange rate differences in cash and cash equivalents		55	-
Cash and cash equivalents at end of period		**13,192**	**28,367**

Notes on pages F-7 to F-8 are an integral part of these condensed consolidated interim financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 General information

Permascand is an independent high-tech manufacturer of world-leading electrochemical solutions - based on its own catalytic coatings - for environmental engineering applications. With a customer-centric focus, Permascand has been supplying electrodes and aftermarket services to a variety of industries for almost 50 years. Permascand is headquartered in Ljungaverk, where the company also conducts research and development activities, technology development and production. Permascand also has offices in Gothenburg and Vancouver, Canada. For more information, visit: www.Permascand.com.

2 Accounting principles

This interim report for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting. Permascand applies International Financial Reporting Standards (IFRS) as adopted by the European Union. The same accounting principles and calculation bases have been applied as in the most recent annual report. The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

3 Segment information and revenue

The following tables explain the distribution of revenue, cost and gross profit between segment accounting and the Group's total accounting for the period:

Jan-Mar 2021	Water Treatment	Industrial Solutions	Electrification & Renewables	Total
Net sales	40,603	24,440	9,952	74,995
Gross profit/loss	11,075	6,174	927	18,176
Selling expenses				-3,373
Administrative expenses				-15,082
Research and development expenses				-5,064
Other operating income/expenses				2,227
Operating profit/loss				**-3,116**
Net finance costs				**-3,805**
Profit/loss before tax				**-6,921**

Jan-Mar 2020	Water Treatment	Industrial Solutions	Electrification & Renewables	Total
Net sales	68,394	38,277	862	107,533
Gross profit/loss	16,350	11,018	49	27,418
Selling expenses				-3,845
Administrative expenses				-7,642
Research and development expenses				-3,518
Other operating income/expenses				3,917
Operating profit/loss				**16,330**
Net finance costs				**-3,680**
Profit/loss before tax				**12,650**

Time of revenue recognition

Jan-Mar 2021	Water Treatment	Industrial Solutions	Electrification & Renewables	Total
Sales recognised over time	40,531	24,440	1,525	66,496
Sales recognised at a point in time	72	-	8,427	8,499
Total net sales	**40,603**	**24,440**	**9,952**	**74,995**

Jan-Mar 2020	Water Treatment	Industrial Solutions	Electrification & Renewables	Total
Sales recognised over time	68,366	38,051	-	106,417
Sales recognised at a point in time	28	226	862	1,116
Total net sales	**68,394**	**38,277**	**862**	**107,533**

4 Adminstrative expences

Of total administrative expenses SEK 5,5 million are items affecting comparability in the form of fees incurred in connection with the IPO process.

5 Financial instruments

The Group's financial assets consist of trade receivable, cash and cash equivalents and derivatives. The Group's financial liabilities consist of borrowing and trade payables.

All derivatives are valued at fair value and are classified according to level 2, which means that all significant input data required for valuation is observable. As of March 31, 2021, the value of the derivative amounted to SEK -0,3 million (SEK 0.8 million at the beginning of the year). For forward contracts, the 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 receivable, other receivables, cash and cash equivalents, trade payables and other liabilities constitute 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 fair value.

6 Related party transactions

During the period, there were no significant transactions with related parties.

7 Seasonal variations

Permascand's net sales vary over the year but are not a direct impact of seasonal variation but of the conditions prevailing in the market and customers' investment plans, primarily in the Industrial Solutions segment. In the Group's largest segment, Water Treatment, sales are normally evenly distributed over the year.

8 Events after the end of the reporting period

On April 1, 2021, Permascand announced a comprehensive innovation effort to conduct advanced research and development to enable large-scale and cost-effective production of green hydrogen for energy storage. In total, the company plans investments of around SEK 300 million over the next three years in a full-scale technology and innovation center and investments in the company's research team.

9 Effects of COVID-19

COVID-19 has meant that planned deliveries and installations have postponed and reduced the planned growth rate for Permascand. The lower production rate has led to overcapacity in staff, which has been managed through short-term layoffs. During the quarter, the costs directly linked to the overcapacity in staff are estimated at approximately SEK 0.6 million. From the second quarter, the effect of the pandemic has begun to diminish and the company has risen to full production again. Management monitors the development closely and assesses any adaptations to new conditions.

INDEPENDENT AUDITOR'S REPORT ON REVIEW OF FINANCIAL REPORTS PREPARED IN ACCORDANCE WITH IAS 34

To the Board of Directors of Permascand Top Holding AB (publ)
Corp. id. 559227-6124

INTRODUCTION

We have reviewed the accompanying condensed consolidated balance sheets of Permascand Top Holding AB (publ)'s group as of 31 March 2021, the condensed consolidated statements of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated cash flow statements for the three-month period then ended and supplementary notes ("condensed consolidated interim financial statemetns"). The Board of Directors and the Managing Director are responsible for the preparation and true and fair presentation of this financial information in accordance with IAS 34. Our responsibility is to express a conclusion on the condensed consolidated interim financial statements based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements ISRE 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing practices and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements as of 31 March, 2021 were not prepared, in all material respects, in accordance with IAS 34 'Interim Financial Reporting'.

Stockholm 27 May 2021

KPMG AB

Helena Nilsson
Authorized Public Accountant

CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2019 AND 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

Amounts in SEK thousands	Note	2020	2019	2018
Net sales	4	414,991	444,488	323,533
Cost of goods sold		-311,140	-337,125	-241,272
Gross profit/loss	4	**103,851**	**107,363**	**82,261**
Selling expenses		-14,596	-23,785	-21,779
Administrative expenses	5	-23,911	-28,057	-27,718
Research and development expenses		-11,648	-12,214	-11,202
Other operating income	7	9,312	118	231
Other operating expenses	7	-2,724	-	-117
Operating profit/loss	6.8	**60,284**	**43,425**	**21,676**
Financial income	9.11	1	8	1
Financial expenses	9	-15,267	-2,809	-3,384
Net finance costs		**-15,266**	**-2,801**	**-3,383**
Profit/loss before tax		**45,017**	**40,624**	**18,293**
Taxes	10	-12,080	-8,601	-4,398
Profit/loss for the year		**32,937**	**32,023**	**13,895**
Other comprehensive income net of tax				
Items that are or may be reclassified subsequently to profit and loss				
Change in fair value of cash flow hedging		792	-	-
Tax attributable to changed value of cash flow hedging		-163	-	-
Translation differences on foreign subsidiaries		-154	42	-
Total other comprehensive income for the period		**475**	**42**	**-**
Total comprehensive income for the period		**33,412**	**32,065**	**13,895**
Profit/loss for the period attributable to:				
Parent company equity holders		32,937	32,023	13,895
Total comprehensive income for the period attributable to:				
Parent company equity holders		33,412	32,065	13,895
Earnings per share, calculated on profit/loss for the period attributable to parent company equity holders:	12			
Earnings per share before and after dilution		17.61	17.12	7.43

Notes on pages F-16 to F-41 constitute an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

Amounts in SEK thousands	Note	31/12/2020	31/12/2019	31/12/2018	01/01/2018
ASSETS					
Non-current assets					
Intangible assets	14				
Capitalised expenditure for development and similar work		7,856	7,562	6,833	6,661
Construction in progress for intangible non-current assets		4,398	-	-	-
Goodwill		55,540	55,540	55,540	55,540
Total intangible non-current assets		**67,794**	**63,102**	**62,373**	**62,201**
Tangible non-current assets	15				
Buildings and land		47,520	15,661	11,842	4,440
Plant and machinery		73,998	32,246	7,068	5,219
Equipment, tools, fixtures and fittings		20,553	24,402	25,209	22,833
Construction in progress and advance payments for tangible non-current assets		883	45,047	4,211	-
Total tangible non-current assets		**142,954**	**117,356**	**48,330**	**32,492**
Right-of-use assets	16,18	2,935	4,210	4,624	1,754
Financial assets					
Other long-term receivables	17,18	110	110	110	110
Deferred tax assets	23	5	44	19	-
Total non-current Assets		**213,798**	**184,822**	**115,456**	**96,557**
Current Assets					
Inventories					
Raw materials and consumables		84,265	78,223	69,938	28,184
Goods under manufacture		5,656	9,801	19,706	10,378
Total inventories		**89,921**	**88,024**	**89,644**	**38,562**
Current receivables					
Trade receivables	18,19	65,023	75,438	76,857	39,782
Current tax assets		1,164	-	1,287	-
Other receivables		2,645	5,068	5,017	4,021
Work completed not billed	19	13,460	-	-	-
Prepaid expenses and accrued income		7,447	1,364	1,892	1,347
Derivatives	18	792	-	-	-
Total current receivables		**90,531**	**81,870**	**85,053**	**45,150**
Cash and cash equivalents	18,21	19,182	26,790	1,026	1,315
Total current assets		**199,634**	**196,684**	**175,723**	**85,027**
TOTAL ASSETS		**413,432**	**381,506**	**291,178**	**181,585**

CONSOLIDATED BALANCE SHEET, CONT.

Amounts in SEK thousands	Note	31/12/2020	31/12/2019	31/12/2018	01/01/2018
EQUITY AND LIABILITIES					
EQUITY	20				
Share capital		1,870	1,870	1,870	1,870
Other contributed capital		662,830	662,830	184,700	184,700
Acquisition reserve		-698,130	-698,130	-	-
Reserves		517	42	-	-
Retained earnings including profit/loss for the year		16,761	-16,176	-48,199	-62,094
Total equity		**-16,152**	**-49,564**	**138,371**	**124,476**
LIABILITIES					
Non-current liabilities					
Liabilities to credit institutions	22	280,200	294,004	40,674	5,683
Deferred tax liabilities	23	9,237	5,051	4,123	1,362
Lease liabilities	22	1,664	2,544	3,145	1,005
Total non-current liabilities		**291,101**	**301,599**	**47,942**	**8,050**
Current liabilities					
Liabilities to credit institutions	22	6,720	9,373	-	-
Advances from customers		18,115	12,438	24,169	11,202
Trade payables		26,258	42,691	39,886	24,907
Lease liabilities	22	1,247	1,451	1,385	687
Current tax liabilities		14,522	6,621	-	-
Other liabilities		2,747	3,577	2,830	2,434
Invoiced revenue not accrued	24	49,500	41,191	25,349	-
Accrued expenses and prepaid income	25	19,374	12,129	11,246	9,829
Total current liabilities		**138,483**	**129,471**	**104,865**	**49,059**
Total liabilities		**429,584**	**431,070**	**152,807**	**57,109**
TOTAL EQUITY AND LIABILITIES		**413,432**	**381,506**	**291,178**	**181,585**

The Notes on pages F-16 to F-41 constitute an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

Amounts in SEK thousands	Note	Share capital	Other contributed capital	Acquisition reserve	Translation reserve	Hedging reserve	Retained earnings, including profit/loss for the year	Total equity
Opening balance as at 1 January 2018		**1,870**	**184,700**				**-62,094**	**124,476**
Profit/loss for the period							13,895	13,895
Other comprehensive income for the period								
Total comprehensive income for the period							**13,895**	**13,895**
Closing balance as at 31 December 2018		**1,870**	**184,700**				**-48,199**	**138,371**
Opening balance as at 1 January 2019		**1,870**	**184,700**				**-48,199**	**138,371**
Profit/loss for the period							32,023	32,023
Other comprehensive income for the period					42			42
Total comprehensive income for the period					**42**		**32,023**	**32,065**
Transactions with shareholders in their capacity as owners								
Formation of parent company		50						50
Withdrawal of shares		-50						-50
Non-cash issue	20	1,870	478,130					480,000
Adjustment for previous parent company shares		-1,870						-1,870
Effect of acquisition	20			-698,130				-698,130
Closing balance as at 31 December 2019		**1,870**	**662,830**	**-698,130**	**42**		**-16,176**	**-49,564**
Opening balance as at 1 January 2020		**1,870**	**662,830**	**-698,130**	**42**		**-16,176**	**-49,564**
Profit/loss for the period							32,937	32,937
Other comprehensive income for the period					-154	629		475
Total comprehensive income for the period					**-154**	**629**	**32,937**	**33,412**
Closing balance as at 31 December 2020		**1,870**	**662,830**	**-698,130**	**-112**	**629**	**16,761**	**-16 152**

The Notes on pages F-16 to F-41 constitute an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER

Amounts in SEK thousands	Note	2020	2019	2018
Cash flow from operating activities				
Operating profit/loss		60,284	43,425	21,676
Adjustment for items not included in cash flow:				
-Depreciation and amortisation on tangible and intangible non-current assets		12,770	9,902	8,236
Other items not affecting cash flow		-361	6	863
Interest income received		1	8	1
Interest paid		-15,147	-2,673	-3,299
Taxes paid		-1,281	60	-2,944
		56,266	**50,728**	**24,533**
Cash flow from changes in working capital				
Increase/decrease in inventories		-1,897	1,620	-51,082
Increase/decrease in current receivables		-5,272	1,974	-38,823
Increase/decrease in current liabilities		3,970	10,081	54,632
Total change in working capital		**-3,199**	**13,675**	**-35,273**
Net cash from operating activities		**53,067**	**64,403**	**-10,740**
Cash flow from investing activities				
Acquisition of subsidiaries, net of cash acquired		-	-	-432
Investment in intangible assets		-4,783	-764	-
Proceeds from sale of tangible assets		56	491	100
Investment in tangible non-current assets		-39,066	-78,890	-23,673
Net cash used in investing activities		**-43,793**	**-79,163**	**-24,005**
Cash flow from financing activities				
Proceeds from borrowings		-	262,168	34,994
Repayment of borrowings		-15,299	-	-
Payment of lease liabilities		-1,583	-1,644	-538
Repayment of debt to parent company equity holders		-	-220,000	-
Net cash (used in) from financing activities		**-16,882**	**40,524**	**34,456**
Net increase/decrease in cash and cash equivalents		**-7,608**	**25,764**	**-289**
Cash and cash equivalents at beginning of year		26,790	1,026	1,315
Cash and cash equivalents at year-end	21	**19,182**	**26,790**	**1,026**

The Notes on pages F-16 to F-41 constitute an integral part of these consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 General information

Permascand Top Holding AB with company registration number 559227-6124 is a limited liability company registered in Sweden with its registered office in Ånge. Head office address is Permascand Top Holding AB, Folkets husvägen 50, 841 99 Ljungaverk, Sweden.

The main owner of the Permascand Group AB is Norvestor Fond VI. Other shares are owned by the Board and management.

Permascand was founded in 1971 and since then has developed, manufactured and delivered products in the electrochemical industry. Permascand offers customised complex solutions in catalytic coatings, electrodes, electrochemical cells and aftermarket services to a variety of industries. The Permascand business is divided into three business segments:

- Electrification & Renewables
- Industrial Solutions
- Water Treatment

Unless otherwise specifically stated, all amounts are reported in thousands of SEK (SEK thousands).

2 Summary of significant accounting principles

The Notes contain a list of the significant accounting principles that have been applied when these consolidated financial statements were prepared. These principles have been applied consistently for all years presented, unless otherwise stated. The consolidated financial statements include the legal parent company, Permascand Top Holding AB and its subsidiaries.

Basis for preparation of the reports

These financial statements contains the first consolidated statements for Permascand Top Holding AB and the accounting principles chosen for the preparation of the accounts are IFRS (International Financial Reporting Standards) as adopted by the EU. The consolidated financial statements have been prepared in accordance with the Swedish Annual Accounts Act, RFR 1 *Supplementary accounting rules for groups* and International Financial Reporting Standards (IFRS), and interpretations from the IFRS Interpretations Committee (IFRS IC) as adopted by the EU. For information on the effects that arise and the exceptions applied in connection with the starting balance (opening balance) for the first consolidated financial statements in accordance with IFRS, refer to Note 29.

Use of judgements and estimates

Preparing reports in accordance with IFRS requires the application of a number of significant estimates for accounting purposes. In addition, management is also required to make certain judgements with the application of the Group accounting principles. The areas that involve a high level of judgement, which are complex or such areas in which assumptions and estimates are material to the consolidated financial statements, are stated below under the heading "*Significant estimates and judgements for accounting purposes*".

New and amended accounting standards that have not yet been applied by the Group

New standards and interpretations that are effective for financial years beginning 1 January 2021 and later have not been applied in the preparation of this financial report. There are no published standards that are not yet effective that are expected to affect the Group.

To the extent that ongoing reforms related to STIBOR would lead to modifications of loan agreements, the Group has chosen to apply the exemption in IFRS with respect to not report any effects and adjust the effective interest rate instead.

Basis of measurement when preparing the financial statements

Assets and liabilities are reported at amortized cost, aside from certain financial assets and liabilities that are valued at fair value. Financial assets and liabilities measured at fair value consist of derivatives.

Classification

In all material respects, non-current assets consist of amounts expected to be recovered or paid after more than twelve months calculated from the balance sheet date, while in all material respects, current assets consist of amounts that are expected to be recovered or paid within twelve months, calculated from the balance sheet date. In all material respects, non-current liabilities consist of amounts for which at the end of the reporting period, Permascand has an unconditional right to choose to pay further into the period beyond twelve months after the end of the reporting period. If Permascand does not have such a right at the end of each reporting period - or if there is a liability for trade or that is expected to be settled within the normal business cycle - the liability amount is reported as a current liability.

Basis of consolidation

Subsidiaries

Subsidiaries are all companies over which the group has control. The Group controls a company when it is exposed to or has the right to variable returns from its holdings in the company and has the ability to influence the return through its influence over the company. Subsidiaries are included in the consolidated financial statements from the date on which control is transferred to the Group.

The acquisition method is used for accounting for the business combinations of the Group. The purchase price for the acquisition of a subsidiary is the fair value of the assets transferred, liabilities that the Group incurs to previous owners of the acquired company. The purchase price also includes the fair value of all assets or liabilities that are a result of an agreement on a conditional purchase price. Identifiable acquired assets and liabilities assumed in a business combination are initially valued at fair value on the acquisition date. Acquisition-related costs are expensed as they arise.

Intra-group transactions, balance sheet items and unrealised gains and losses on transactions between Group companies are eliminated.

Acquisitions between companies under common control ("Common control transactions")
In December 2019, a restructure and refinancing of the Permascand group was carried out. The owner of the Permascand Group formed two new companies - Permascand Top Holding AB and Permascand Middle Holding AB - which acquired the shares in Permascand Holding AB. The acquisition was financed by a loan and a non-cash issue was executed. The new legal parent company, Permascand Top Holding AB has chosen to present the historic consolidated financial statements of its predecessor's, Permascand Holding AB, consolidated financial statements. Accordingly, the consolidated accounts represent a continuation of Permascand Holding AB and its subsidiaries operations.

As the same owner has control over the Permascand Group before and after the restructure, the transaction was deemed not to be a business combination but a restructure. This means that so-called "predecessor accounting" has been applied instead, which is why there was no revaluation done of the Permascand Group's assets and liabilities at fair value and why no goodwill was reported. The effect that has been reported against equity is the purchase price reduced by the share capital of SEK 1,870 thousand. In summary, the reporting of the transaction as an intra-group restructure involves Permascand Top Holding AB having borrowed SEK 220 million to finance the transaction and the execution of a non-cash issue of SEK 480 million. The total consideration amounts to SEK 700 million, and SEK 220 million of the consideration was a loan which was repaid to the Groups parent company in December 2019.

Segment reporting

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

The operating segments are reported in accordance with the internal reporting submitted to the chief operating decision-maker. The chief operating decision-maker, who has responsibility for allocation of resources and assessment of the earnings of the operating segments, has been identified as the CEO of Permascand.

Operating segments are reported and followed up on gross profit while operating profit, net financial items, taxes, balance sheet and cash flow are not reported by segment.

A more detailed account of the operating segments can be found in Note 4.

Effects of changes in foreign exchange rates

Functional currency and reporting currency
The different entities in the group use the local currency as the functional currency, where local currency is defined as the currency used in the primary economic environment in which the respective entity is primarily active. The consolidated financial statements use Swedish kronor (SEK), which is the functional currency of the parent company and the reporting currency of the Group and the parent company.

Transactions and balance sheet items
Transactions in foreign currency are converted to the functional currency at the current closing rate for that month. Exchange rate gains and losses arising from the payment of such transactions and the conversion of monetary assets and liabilities into foreign currency at the exchange rate on the balance sheet date are reported in operating profit or loss in the statement of comprehensive income.

Foreign exchange gains and losses relating to borrowings and cash and cash equivalents are reported in the statement of comprehensive income as finance income or finance expense.

Translation of foreign group companies
Profit/loss and financial position of Group companies that have a functional currency that is different to the reporting currency are translated into the Group reporting currency. Assets and liabilities for each of the balance sheets are translated from the functional currency of the foreign operations to the Group reporting currency - SEK - at the exchange rate on the balance sheet date. Income and expense for each of the profit and loss statements are translated to SEK at an average rate. Translation differences arising from currency translation of foreign operations are reported in other comprehensive income. Accumulated gains and losses are reported in profit/loss for the period when the foreign operations are divested in whole or in part.

Goodwill and fair value adjustments arising from the acquisition of a foreign operation are treated as assets and liabilities for these operations, and are translated at the exchange rate on the balance sheet date.

Revenue recognition

The Permascand business model is based on a technology platform for an electrochemical process based on catalytic coatings. Using the catalytic coating as its basis, Permascand develops, manufactures and maintains customer-specific and customer-adapted electrochemical cells and electrodes in a number of areas. Revenue consist of new sales of products, as well as recurring customer orders in the form of maintenance and re-coating of the catalytic coatings on customer materials.

Product sales

Some agreements mean that the Group carries out work on products that are controlled by the customer. In these cases, revenue is recognised over time as the work is performed. For other agreements, revenue is recognised over time as the product becomes customer-specific and the Group has no alternative use for the manufactured product, as well as has the right to payment from the customer for work performed at any given time. The extent to which the Group is entitled to payment at any given time depends on the contractual terms and a contract-by-contract assessment. If the criterion is not met, the revenue is reported at a point in time.

The majority of the Group's contracts involve revenue recognition over time and are at a fixed price. Revenue is recognised based on the proportion of the total agreed performance obligation that has been fullfilled. The degree of progress towards the fulfilment of the performance obligation is normally measured using output methods based on assessments of how much of the total performance for the Group has been achieved to date. This can be based on the degree of refinement, milestones achieved or units produced.

Estimates regarding revenues, costs or the degree of progress towards the fulfilment of the performance obligations will be revised if the circumstances change. Increases or decreases in estimated revenue or costs that are due to a changed estimate, are reported in the profit and loss statement in the period in which the circumstances that gave rise to the change became known to management.

Invoicing is generally done when the product is delivered and the responsibility for the product transfers to the customer. When the Group has an unconditional right to payment for work performed, a non-invoiced account receivable is reported (reported under the item "Work completed not billed" on the balance sheet). Once invoiced, this item is derecognised and is instead recognised as a trade receivable. For advance payments from customers, a contractual debt is entered on the balance sheet (presented under the item "invoiced revenue not accrued"). The payment terms vary from contract to contract and depend on what has been agreed with the customer. Even if extended payment terms may exist in exceptional cases, the payment terms never exceed 12 months. The transaction price is therefore not adjusted for the effects of significant financing components.

The majority of the Group contracts have an original expected contract term of no more than one year or are invoiced based on work done. In accordance with the practical expedient in IFRS 15, information has not been disclosed on the transaction price allocated to these unfulfilled obligations. If there are agreements with an expected contract term of one year or more, information is disclosed on the transaction price allocated to unfulfilled performance obligations in the Note.

Revenue recognition of products at a point in time

In cases in which the criteria for revenue recognition over time are not met, the revenue is recognised at the point in time at which the customer obtains control over the products, which generally occurs when they are delivered to the customer. A receivable is recognised when the products have been delivered, as this is the time at which the compensation becomes unconditional (i.e. only time is required for payment to be made). Revenue is valued at the contractual transaction price. Normally, the compensation falls due for payment 30 days after the service or product has been delivered to the customer. Even if extended payment terms may exist in exceptional cases, the payment terms never exceed 12 months. The transaction price is therefore not adjusted for the effects of significant financing components.

Government grants

Government grants are reported at fair value when it is reasonable certain that the grant will be received and that the Group will fulfil the conditions associated with the grant.

Government grants relating to expenses are allocated and recognised in the profit and loss statement over the same periods as the expenses the grants are intended to cover. The government grants are reported on the row, 'Other operating income'.

Government grants relating to non-current assets reduce the reported value of the asset by the amount of the grant. The grant is recognised in the profit/loss during the useful life of the depreciable asset in the form of lower depreciation.

Leasing

When an agreement is concluded, the Group assesses whether the agreement is, or contains, a lease. An agreement is, or contains, a lease if the agreement transfers the right to direct the use of an identified asset in exchange for compensation over a certain period of time. In all material respects, Group leases in which the Group is the lessee refer to premises, trucks and cars.

Leasing - the Group as lessee

For all lease agreements, aside from the practical expedient stated below, a right-of-use asset and a corresponding lease liability are recognised on the date on which the leased asset is available for use by the Group. Each lease payment is split between the repayment of the liability and the financial expense. The financial expense must be distributed over the lease period so that each accounting period is charged with an amount corresponding to a fixed interest rate for the liability recognised during each period.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the length of the lease agreement. Lease agreements run for periods of 1-6 years but there are options to extend or terminate agreements.

Assets and liabilities arising from lease agreements are initially reported at their present value of future lease payments. Lease liabilities include the present value of the following lease payments:

- Fixed payments
- Variable lease payments depending on an index or interest
- Residual value guarantees
- Purchase options (which will be used with reasonable certainty) and
- Penalties payable upon termination of the lease if the assessed lease period reflects that such termination will take place

Leasing payments are discounted at the implicit interest rate when it can be easily established, otherwise the marginal interest rate on borrowings is used.

Right-of-use assets are valued at acquisition cost and include the following:

- Initial expenses
- The initial valuation of the lease liability and
- Payments made at or before the time when the leased asset is made available to the lessee

The Group applies the practical expedient for non-lease components and has chosen not to separate these from leasing fees attributable to premises.

The Group applies the practical expedient in IFRS 16, which means that leasing fees attributable to short-term leases and lease agreements for which the underlying asset has a low value, are not recognised as a right-of-use asset and lease liability but are recognised on a straight-line basis over the lease term. Short-term leases are agreements with a lease term of 12 months or less. In all material respects, lease agreements for which the underlying asset has a low value refer to office equipment.

Options for extension and termination of agreements

Options to extend or terminate contracts are included in the Group leases for offices. Terms and conditions are used to maximise flexibility in managing agreements. Options to extend or terminate agreements are included as assets and liabilities when it is reasonably certain that they will be exercised.

Accounting in subsequent periods

The lease liability is revalued if there are any changes to the lease agreement, changes in the residual value guarantee or if there are changes in the cash flows based on the original contract terms. Changes in cash flows based on original contract terms occur when: the Group changes its initial assessment of whether options for extension and/or termination will be exercised, there are changes made to previous assessments in the event a purchase option will be exercised, lease payments are changed due to changes in index or interest. A revaluation of the lease liability leads to a corresponding adjustment in the right-of-use asset. If the carrying amount of the right-of-use asset has already been reduced to zero, the remaining revaluation is reported in the statement of profit and loss. The right-of-use asset is tested for impairment whenever events or changes in conditions indicate that the carrying amount for an asset cannot be recovered.

Presentation

Right-of-use assets and lease liabilities are reported on a separate line on the balance sheet. The statement of profit and loss includes depreciation of rights-of-use assets on the depreciation line and the interest expense on the lease liability is recognised as a financial expense. Lease payment attributable to low value leases and short-term leases are recognised in the statement of profit and loss on the Administrative expenses line. Repayment of the lease liability is reported as cash flow from financing activities. Interest payments and payments for short-term leases and low value leases are reported as cash flow from operating activities

Current and deferred income tax

The tax expense for the period includes current tax calculated on the taxable profit for the period in accordance with applicable tax rates. The tax for the period is also affected by changes in deferred tax assets and liabilities that are attributable to temporary differences and unused deficits.

The current tax expense is calculated on the basis of the tax rules that are decided on the balance sheet date or in practice decided in the countries in which the parent company and its subsidiaries operate and generate taxable earnings. Management regularly evaluates the claims made in tax returns in relation to situations in which the applicable tax rules are subject to interpretation. When deemed appropriate, provisions are made for amounts likely to be paid to the tax authority.

Deferred tax is recognised on all temporary differences arising between the taxable value of assets and liabilities and the carrying amounts in the consolidated financial statements. However, deferred tax liability is not recognised if it arises as a result of the initial recognition of goodwill. Deferred tax is also not recognised if it arises as a result of a transaction that constitutes the initial recognition of an asset or liability that is not a business combination and which, at the time of the transaction does not affect reported or taxable profit. Deferred income tax is calculated using tax rates (and laws) that have been decided or announced on the balance sheet date and that are expected to apply when the affected deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent it is probable that future tax surpluses will be available against which the temporary differences can be utilised.

Deferred tax receivables and liabilities are offset when there is a legal right to offset current tax receivables and tax liabilities and when the deferred tax assets and tax liabilities attributable to taxes are charged by one and the same tax authority, and relate to either the same taxable entity or different taxable entities, for which there is an intention to settle the balances through net payments.

Current and deferred tax are reported in the statement of comprehensive income, except when the tax relates to items reported in other comprehensive income or directly in equity. In such cases, the tax is also recognised in other comprehensive income and equity.

Intangible assets

Goodwill

Goodwill arises when subsidiaries are acquired and refers to the amount by which the purchase price exceeds the fair value of identifiable acquired net assets.

For the purpose of testing the need for impairment, goodwill acquired in a business combination is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from synergies from the acquisition. Each entity or group of units to which goodwill has been allocated corresponds to the lowest level in the Group at which the goodwill in question is followed up in the internal reporting. Goodwill is followed up on the basis of operating segment.

Capitalised expenditure for development and similar work

In all material respects, capitalised expenditures for development and similar work consist of capitalised development costs. The Group continuously evaluates whether internally produced intangible assets, such as capitalised expenditures for development, can be capitalised.

The following criteria must be met in order for internally generated intangible assets to be recognised:

- It is technically feasible to complete the internally generated intangible asset so that it will be available for use;
- The company's intention is to complete the internally generated intangible asset and to use or sell it;
- There is an ability to use or sell the internally generated intangible asset;
- It can be demonstrated how the internally generated intangible asset generates probable future economic benefits;

- Adequate technical, financial and other resources to complete the development and to use or sell the internally generated intangible asset are available, and the costs attributable to the internally generated intangible asset during its development can be measured reliably.

Other development costs that do not meet these criteria are expensed when they arise. Expenditures for development previously expensed are not recognised as assets in the subsequent period.

Capitalised expenditure for development that is reported as intangible assets is amortised from the point in time at which the asset is ready for use. The capitalised expenditures are attributable to the development of new products. Capitalised expenditure for development is amortised on a straight-line basis over the expected useful life, which amounts to 5-10 years.

Tangible non-current assets

Tangible non-current assets include buildings and land, machinery and other technical facilities, equipment, tools, fixtures and fittings as well as ongoing new construction and advance payments for tangible non-current assets. Tangible non-current assets are reported at acquisition cost less depreciation and amortisation, except for ongoing new construction and advance payments for tangible non-current assets. The acquisition cost includes expenses directly attributable to the acquisition of the asset.

Additional expenses are added to the reported value of the asset or reported as a separate asset, as appropriate, only when it is probable that the future financial benefits associated with the asset will benefit the group and the acquisition cost of the asset can be measured reliably. The bookvalue of the replaced part is removed from the statement of financial position. All other forms of repairs and maintenance are reported as expenses in the statement of comprehensive income during the period in which they arise.

No depreciation is made on land. Depreciation of tangible non-current assets, in order to allocate their acquisition cost down to the estimated residual value over the estimated useful life, is done linearly as follows:

- Buildings 15-50 years
- Land improvements 20 years
- Plant and machinery 10-20 years
- Equipment, tools, fixtures and fittings 5-20 years

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

- Frame, floor 50 years
- Installations; heating, electricity, heating, ventilation etc. 15-25 years
- Outer surface layers; façades, outer roof etc. 30 years
- Internal surface layer; mechanical equipment, etc. 10-20 years

The residual values and useful life of the assets are tested at the end of each reporting period and adjusted if necessary.

The book value of an asset is immediately impaired to its recoverable amount if the reported value of the asset exceeds its estimated recoverable value.

Gains and losses on disposal are determined by comparing the sales revenue and the carrying amount and are recognised in other operating income or other operating expenses net in the statement of comprehensive income.

Impairment of non-financial assets

Goodwill that has an indefinite useful life or intangible assets that are not completed for use are not amortized but tested annually, or in the event of an indication of impairment, regarding any impairment needs.

Assets that are amortised are assessed for loss of value whenever events or changes in circumstances indicate that the carrying amount may not be recyclable. An impairment is done by the amount that the asset's book value exceeds its recoverable value. The recoverable value is the higher of the asset's fair value less the selling expenses and its value in use. When assessing the need for impairment, assets are grouped at the lowest levels where there are essentially independent cash flows (cash-generating units). For assets (other than goodwill) that have previously been written down at each balance sheet date, an assessment is made as to whether reversal should be made.

Financial Instruments

a) Initial recognition

Financial assets and financial liabilities are reported when the group becomes party to the contractual terms of the instrument. The purchase and sale of financial assets and liabilities are reported on the trade date, the date on which the Group undertakes to buy or sell the asset.

Financial instruments are recognised at initial recognition at fair value plus, for a financial asset or financial liability that is not recognised at fair value via the income statement, transaction costs that are directly attributable to the acquisition or issuance of a financial asset or financial liability, such as fees and commissions.

b) Financial assets - Classification and valuation

The Group's financial assets are included in the category financial assets recognised at amortised cost with the exception of derivatives. Hedge accounting is applied to the derivative.

c) Financial assets at amortised cost

The classification of investments in debt instruments depends on the group's business model for managing financial assets and the contractual terms of the cash flows of the assets. The group only reclassifies debt instruments in cases where the group's business model for the instruments changes.

Assets held for the purpose of collecting contractual cash flows and where these cash flows consist only of principal and interest, are reported at amortised cost. Interest income from such financial assets is recognised as financial income by applying the effective interest rate method.

The Group's financial assets that are measured at amortised cost are comprised of the items other non-current receivables, trade receivables, other receivables, accrued revenue and cash and cash equivalents.

d) Derivatives and hedge accounting

Derivatives are reported on the balance sheet on the trade date and measured at fair value, both initially and at subsequent revaluation at the end of each reporting period.

The Group's derivatives consist of foreign exchange forwards/swaps for the purpose of hedging foreign currency sales. These are identified as hedging of the currency risk in highly probable forecast transactions (cash flow hedging). When the transaction is entered into, the group documents the relationship between the hedging instrument and the hedged item. The Group documents its assessment, both when the hedging is entered into and continuously, of whether the derivative instruments used in hedging transactions have been and will continue to be effective in preventing changes in cash flows attributable to the hedging items.

The entire fair value of a derivative that is a hedging instrument is classified as a non-current asset or non-current liability when the remaining maturity of the hedged item is longer than 12 months and as a current asset or current liability when the remaining maturity of the hedged item is less than 12 months.

Transaction exposure - Cash flow hedging

Currency exposure regarding future contracted and forecast flows is hedged through foreign exchange forwards. The foreign exchange forwards that protect the forecast flow are reported in the balance sheet at fair value. Changes in the fair value of the forwards are recognised in other comprehensive income and are accumulated in equity as long as the hedge is effective. If the hedging is lacking efficiency or if the hedged forecast transaction is no longer expected to occur, accumulated profits or losses are reported in the profit and loss for the year. The amount recognised in equity through other comprehensive income is reversed to the profit and loss for the period in the same period as the hedged item affects the profit and loss for the period and is reported in the item Other operating income or Other operating expenses. When a hedging instrument matures, is sold, closed or redeemed, or the company breaks the identification of the hedging relationship before the hedging transaction has occurred and the forecasted transaction is still expected to occur, the reported accumulated profit or loss in the hedging reserve remains in equity and is reported in the same manner as above when the transaction occurs.

Ineffectiveness in the hedge accounting

The efficiency of a hedge is evaluated when the hedging relationship is entered into. The hedged item and the hedging instrument are evaluated continuously to ensure that the relationship meets the requirements. When the group hedges the sale of foreign currency, hedging relationships are included where critical conditions in the hedging instrument match the terms of the hedging item. In this way, a qualitative evaluation of the effectiveness of the relationship has been carried out. When hedging foreign currency sales, ineffectiveness may occur if the date of the forecast transaction changes from the date that was initially estimated.

e) Derecognition of financial assets

The purchase and sale of financial assets is reported on the trade date, the date on which the group undertakes to buy or sell the asset. Financial assets are removed from the statement of financial position when the right to obtain cash flows from the instrument has expired or has been transferred and the Group has transferred virtually all risks and benefits associated with ownership.

Gains and losses arising from the derecognition from the balance sheet are recognised directly in the profit/loss within financial expenses or financial income.

f) Financial liabilities - Classification and valuation

After initial recognition, the Group's financial liabilities are measured at amortised cost using the effective interest method.

The Group's financial liabilities that are measured at amortised cost are comprised of the items liabilities to credit institutions, trade payables, other liabilities and accrued expenses.

g) Derecognition of financial liabilities

Financial liabilities are derecognised from the statement of financial position when the obligations have been settled, cancelled or otherwise terminated. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the compensation paid, including assets transferred that are not cash or liabilities assumed, is reported in the statement of comprehensive income.

When the terms of a financial liability are renegotiated, and not derecognised from the statement of financial position, a profit or loss is reported in the statement of comprehensive income. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate.

h) Offset of financial instruments

Financial assets and liabilities are only offset and reported with a net amount in the statement of financial position, when there is a legal right to offset the reported amounts and an intention to settle them by a net amount or at the same time realise the asset and settle the debt. The legal right may not depend on future events and it must be legally binding on the company and the counterparty, both in the normal business and in the event of a suspension of payments, insolvency or bankruptcy.

i) Impairment of financial assets recognised at amortised cost

The group assesses the future expected credit losses linked to assets reported at amortised cost. The group reports a loss provision for such expected credit losses at each reporting date.

The Group has no significant history of confirmed bad debt losses. The group has relatively few customers and no confirmed bad debt losses have occurred during the past four years. Useful data for making a general provision for bad debt losses is therefore missing and given the creditworthiness of the current customers, such a provision would not be material. The Group bases the calculations of expected credit losses linked to trade receivables and accrued, not invoiced respectively on an individual assessment of available information about the respective customers. Expected credit losses are irrelevant for other financial assets.

Borrowing costs

General and special borrowing costs that are directly attributable to the purchase, construction or production of qualified assets, which are assets that necessarily take a significant amount of time to complete their intended use or sale, are reported as part of the acquisition cost of these assets. The capitalization ceases when all activities required to complete the asset for its intended use or sale have mainly been completed. All other loan expenses are expensed as they occur.

Inventories

Inventories are reported at the lower of the acquisition cost and the net realisable value. The acquisition cost consists of direct product costs, direct salary and attributable indirect manufacturing costs (based on normal manufacturing capacity). Borrowing costs are not included. The acquisition cost of individual items in the inventory is allocated on the basis of weighted average costs. The net realisable value is the estimated sales price in the day-to-day operations, less applicable variable sales costs.

Trade receivables

Trade receivables are amounts attributable to customers relating to goods or services sold which are carried out in the day-to-day operations. Trade receivables are initially reported at fair value (transaction price). The group holds trade receivables for the purpose of collecting contractual cash flows and therefore measures trade receivables at subsequent accounting dates at amortised cost using the effective interest method, less provisions for expected credit losses.

Cash and cash equivalents

Cash and cash equivalents include bank balances in both the statement of financial position and the statement of cash flows.

Share capital

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

Borrowing

Borrowing is initially recognised at fair value, net after transaction costs. Borrowings are subsequently recognised at amortised cost and any difference between the amount received (net after transaction costs) and the repayment amount is reported in the statement of comprehensive income distributed over the loan period, using the effective interest method.

Borrowing is removed from the statement of financial position when the obligations have been settled, cancelled or otherwise terminated. The difference between the carrying amount of a financial liability (or part of a financial liability) that has been extinguished or transferred to another party and the compensation paid, including transferred assets that are not cash or liabilities assumed, is reported in the statement of comprehensive income.

Borrowing is classified as current liabilities unless the Group has an unconditional right to defer payment of the liability for at least 12 months after the end of the reporting period.

Trade payables

Trade payables are financial instruments and relate to obligations to pay for goods and services that have been acquired in the operating activities from suppliers. Trade payables are classified as current liabilities if they fall due within one year. If not, they are reported as non-current liabilities.

Trade payables are initially recognised at fair value and subsequently at amortised cost using the effective interest method.

Employee benefits

Short-term employee benefits

Liabilities for salaries and remuneration, including non-monetary benefits and paid absences, which are expected to be settled within 12 months after the end of the financial year, are reported as current liabilities at the undiscounted amount expected to be paid when the liabilities are settled. The cost is reported in the statement of comprehensive income as the services are performed by the employees. The liability is recognised as an obligation relating to employee benefits in the consolidated balance sheet.

Pension obligations

The Group only has defined contribution pension plans. A defined contribution pension plan is a pension plan under which the company pays fixed fees to a separate legal entity. The Group does not have any legal or informal obligations to pay additional fees if this legal entity does not have sufficient assets to pay all employee benefits associated with the employee's service during current or previous periods. The fees are reported as employee expense in the statement of comprehensive income when they fall due.

Statement of cash flow

The statement of cash flow is prepared in accordance with the indirect method. The cash flow recognised only includes transactions that involve cash deposits or payments.

Earnings per share

Earnings per share before dilution

Earnings per share before dilution are calculated by dividing:

- Earnings attributable to the parent company's shareholders.
- By a weighted average number of outstanding ordinary shares during the period.

Earnings per share after dilution

- The group has had no dilution effect during reported periods, which means that results before and after dilution are the same.

Important estimates and judgements for accounting purposes

The Group makes estimates and judgements about the future. The estimates for accounting purposes that result from this will, by definition, rarely correspond to the actual profit/loss. The estimates and judgements that could involve a risk of significant adjustments to the carrying amounts of assets and liabilities are dealt with in the main steps below.

Impairment testing for goodwill

Each year, the Group examines whether there is any need for impairment of goodwill in accordance with the accounting principle described in Note 2. The recoverable values for cash-generating units have been determined by calculating the value in use. For these calculations, certain assumptions must be made, of which the most important assumptions consist of forecasts of future cash flows, discount rates and long-term growth rates. The reported value of goodwill amounts to SEK 56 million as at 31 December 2020. The recoverable value exceeds the carrying amount of goodwill by a good margin.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

Through its global operations, the Group is exposed to financial risks. The Board of Directors annually adopts the Group's finance policy, which includes guidelines, targets and frameworks for financial management and the management of financial risks.

The overall goal of financial operations is to contribute to the company following its business plan and strategy through effective and clear financial management. This means working to ensure long-term financing and to limit financial risk. Furthermore, financing activities must secure access to liquid funds in the short term in order to fulfil the company's obligations.

Currency risk

Currency risk refers to the risk that currency fluctuations adversely affect the Group's cash flow, income statement or balance sheet. Exchange rate fluctuations affect the Group's profit/loss when sales and purchases are made in different currencies. The group's transaction exposure is primarily Euro (EUR) and US dollar (USD) as the Group has the main share of its sales and a large part of its costs in these currencies. As far as possible, sales and purchases linked to customer orders are matched in the same currency. Currency hedging for reduced exposure is done with currency swap contracts with quarterly maturity.

A 10% weakening of the Swedish krona against other currencies in 2020 would have meant SEK 34 million higher revenue for the year (2019: SEK 36 million and 2018: SEK 24 million) and an impact on earnings after tax and Group equity of SEK 16 million (2019: SEK 17 million, 2018: SEK 11 million). A 10% stronger SEK compared to other currencies would mean lower revenues and lower profits after tax, as well as equity, on the opposite effect. The sensitivity analysis is based on all other factors (for example interest rate) remaining unchanged.

There is also a currency risk within the group from the translation of foreign subsidiaries' income statement and balance sheet into the group's reporting currency which is SEK, a so-called balance sheet exposure. Revaluation of balance sheet items is reported as currency effect within other operating income or other operating expenses. See Note 7.

The Group's risk exposure related to exchange rates on the balance sheet date is distributed according to the following table.

	31/12/2020		31/12/2019		31/12/2018		01/01/2018	
Currency (value SEK thousand)	**EUR**	**USD**	**EUR**	**USD**	**EUR**	**USD**	**EUR**	**USD**
Trade receivables	42,816	14,434	37,039	33,065	28,860	23,861	23,411	9,129
Work completed not billed	13,460							
Advances from customers	-8,741	-9,374	-4,236	-5,348	-4,902	-737	-5,288	-3,076
Invoiced revenue not accrued	-8,309	-41,191	-	-41,191	-	-25,349	-	-
Trade payables	-9,940	-4,351	-11,723	-25,502	-17,175	-16,204	-10,341	-12,057
Net exposure	**29,286**	**-40,482**	**21,080**	**-38,976**	**6,783**	**-18,429**	**7,782**	**-6,004**

Derivatives

The Group has the following derivative instruments:

Current Assets	**31/12/2020**	**31/12/2019**	**31/12/2018**	**01/01/2018**
Foreign exchange forwards - cash flow hedging	792	-	-	-
Total	**792**	**-**	**-**	**-**

Foreign exchange forwards	**Carrying amount**	**Amounts in EUR thousands**	**Rate**	**Due date**
Agreement 1	205	1,000	10,237	31/03/2021
Agreement 2	201	1,000	10,244	30/06/2021
Agreement 3	196	1,000	10,251	30/09/2021
Agreement 4	190	1,000	10,257	31/12/2021
Total	**792**	**4,000**		

The change in fair value on foreign exchange forwards reported in Other comprehensive income amounts to SEK 792 (-) thousand. (-) has been booked from the hedging reserve via Other comprehensive income to the profit/loss.

(a) Interest rate risk

Interest rate risk refers to the risk that changes in the market interest rate affect the Group's net interest items negatively. Liabilities to credit institutions consist of borrowing in banks that are issued with variable interest rates and exposes the group to interest rate risk regarding cash flow. The Group does not hedge its interest rate risk regarding future cash flows. Liabilities to credit institutions amount to SEK 286,920 thousand (SEK 303,377 thousand 31/12/2019; SEK 40,674 thousand 31/12/2018; SEK 5,683 thousand 01/01/2018). Group loan agreements contain specific conditions linked to financial ratios - so-called covenants that consist of customary conditions. In December, the company was granted an exemption of SEK 3 million from negotiated terms in the form of payments from one of the Group subsidiaries on behalf of the parent company. The financial covenants were fulfilled on the balance sheet date.

Sensitivity analysis interest rate risk

If the interest rate on borrowing as at 31 December 2020 was 1 percent higher/lower with all other variables constant, the estimated profit after tax for the financial year had been SEK 2,297 thousand (2019; SEK 541 thousand 2018; SEK 181 thousand) lower/higher, mainly as an effect of higher/lower interest rate costs for variable interest borrowing.

(b) Credit risk

Credit risk is the risk that the counterparty in a transaction fails to fulfil its obligations under the agreement. Credit risk arises from balances with banks and credit institutions and customer credit exposures including outstanding receivables.

Maximum credit exposure corresponds to the book value of Group financial assets and work completed not billed.

Group customers essentially consist of large, well-established companies with a long-standing business relationship. Group credit losses have historically been insignificant and customer payment history is good. Taking this into account, as well as forward-looking information regarding macroeconomic factors that may affect the ability of customers to pay the claim, the expected credit losses for the Group have also been deemed insignificant.

To manage credit risks, Permascand has principles for assessing and controlling new customers. For the assessment of the financial strength of the counterparty, a credit rating agency such as Dun & Bradstreet is used. For example, based on the customer's credit level advance payment can be requested to reduce risk. The Group assesses monthly credit risk in overdue receivables and earned non-invoiced revenue on an individual assessment of any credit risk for the respective customer. Provisions for doubtful receivables are recorded quarterly. On the balance sheet date, provisions for doubtful receivables amounted to SEK 0 (0.9) million.

The company credit risk in cash and cash equivalents is assessed as low. Cash and cash equivalents, consisting of bank funds and surplus liquidity, is used to reduce the use of bank overdraft facility. There are no short-term investments.

(c) Liquidity risk

Through liquidity management, the Group ensures that sufficient cash is available to meet the needs of operating activities. At the same time, it is ensured that the Group has agreed credit facilities available to enable payment of debts when these mature. Management follows rolling forecasts for Group liquidity reserves (including unused credit facilities) and cash and cash equivalents based on expected cash flows. All surplus liquidity must primarily be used to amortise loans/reduce the use of overdraft facilities. Information on available cash and cash equivalents and the credit facility is available in Note 21-22.

(d) Refinancing risk

Refinancing risk is defined as the risk that difficulties may arise in refinancing the Group, that financing cannot be obtained or that it can only be obtained at increased costs. The risk is limited by the continuously evaluation of different financing solutions by the Group.

The table below analyses Group financial liabilities divided by the time that remains on the balance sheet date until the contractual maturity date. The amounts stated in the table are the contractual, undiscounted cash flows.

As at 1 January 2018	**Less than 3 months**	**Between 3 months and 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**More than 5 years**	**Total contractual cash flows**	**Carrying value**
Financial liabilities							
Liabilities to credit institutions	50	150	200	975	5,683	7,058	5,683
Lease liabilities	202	590	662	784	-	2,238	1,692
Trade payables	24,907	-	-	-	-	24,907	24,907
Total	**25,159**	**740**	**862**	**1,759**	**5,683**	**34,203**	**32,282**

As at 31 December 2018	**Less than 3 months**	**Between 3 months and 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**More than 5 years**	**Total contractual cash flows**	**Carrying value**
Financial liabilities							
Liabilities to credit institutions	696	2,089	2,720	39,119	-	44,624	40,674
Lease liabilities	432	1,214	1,323	2,550	-	5,519	4,530
Trade payables	39,886	-	-	-	-	39,886	39,886
Total	**41,014**	**3,303**	**4,043**	**41,669**	**-**	**90,029**	**85,090**

As at 31 December 2019	**Less than 3 months**	**Between 3 months and 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**More than 5 years**	**Total contractual cash flows**	**Carrying value**
Financial liabilities							
Liabilities to credit institutions	4,563	38,688	42,106	255,696	-	341,053	303,377
Lease liabilities	472	1,252	1,334	1,733	-	4,791	3,995
Trade payables	42,691	-	-	-	-	42,691	42,691
Total	**47,726**	**39,940**	**43,440**	**257,429**	**-**	**388,535**	**350,063**

As at 31 December 2020	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total contractual cash flows	Carrying value
Financial liabilities							
Liabilities to credit institutions	4,497	38,492	41,904,	231,135	-	316,029	286,920
Lease liabilities	382	1,015	823	976	-	3,196	2,911
Trade payables	26,258	-	-	-	-	26,258	26,258
Total	**31,137**	**39,507**	**42,727**	**232,111**	**-**	**345,483**	**316,089**

3.2 Calculation of and disclosure of fair value

The different levels of financial instrument measured at fair value are defined as follows:

(a) Financial instruments at level 1

Quoted prices (unadjusted) in active markets for identical assets or liabilities.

(b) Financial instruments at level 2

Other observable data for the asset or liability than quoted prices included in level 1, either directly (i.e. as price quotations) or indirectly (i.e. derived from price quotations).

(c) Financial instruments at level 3

In cases where one or more significant input data is not based on observable market information, the instrument in question is classified as level 3.

To the extent that ongoing reforms related to STIBOR would lead to modifications of loan agreements, the Group is expected to apply an exemption introduced in IFRS 9 that allows for the earnings effect to not be reported but the effective interest rate is adjusted instead.

Derivatives

For forward contracts, the fair value is determined based on quoted rates. The market rate is calculated on the basis of the current rate adjusted for the interest rate difference between the currencies and the number of days, compared to the contract rate to obtain fair value. Derivative instruments are measured according to level 2.

Interest-bearing liabilities

The carrying value corresponds to the fair value of Group borrowing when the loans are subject to variable interest rates and the credit spread is not such that the carrying value materially deviates from the fair value.

Carrying value and fair value do not differ significantly for other long-term receivables, trade receivables, cash and cash equivalents and trade payables.

3.3 Capital management

Permascand must have a stable and balanced capital structure. The company equity/assets ratio and loan to-value ratio must follow the long-term financial targets and secure the ability of the Group to continue its operations, so that it can continue to generate returns to shareholders and benefit other stakeholders. The financial targets adopted by the board of directors show that the net loan to-value ratio in relation to EBITDA should be below 2.0x, the goal is for the group to achieve this goal in 2021.

The Group net debt/equity ratio per respective closing was as follows:

	31/12/2020	31/12/2019	31/12/2018	01/01/2018
Total borrowing in credit institutions	286,920	303,377	40,674	5,683
Deducted: cash and cash equivalents	-19,182	-26,790	-1,026	-1,315
Net debt	**267,738**	**276,587**	**39,648**	**4,368**
Total equity	-16,152	-49,564	138,371	124,476
Total capital	**251,586**	**227,023**	**178,019**	**128,844**
Net debt/equity ratio	**-16.6 times**	**-5.6 times**	**0.3 times**	**0.4 times**

An increase in the debt/equity ratio at the end of 2019 is due to a new bank loan and is a consequence of the common control transaction as described in more detail in Note 2.

4 SEGMENT INFORMATION AND REVENUE

The chief operating decision-maker in the Group consists of the CEO, who primarily uses gross profit/loss in the assessment of the business segment profit/loss.

Group operations are governed and reported based on the three operating segments:

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

2. Industrial Solutions – Permascand's Industrial Solutions segment offers products with various applications for the chemical industry. Within the segment, there is many years' experience and a unique expertise where the high-performance electrodes of the company enable customers to reduce their energy consumption and investment costs – for better sustainability results.

3. Water Treatment – Permascand's Water Treatment segment offers products for electrochemical disinfection of water, primarily to the marine sector, as well as purification of ballast water for the shipping industry. Demand is largely driven by tightened international requirements for the purification of ballast water from the International Maritime Organization (IMO) and the United States Coast Guard (USCG). The technology behind the company product for the purification of ballast water is approved by IMO and USCG and is based on the Permascand electrochemical cells, which on contact with the ballast water, clean it from marine organisms and thus stop invasive species from spreading to foreign environments.

2020	Water Treatment	Industrial Solutions	Electrification & Renewables	Total
Net sales				
Sweden	321	5,959	19,636	25,917
Other Nordic countries	2,263	7,387	2,302	11,951
Greece	252,161	-	-	252,161
Rest of Europe and UK	319	46,411	3,790	50,520
USA	-	28,048	-	28,048
Canada	-	19,176	361	19,537
Rest of the world	-	24,403	2,453	26,857
Total revenue from external customers	**255,064**	**131,385**	**28,542**	**414,991**
Gross profit/loss	**62,108**	**37,921**	**3,822**	**103,851**
Operating profit/loss				**60,284**
Net finance costs				**-15,266**
Profit/loss before tax				**45,017**

2019	Water Treatment	Industrial Solutions	Electrification & Renewables	Total
Net sales				
Sweden	742	9,350	1,728	11,820
Other Nordic countries	3,101	14,693	27,014	44,808
Greece	225,516	-	-	225,516
Rest of Europe and UK	2,058	46,041	988	49,088
USA	46	25,553	-	25,599
Canada	-	37,665	15,459	53,125
Rest of the world	4,617	29,809	107	34,533
Total revenue from external customers	**236,080**	**163,112**	**45,296**	**444,488**
Gross profit/loss	**62,268**	**38,802**	**6,291**	**107,363**
Operating profit/loss				**43,425**
Net finance costs				**-2,801**
Profit/loss before tax				**40,624**

2018	Water Treatment	Industrial Solutions*	Electrification & Renewables	Total
Net sales				
Sweden	145	15,484	17,025	32,654
Other Nordic countries	5,239	12,107	11,561	28,906
Greece	122,232	-	-	122,232
Rest of Europe and UK	2,165	31,793	846	34,804
USA	-	34,064	-	34,064
Canada	-	32,346	-	32,346
Rest of the world	1,650	29,788	7,089	38,526
Total revenue from external customers	**131,431**	**155,582**	**36,520**	**323,533**
Gross profit/loss	**36,558**	**37,317**	**8,387**	**82, 261**
Operating profit/loss				**21,676**
Net finance costs				**-3,383**
Profit/loss before tax				**18,293**

*) In 2018 the group had a fourth segment; Welded Equipment, which from 2019 is included in Industrial Solutions. Comparative numbers for 2018 have been adjusted.

Information about major customers

The table below specifies revenue for individual customers exceeding 10% of total Group revenue:

	2020	2019	2018
Customer A	61 %	51 %	38 %
Customer B	15 %	20 %	24 %
Total	**76 %**	**71 %**	**62 %**

Revenue from Customer A relates to the Water Treatment segment and revenue from Customer B to the Industrial Solutions segment.

Segment assets

Non-current assets in addition to financial instruments and deferred tax assets are available exclusively in Sweden at the production plant in Ljungaverk.

Time of revenue recognition

	2020	2019	2018
Sales recognised over time	391,573	437,187	286,638
Sales recognised at a point in time	23,419	7,303	36,895
Total	**414,991**	**444,487**	**323,533**

5. REMUNERATION TO AUDITORS

	2020	2019	2018
KPMG			
– Audit assignment	1,678	181	219
– Other services	12	25	76
Total	**1,700**	**206**	**295**

An audit assignment refers to a statutory audit of the annual and consolidated financial statements and accounting, as well as the management of the board and CEO as well as an audit and other review carried out in accordance with agreement or contract.

This includes other work tasks that is for the company auditor to perform, as well as advice or other assistance caused by observations in such review or the performance of such other work tasks.

6. REMUNERATION TO EMPLOYEES, ETC.

	2020	2019	2018
Wages, salaries and other remuneration	56,443	57,387	47,553
Social security contributions	25,067	26,806	21,710
Of which are pension costs - defined contribution plans	5,379	5,594	5,764
Total	**81,510**	**84,193**	**79,097**

Wages, salaries and other remuneration, as well as social costs

	2020		2019		2018	
	Wages, salaries and other remuneration (of which are variable remuneration)	Social costs (of which are pension costs)	Wages, salaries and other remuneration (of which are variable remuneration)	Social costs (of which are pension costs)	Wages, salaries and other remuneration (of which are variable remuneration)	Social costs (of which are pension costs)
Board members and CEO	1,810 (256)	1,251 (549)	2,264 (417)	1,492 (745)	2,178 (575)	1,413 (694)
Other employees	53,764 (1,214)	23,816 (4,830)	55,123 (2,634)	25,314 (4,849)	45,375 (2,344)	20,297 (5,070)
Group in total	**56,443 (1,470)**	**25,067 (5,379)**	**57,387 (3,051)**	**26,806 (5,594)**	**47,553 (2,919)**	**21,710 (5764)**

Average number of employees with geographical distribution per country

	2020		2019		2018	
	Average number of employees	Of which are men	Average number of employees	Of which are men	Average number of employees	Of which are men
Sweden	129	108	128	106	106	88
Canada	1	-	2	1	1	1
Group in total	**130**	**108**	**130**	**107**	**107**	**89**

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

	2020		2019		2018	
	Number on balance sheet date	Of which are men	Number on balance sheet date	Of which are men	Number on balance sheet date	Of which are men
Board members	9	7	6	6	6	6
CEO and other senior executives	9	6	9	6	9	6
Group in total	**18**	**13**	**15**	**12**	**15**	**12**

For information about related party transactions, see Note 28.

Guidelines

Fees are paid to the Chairman and members of the board in accordance with the decision rendered by the General Meeting. All members who receive a board fee do so in the form of salary, with the exception of one member who invoices their fees.

The board has decided on the following guidelines for remuneration for management: Remuneration to the CEO and other senior executives consists of base salary, variable remuneration, other benefits, pensions, etc. Other senior executives refer to the 8 individuals who together with the CEO constitute Group management.

The distribution between the base salary and variable remuneration is proportionate to the responsibilities and authority of the executive. For the CEO, the variable remuneration is maximised at 30% of the base salary. For other senior executives who through their employment are eligible for variable remuneration, the variable remuneration is maximised at 20% of the base salary. The variable remuneration is based on the outcome in relation to individually set goals. In 2020, no variable remuneration was paid.

Pension benefits and other benefits to the CEO and other senior executives are paid as part of the total remuneration. The retirement age for the CEO is 65 years.

Defined contribution pension

The Group only has defined contribution pension plans. Pension cost refers to the cost that affected the profit for the year. Of the Group pension costs, SEK 549 thousand (745) is attributable to the company CEO.

The pension premium for the CEO amounts to 30% of the pensionable salary. Pensionable salary refers to the base salary and variable remuneration. For other senior executives, the retirement age ranges between 55 and 65 years. The pension premium will amount to the premium levels of the collective agreement.

No pension commitments have been made for board members who do not have permanent employment in any Group company.

Severance pay

The company has no agreed severance pay.

7. OTHER OPERATING INCOME AND OTHER OPERATING EXPENSES

	2020	2019	2018
Other operating income			
Government grants	6,955	-	-
Currency exchange rate effects	1,295	-	-
Other operating income	1,062	118	231
Total	**9,312**	**118**	**231**

Other operating expenses

In its entirety, other operating expenses in 2020 (SEK 2,724 thousand) relate to currency exchange rate effects.

8. EXPENSES DIVIDED BY NATURE

	2020	2019	2018
Raw material and consumables	-214,775	-236,338	-165,232
Staff costs	-82,144	-86,405	-71,833
Consulting costs	-11,502	-14,627	-16,335
Real estate and energy costs	-9,123	-11,405	-11,989
Repairs and maintenance incl. working materials	-10,144	-14,586	-8,654
Depreciation on non-current assets	-12,770	-9,910	-8,236
Other costs	-23,562	-27,910	-19,809
Total operating expenses	**-364,019**	**-401,181**	**-302,088**

9. FINANCIAL INCOME AND FINANCIAL EXPENSES

	2020	2019	2018
Interest income	1	8	1
Total financial income	**1**	**8**	**1**
Interest expenses bank loans	12,886	2,665	1,698
Interest expenses lease liabilities	120	144	86
Other debt-related costs	2,261	-	1,600
Total financial expenses	**15,267**	**2,809**	**3,384**
Net finance costs	**15,266**	**2,809**	**3,384**

Interest income and interest expenses refer to financial assets and liabilities reported at amortised cost.

10. INCOME TAX

	2020	2019	2018
Tax for the year			
Current tax on profit/loss for the year	8,207	7,648	1,481
Adjustment of tax attributable to prior years	-189	-	137
Deferred tax	4,062	953	2,780
Total	**12,080**	**8,601**	**4,398**

The income tax on Group profit/loss before tax differs from the theoretical amount that would have emerged when using the Swedish tax rate for the profit/loss of the consolidated companies as follows:

Effective tax reconciliation	2020	2019	2018
Profit/loss before tax	**45,017**	**40,624**	**18,293**
Income tax calculated in accordance with tax rate in Sweden (2020: 21.4%, 2019: 21.4%, 2018: 22%) for 2021 the tax rate will be 20.6%.	9,634	8,694	4,024
Tax effects of:			
Non-deductible espenses	48	38	56
Non-deductible interest	2,786	-	-
Adjustment of tax attributatble to prior years	-189	-	99
Other items	-37	-1	94
Previously non-capitalised loss carried forward	-162	-130	125
Income tax	**12,080**	**8,601**	**4,398**

The Group tax expense corresponds to an effective tax rate of 27 percent (2019: 21 percent, 2018: 24 percent).

11. CURRENCY EXCHANGE GAINS OR LOSSES - NET

Currency exchange gains or losses have been reported in the statement of comprehensive income as follows:

	2020	2019	2018
Cost of goods sold	-	-2,037	-1,267
Other operating income (Note 7)	1,295	-	-
Other operating expenses (Note 7)	-2 724	-	-
Total	**-1,429**	**-2,037**	**-1,267**

12 . EARNINGS PER SHARE

	2020	2019	2018
SEK			
Earnings per share before and after dilution	17,61	17,12	7,43
Earnings metric used in the calculation of earnings per share			
The profit/loss for the period attributable to parent company eqity holders used in calculation of earnings per share before and after dilution	32,937	32,023	13,895
Number (pcs.)	**1,870,000**	**1,870,000**	**1,870,000**
Weighted average number of ordinary shares in calculation of earnings per share before and after dilution	1,870,000	1,870,000	1,870,000

13. GROUP COMPANIES

The Group had the following subsidiaries on 31 December 2020:

Name	Country of registration and operations	Operations	Share of ordinary shares directly owned by the parent company (%)	Share of ordinary shares owned by Group (%)
Permascand Middle Holding AB	Sweden	Holding company with bank loans	100	
Permascand Holding AB	Sweden	Holding company		100
Permascand Group AB	Sweden	Holding company		100
Permascand AB	Sweden	Operating company in which Permascand operations are conducted		100
Permascand Ltd	Canada	Sales company on behalf of Permascand AB		100

14. INTANGIBLE ASSETS

	Goodwill	Capitalised expenditure for development	Construction in progress for intangible non-current assets	Total
As at 1 January 2018				
Accumulated cost	55,540	7,701	-	63,241
Accumulated amortisation and impairment losses	-	-1,039	-	-1,039
Carrying amount	**55,540**	**6,662**	**-**	**62,202**
For the year ended 2018				
Opening carrying amount	55,540	6,662	-	62,202
Acquisitions for the year	-	431	-	431
Amortisation for the year	-	-260	-	-260
Closing carrying amount	**55,540**	**6,833**	**-**	**62,373**
As at 31 December 2018				
Accumulated cost	55,540	8,132	-	63,672
Accumulated amortisation and impairment losses	-	-1,299	-	-1,299
Carrying amount	**55,540**	**6,833**	**-**	**62,373**
For the year ended 2019				
Opening carrying amount	55,540	6,833	-	62,373
Acquisitions for the year	-	764	-	764
Amortisation for the year	-	-35	-	-35
Closing carrying amount	**55,540**	**7,562**	**-**	**63,102**
As at 31 December 2019				
Accumulated cost	55,540	8,896	-	64,436
Accumulated amortisation and impairment losses	-	-1,334	-	-1,334
Carrying amount	**55,540**	**7,562**		**63,102**
For the year ended 2020				
Opening carrying amount	55,540	7,562	-	63,102
Acquisitions for the year	-	385	4,398	4,783
Amortisation for the year	-	-91	-	-91
Closing carrying amount	**55,540**	**7,855**	**4,398**	**67,794**
As at 31 December 2020				
Accumulated cost	55,540	9,281	4,398	69,219
Accumulated amortisation and impairment losses	-	-1,425	-	-1,425
Carrying amount	**55,540**	**7,856**	**4,398**	**67,794**

Impairment testing of goodwill

The company CEO assesses the performance of the business based on the three business segments for the Group; Water Treatment, Industrial Solutions and Electrification & Renewables. Goodwill is monitored by the CEO at business segment level. Below is a summary of goodwill distributed across each business segment.

Goodwill	31/12/2020	31/12/2019	31/12/2018	01/01/2018
Water Treatment	27,770	27,770	27,770	27,770
Industrial Solutions	22,216	22,216	22,216	22,216
Electrification & Renewables	5,554	5,554	5,554	5,554
Total	**55,540**	**55,540**	**55,540**	**55,540**

The recoverable amount for goodwill has been determined based on calculations of value in use. The CEO has assessed that growth in turnover, EBITDA margin, discount rate and long-term growth are the most important assumptions in impairment testing. Calculations of value in use are based on estimated future pre-tax cash flows based on financial budgets approved by management and covering a five-year period. The calculation is based on the experience of the CEO and historical data regarding revenue growth and EBITA-margin. The long-term sustainable growth rate for the business segments has been assessed on the basis of industry forecasts.

In accordance with the above, for each business segment to which a significant amount has been allocated for goodwill, the significant assumptions, long-term growth rate and discount rate used when the value in use is calculated are stated below.

Key assumptions used for calculations of value in use:

Water Treatment	31/12/2020	31/12/2019	31/12/2018	01/01/2018
Pre-tax discount rate*	11.6%	11.5%	10.9%	11.5%
Long-term growth rate**	2%	2%	2%	2%

Industrial Solutions	31/12/2020	31/12/2019	31/12/2018	01/01/2018
Pre-tax discount rate*	11.8%	11.3%	11.0%	11.7%
Long-term growth rate**	2%	2%	2%	2%

Electrification & Renewables	31/12/2020	31/12/2019	31/12/2018	01/01/2018
Pre-tax discount rate*	11.6%	11.4%	10.9%	11.6%
Long-term growth rate**	2%	2%	2%	2%

*Pre-tax discount rate used in the present value computation of estimated future cash flows.
**Weighted average growth rate used to extrapolate cash flows beyond the budget period.

The most significant assumptions, aside from the discount rate and long-term growth, are EBITDA margin and growth in turnover. No reasonable adjustments to assumptions in impairment testing indicate a need for impairment.

15. TANGIBLE NON-CURRENT ASSETS

	Buildings and land	Plant and machinery	Equipment, tools, fixtures and fittings	Construction in progress and advance payments for tangible non-current assets	Total
As at 1 January 2018					
Accumulated cost	22,441	81,356	61,429	-	**165,226**
Accumulated depreciation	-18,001	-76,137	-38,596	-	**-132,734**
Carrying amount	**4,440**	**5,219**	**22,833**	**-**	**32,492**
For the year ended 2018					
Opening carrying amount	4,440	5,219	22,833	-	**32,492**
Acquisitions for the year	8,406	3,472	7,585	4,211	**23,674**
Reclassifications	2,036	-	257	-	**2,293**
Divestments and disposals	-103	-398	-2,004	-	**-2,505**
Depreciation for the year	-903	-1,409	-5,204	-	**-7,516**
Reclassifications for the year	-2,104	-	-262	-	**-2,366**
Divestments and disposals	70	184	2,004	-	**2,258**
Closing carrying amount	**11,842**	**7,068**	**25,209**	**4,211**	**48,330**
As at 31 December 2018					
Accumulated cost	32,780	84,430	67,267	4,211	**188,688**
Accumulated depreciation	-20,938	-77,362	-42,058	-	**-140,358**
Carrying amount	**11,842**	**7,068**	**25,209**	**4,211**	**48,330**
For the year ended 2019					
Opening carrying amount	11,842	7,068	25,209	4,211	**48,330**
Acquisitions for the year	5,078	29,339	3,376	45,047	**82,840**
Reclassifications	56	-	1,935	-4,211	**-2,220**
Divestments and disposals	-	-491	-	-	**-491**
Depreciation for the year	-1,315	-2,171	-6,382	-	**-9,868**
Reclassifications for the year	-	-1,990	263	-	**-1,727**
Divestments and disposals	-	491	-	-	**491**
Closing carrying amount	**15,661**	**32,246**	**24,402**	**45,047**	**117,356**
As at 31 December 2019					
Accumulated cost	37,914	113,278	72,578	45,047	**268,817**
Accumulated depreciation	-22,253	-81,032	-48,177	-	**-151,462**
Carrying amount	**15,661**	**32,246**	**24,402**	**45,047**	**117,356**
For the year ended 2020					
Opening amount amount	15,661	32,246	24,402	45,047	**117,356**
Acquisitions for the year	316	327	301	38,124	**39,066**
Reclassifications	33,416	47,465	1,405	-82,286	**-**
Divestments and disposals	-	-786	-4	-	**-790**
Depreciation for the year	-1,874	-5,255	-5,550	-	**-12,679**
Closing carrying amount	**47,520**	**73,998**	**20,553**	**883**	**142,954**
As at 31 December 2020					
Accumulated cost	71,647	160,284	74,281	883	**307,095**
Accumulated depreciation	-24,127	-86,287	-53,727	-	**-164,141**
Carrying amount	**47,520**	**73,998**	**20,553**	**883**	**142,954**

The column for Buildings and land includes SEK 277 thousand (2019: 277 thousand; 2018: 277 thousand) relating to book value of land.

16. LEASE AGREEMENTS

The statement of comprehensive income shows the following amounts related to leases agreements:

	2020	2019	2018
Depreciation of right-of-use assets:			
Premises	419	561	390
Cars	619	536	362
Trucks	541	541	176
Total	**1,579**	**1,638**	**928**
Interest expenses (included in financial expenses)	120	153	86
Expenses attributable to lease agreements for which the underlying asset is of low value, which are not short-term lease agreements.	974	732	568

Group lease agreements relate primarily to premises, cars, trucks. There are no additional contracted investments regarding right-of-use assets at the end of the reporting period that have not yet been reported in the financial statements. No extension options or termination options are contracted. The Group has no significant short-term lease agreements.

The cost of variable leasing fees (re-invoiced property tax) has not been included in the calculation.

The total cash flow relating to lease agreements was SEK 1,583 thousand (2019: SEK 1,644 thousand; 2018: SEK 538 thousand).

Maturity analysis for lease liabilities is presented in Note 3.

	Land and buildings	Machinery	Vehicles	Total
As at 1 January 2018				
Accumulated cost	1,305	-	450	1,754
Carrying amount	**1,305**	**-**	**450**	**1,754**
For the year ended 2018				
Opening carrying amount	1,305	-	450	1,754
Acquisitions for the year	335	3,244	218	3,798
Depreciation for the year	-390	-176	-362	-928
Closing carrying amount	**1,250**	**3,068**	**306**	**4,624**
As at 31 December 2018				
Accumulated cost	1,640	3,244	668	5,552
Accumulated depreciation	-390	-176	-362	-928
Carrying amount	**1,250**	**3,068**	**306**	**4,624**
For the year ended 2019				
Opening carrying amount	1,250	3,068	306	4,624
Acquisitions for the year	-	-	1,225	1,225
Depreciation for the year	-561	-541	-537	-1,639
Closing carrying amount	**689**	**2,527**	**994**	**4,210**
As at 31 December 2019				
Accumulated cost	1,640	3,244	1,893	6,777
Accumulated depreciation	-951	-717	-899	-2,567
Carrying amount	**689**	**2,527**	**994**	**4,210**
For the year ended 2020				
Opening carrying amount	689	2,527	994	4,210
Acquisitions for the year	-	-	304	304
Depreciation for the year	-419	-541	-619	-1,579
Closing carrying amount	**270**	**1,986**	**679**	**2,935**
As at 31 December 2020				
Accumulated cost	1,640	3,244	2,197	7,081
Accumulated depreciation	-1,370	-1,258	-1,518	-4,146
Carrying amount	**270**	**1,986**	**679**	**2,935**

17. OTHER LONG-TERM RECEIVABLES

	31/12/2020	31/12/2019	31/12/2018	01/01/2018
Opening value	110	110	110	110
Change over the year	-	-	-	-
Closing value	110	110	110	110

Other long-term receivables are valued at amortised cost.

18. FINANCIAL ASSETS AND LIABILITIES

01/01/2018	Fair value - hedging instrument	Financial assets measured at amortised cost	Total
Assets on the balance sheet			
Other long-term receivables	-	110	110
Trade receivables	-	39,782	39,782
Cash and cash equivalents	-	1,315	1,315
Total	**-**	**41,207**	**41,207**

01/01/2018	Fair value - hedging instrument	Financial liabilities measured at amortised cost	Total
Liabilities on the balance sheet			
Liabilities to credit institutions (non-current and current)	-	5,683	5,683
Trade payables	-	24,907	24,907
Total	**-**	**30,590**	**30,590**

31/12/2018	Fair value - hedging instrument	Financial assets measured at amortised cost	Total
Assets on the balance sheet			
Other long-term receivables	-	110	110
Trade receivables	-	76,857	76,857
Cash and cash equivalents	-	1,026	1,026
Total	**-**	**77,993**	**77,993**

31/12/2018	Fair value - hedging instrument	Financial liabilities measured at amortised cost	Total
Liabilities on the balance sheet			
Liabilities to credit institutions (non-current and current)	-	40,674	40,674
Trade payables	-	39,886	39,886
Total	**-**	**80,560**	**80,560**

31/12/2019	Fair value - hedging instrument	Financial assets measured at amortised cost	Total
Assets on the balance sheet			
Other long-term receivables	-	110	110
Trade receivables	-	75,438	75,438
Cash and cash equivalents	-	26,790	26,790
Total	**-**	**102,338**	**102,338**

31/12/2019	Fair value - hedging instrument	Financial liabilities measured at amortised cost	Total
Liabilities on the balance sheet			
Liabilities to credit institutions (non-current and current)	-	303,377	303,377
Trade payables	-	42,691	42,691
Total	**-**	**346,068**	**346,068**

31/12/2020	Fair value - hedging instrument	Financial assets measured at amortised cost	Total
Assets on the balance sheet			
Other long-term receivables	-	110	110
Trade receivables	-	65,023	65,023
Derivatives	792	-	792
Cash and cash equivalents	-	19,182	19,182
Total	**792**	**100,420**	**101,212**

31/12/2020	Fair value - hedging instrument	Financial liabilities measured at amortised cost	Total
Liabilities on the balance sheet			
Liabilities to credit institutions (non-current and current)	-	286,920	286,920
Trade payables	-	26,258	26,258
Total	**-**	**402,916**	**402,916**

In addition to the financial instruments listed in the tables (above), the Group has financial liabilities in the form of lease liabilities, which are reported and valued in accordance with IFRS 16.

19. TRADE RECEIVABLES AND WORK COMPLETED NOT BILLED

	31/12/2020	31/12/2019	31/12/2018	01/01/2018
Trade receivables and work completed not billed	78,506	76,329	77,234	40,153
Minus: provisions for expected credit losses	-23	-891	-377	-371
Trade receivables - net	**78,483**	**75,438**	**76,857**	**39,782**

The Group has not had any confirmed credit losses during the past year. The fair value of trade receivables are equivalent to their carrying value, as the discount effect is not significant.

No trade receivables have been provided as collateral for any debt.

20. SHARE CAPITAL AND OTHER CONTRIBUTED CAPITAL

	Number of shares (pcs.)	Share capital	Other contributed capital
As at 1 January 2018	**1,870,000**	**1,870**	**184,700**
As at 31 December 2018	**1,870,000**	**1,870**	**184,700**
Formation of parent company	50,000	50	
Withdrawal of shares	-50,000	-50	
Non-cash issue	1,870,000	1,870	478,130
Adjustment for previous parent company shares of the Group	-1,870,000	-1,870	
As at 31 December 2019	**1,870,000**	**1,870**	**662,830**
As at 31 December 2020	**1,870,000**	**1,870**	**662,830**

During 2018-2020, the share capital consists of 1,630,000 class A shares and 240,000 class B shares, both A and B shares with a quota value of SEK 1. Both Class A shares and Class B shares correspond to 1 vote.

Shares of series A may be issued up to an amount that in total corresponds to the entire share capital and shares of series B may be issued up to a total amount which represents 12 percent of the share capital.

In the event of new issue of shares of the two series, series A and series B, through a cash issue or by way of set-off, owners of shares of series A and shares of series B shares shall enjoy preemption rights to subscribe for new shares of the same class pro rata to the number of shares previously held by them (primary pre-emption right). Shares which are not subscribed for pursuant to the primary pre-emption rights shall be offered to all shareholders (secondary preemption right).

If the entire number of shares subscribed pursuant to the secondary preemption right cannot be issued, the shares shall be allocated between the subscribers pro rata to the number of shares previously held and, to the extent such allocation cannot be effected, by the drawing of lots.

In the event of new issue of shares of one class only through a cash issue or by way of set-off, all shareholders shall, irrespective of whether their shares are shares of series A or shares of series B, enjoy pre-emption rights to subscribe for new shares pro rata to the number of shares previously held by them.

The above shall not limit the right to resolve upon a cash issue or upon an issue with set-off payment, with deviation from the shareholders' preferential rights.

In the event of new issue of warrants or convertible debentures through a cash issue or by way of set-off, the shareholders shall enjoy pre-emption rights to subscribe for warrants as if the issue concerned such shares which can be subscribed for by reason of the warrants, or preemption rights to subscribe for convertible debentures as if the issue concerned such shares into which the debentures can be converted.

In the event of a bonus issue, new shares of each class shall be issued pro rata to the number of shares of the same class previously issued. In this connection, the owners of old shares of a certain class shall have pre-emption rights to new shares of the same class. This shall not restrict the possibility of issuing new shares of a new class by means of a bonus issue, following the required amendment to the articles of association.

All shares issued by the parent company are fully paid.

In December 2019, a restructure and refinancing of the Permascand Group was carried out. The owner of the Permascand Group formed two new companies - Permascand Top Holding AB and Permascand Middle Holding AB -which acquired the shares in Permascand Holding AB. The acquisition was financed by a loan and a non-cash issue was executed.

As the same owner has control over the Permascand Group before and after the restructure, the transaction was deemed not to be a business combination but a restructure. This means that so-called "predecessor accounting" has been applied instead, which is why there was no revaluation done of the Permascand Group assets and liabilities at fair value and why no goodwill was reported. The effect that has been reported against equity is the purchase price reduced by the share capital of SEK 1,870 thousand. In summary, the reporting of the transaction as an intra-group restructure means that Permascand Top Holding AB borrowed SEK 220 million to finance the transaction, as well as the execution of a non-cash issue of SEK 480 million. In terms of accounting, there were no new assets or liabilities added to the Group, so the purchase price of SEK 700 million is reported as a reduction in equity.

The Board of Directors proposes that the Annual General Meeting decide that no dividend is paid for 2020, retained earnings including the profit/loss for this year are carried forward.

21. CASH AND CASH EQUIVALENTS

	31/12/2020	31/12/2019	31/12/2018	01/01/2018
Bank funds	19,182	26,790	1,026	1,315
Total	**19,182**	**26,790**	**1,026**	**1,315**

22. BORROWING

	31/12/2020	31/12/2019	31/12/2018	01/01/2018
Long-term loans with pledged assets				
Liabilities to credit institutions (bank loans)	263,108	266,969	19,000	-
Bank overdraft facility	17,092	27,035	21,674	5,683
Lease liabilities	1,664	2,544	3,145	1,005
Total loans with pledged assets	**281,864**	**296,548**	**43,819**	**6,688**
Short-term loans with pledged assets				
Liabilities to credit institutions (bank loans) capital expenditure (capex)	6,720	9,373	-	-
Lease liabilities	1,247	1,451	1,385	687
Total short-term loans with pledged assets	**7,967**	**10,824**	**1,385**	**687**
Total borrowing	**289,831**	**307,372**	**45,204**	**7,375**

Liabilities to credit institutions in the form of the Facilities Agreement were raised in November 2019 and mature in September 2023. The facility consists of a bank loan and a so-called capex loan, as well as an overdraft facility. The respective interest rates for the bank loans are 3.75% and 4.25% of margin surcharge on STIBOR per year (during 2018 and 2019 (until November), the company had liabilities in the form of overdraft facilities and capex loans). Capex loans are subject to variable interest rates of 4% margin surcharge on STIBOR. Group borrowing is in SEK.

Short-term borrowing

Liabilities to credit institutions that have been classified as short-term refer to the part of the loan that does not have an unconditional right to defer payment of the debt for at least 12 months after the end of the reporting period. Utilised part of the overdraft facility includes short-term borrowing.

For liabilities to credit institutions, collateral is pledged in the form of shares in subsidiaries, corporate mortgages and property mortgages. For further information, see Note 26.

Bank overdraft facility

The Group has an approved bank overdraft facility in SEK of SEK 50,000 thousand, which was renegotiated in November 2019.

Change in interest-bearing liabilities

	2020	2019	2018
Per 1 January	**307,372**	**45,204**	**7,375**
Cash flow	-16,882	260,905	34,456
Change in accrued borrowing costs	1,158	153	-
Change in lease liabilities	499	1,109	3,375
Reclassification	-2,316	-	-
Per 31 December	**289,831**	**307,372**	**45,204**

23. DEFERRED TAX

Deferred tax assets/liabilities are distributed as follows:

Deferred tax assets	Right-of-use assets/ Lease liabilities	Total
As at 1 January 2018	**-**	**-**
Reported in statement of comprehensive income	19	19
As at 31 December 2018	**19**	**19**
Reported in statement of comprehensive income	25	25
As at 31 December 2019	**44**	**44**
Reported in statement of comprehensive income	-39	-39
As at 31 December 2020	**5**	**5**

Deferred tax liabilities	Tangible non-current assets	Current receivables	Total
As at 1 January 2018	**1,362**	**-**	**1,362**
Reported in statement of comprehensive income	2,761	-	2,761
As at 31 December 2018	**4,123**	**-**	**4,123**
Reported in statement of comprehensive income	928	-	928
As at 31 December 2019	**5,051**	**-**	**5,051**
Reported in statement of comprehensive income	2,695	1,491	4,062
As at 31 December 2020	**7,746**	**1,491**	**9,237**

24. CONTRACTUAL LIABILITIES

	31/12/2020	31/12/2019	31/12/2018	01/01/2018
Advances from customer	18,115	12,438	24,169	11,202
Invoiced revenue not accrued	49,500	41,191	25,348	,-
Total	**67,615**	**53,629**	**49,518**	**11,202**

Of the SEK 53,629 thousand reported as contractual liabilities as at 31 December 2019, SEK 12,438 thousand is reported as revenue in 2020 (2019: SEK 24,169 thousand, 2018:SEK 11,202 thousand).

25. ACCRUED EXPENSES AND PREPAID REVENUE

	31/12/2020	31/12/2019	31/12/2018	01/01/2018
Accrued staff costs	15,644	11,734	11,288	9,244
Other items	3,730	395	-42	585
Total	**19,374**	**12,129**	**11,246**	**9,829**

26. PLEDGED ASSETS

	31/12/2020	31/12/2019	31/12/2018	01/01/2018
Property mortgage	15,400	15,400	15,400	5,000
Company mortgage	48,500	48,500	48,500	28,500
Total	**63,900**	**63,900**	**63,900**	**33,500**

In addition to the above mortgages, the shares in Permascand Middle Holding AB 559227-6116 which have a negative value and shares in other subsidiaries in the group are pledged as collateral for the external borrowing and there are thus restrictions in relation to divestment of holdings.

27. CONTINGENT LIABILITIES

	31/12/2020	31/12/2019	31/12/2018	01/01/2018
Contingent liabilities	none	none	none	none
Total	**none**	**none**	**none**	**none**

28. RELATED PARTY TRANSACTIONS

The following related party transactions have been made:

Purchase of services	**2020**	**2019**	**2018**
Ingar Jensen	-	133	150
Mario Houde	14	115	247
Total	**14**	**248**	**397**

In addition to board fees, board member Mario Houde has received compensation for consulting assignments with regard to Industrial Solutions for the North American market during the period from 2018-2020. In addition to board fees, board member Ingar Jensen has received consulting fees for Group operations during the period from 2018-2019.

The Group has no receivables or liabilities to related parties on the balance sheet date.

Salaries and other short-term remuneration to key persons in senior positions amount to SEK 6,985 (7,415) thousand. Pension costs for persons in this group amount to SEK 2,167 (2,241) thousand.

29. EFFECTS OF THE TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

This is the first consolidated financial statements that the Permascand group is publishing in accordance with IFRS. The accounting principles set out in Note 1 have been applied when the consolidated financial statements for the Permascand group were prepared for the 2020 financial year and for the comparative years 2019 and 2018, as well as in the preparation of the statement on financial position for the period (opening balance sheet) as at 1 January 2018 (the date of the Group transition to IFRS). In accordance with IFRS 1, the Group must show a reconciliation of equity and total comprehensive income recognised in accordance with previous accounting principles for previous periods with equivalent items under IFRS.

In 2019, there was a restructure within the Permascand group. Restructuring has meant that Permascand Top Holding AB (559227-6127) acquired Permascand Middle Holding AB (559227-6116) via Permascand Holding AB (559011-1240). This transaction has not changed the ownership structure. This means that the transaction is regarded as a transaction between two parties that are under common control. The transitional bridge below therefore represents the balance sheet and profit and loss statement for Permascand Holding AB. For further information regarding the transaction, see Note 22.

Choices made in connection with establishment of the opening balance for accounting in accordance with IFRS

The first time IFRS is applied to consolidated financial statements, accounting is to be done in accordance with IFRS 1 First-time Adoption of International Financial Reporting Standards. The general rule is that all applicable IFRS and IAS standards that come into effect and are approved by the EU must be applied with retroactive effect. However, IFRS 1 contains transitional provisions that give companies a certain choice of options.

In the exemptions from full retroactive application that are permitted under IFRS, the Group has chosen to apply exemptions for business combinations when preparing the opening balance:

Exemptions for business combinations

The IFRS 1 standard, which regulates how a transition to IFRS should be done, offers the option of applying the principles in the IFRS 3 standard, Business Combinations, either from the date of transition to IFRS or from a specific time before the date of transition to IFRS. This provides relief from a full retroactive application that would require the recalculation of all business combinations before the date of transition to IFRS. The Group has chosen to apply the exemption in IFRS 3 and has therefore not recalculated the acquisitions that took place before the date of transition 01/01/2018.

Statement of cash flow

In accordance with IFRS 16, the lease payment is in two parts - one part relates to lease liability amortisation and the other to an interest component. Lease liability amortisation affects financing activities while interest costs will be charged to the operating activities. As the initial recognition of the right-of-use asset and the lease liability do not affect cash flow, they are eliminated from the cash flow.

Reconciliation between previously applied accounting principles and IFRS

In accordance with IFRS 1, the Group will present a reconciliation between equity and total comprehensive income, reported in accordance with previously applied accounting principles and equity and total comprehensive income in accordance with IFRS. The transition of the Group to accounting in accordance with IFRS has not had any impact on the total cash flows from operating activities, investing activities or financing activities. The tables below presents the reconciliation between previously applied accounting principles and IFRS for each period for equity and total comprehensive income.

Reconciliation of equity as of January 1, 2018 (transition date) and as of December 31, 2018 and December 31, 2019:

	1 January 2018				31 December 2018				31 December 2019			
SEK THOUSANDS	**Notes**	**In accordance with previous accounting principles**	**Total effect of transition to IFRS**	**In accordance with IFRS**	**Notes**	**In accordance with previous accounting principles**	**Total effect of transition to IFRS**	**In accordance with IFRS**	**Notes**	**In accordance with previous accounting principles**	**Total effect of transition to IFRS**	**In accordance with IFRS**
ASSETS												
Non-current assets												
Intangible non-current assets												
Goodwill	b)	55,540	-	55,540	b)	33,923	21,617	55,540	b)	11,396	44,144	55,540
Capitalised expenditure for development and similar work		6,661	-	6,661		6,833	-	6,833		7,562	-	7,562
Tangible non-current assets												
Buildings and land		4,440	-	4,440		11,842	-	11,842		15,661	-	15,661
Plant and machinery		5,219	0	5,219		7,068	0	7,068		32,246	-	32,246
Equipment, tools, fixtures and fittings		22,833	0	22,833		25,209	0	25,209		24,402	-	24,402
Construction in progress and advance payments for tangible non-current assets		-	-	-		4,211	-	4,211		45,047	-	45,047
Right-of-use assets	a)	-	1,754	1,754	a)	-	4,624	4,624	a)	-	4,210	4,210
Financial assets												
Other long-term receivables		110	-	110		110	-	110		110	-	110
Deferred tax assets		-	-	-	a)	-	19	19	a)	-	44	44
Current assets												
Inventories												
Raw materials and consumables		28,184	-	28,184		69,938	-	69,938		78,223	-	78,223
Goods under manufacture		10,378	-	10,378		19,706	-	19,706		9,801	-	9,801
Current receivables												
Trade receivables		39,782	-	39,782		76,857	-	76,857		75,438	-	75,438
Current tax assets		-	-	0		1,287	-	1,287		0	-	0
Other receivables		4,021	-	4,021		5,017	-	5,017		5,068	-	5,068
Prepaid expenses and accrued income	a)	1,410	-63	1,347	a)	2,023	-131	1,892	a) c) e)	8,511	-7,148	1,364
Cash and cash equivalents		1,315	-	1,315		1,026	-	1,026	e)	26,790	-	26,790
Total assets		**179,893**	**1,692**	**181,585**		**265,050**	**26,128**	**291,178**		**340,255**	**41,250**	**381,506**

SEK THOUSANDS	1 January 2018 Notes	In accordance with previous accounting principles	Total effect of transition to IFRS	In accor-dance with IFRS	31 December 2018 Notes	In accordance with previous accounting principles	Total effect of transition to IFRS	In accor-dance with IFRS	31 December 2019 Notes	In accordance with previous accounting principles	Total effect of transition to IFRS	In accor-dance with IFRS
EQUITY AND LIABILITIES												
Equity												
Share capital		1,870	-	1,870		1,870	-	1,870		1,870	-	1,870
Other contributed capital		184,700	-	184,700		184,700	-	184,700		184,700	-	184,700
Acquisition reserve		-	-	-		-	-	-		-	-	-
Reserves		-	-	-		-	-	-		42	-	42
Retained earnings including profit/loss for the year	a), b)	-62,094	-	-62,094	a) b)	-69,797	21,598	-48,199	a) b) e)	-280,304	44,127	-236,177
Total equity		**124,476**	**-**	**124,476**		**116,773**	**21,598**	**138,371**		**-93,692**	**44,127**	**-49,564**
Non-current liabilities												
Liabilities to credit institutions		5,683	-	5,683		40,674	-	40,674	e)	300,876	-6,872	294,004
Deferred tax liabilities	a)	1,362	-	1,362	a)	4,123	-	4,123	a)	5,051	-	5,051
Lease liabilities	a)	-	1,005	1,005	a)	-	3,145	3,145	a)	-	2,544	2,544
Current liabilities												
Lease liabilities	a)	-	687	687	a)	-	1,385	1,385	a)	-	1,451	1,451
Liabilities to credit institutions		-	-	-		-	-	-		9,373	-	9,373
Advances from customers		11,202	-	11,202		24,169	-	24,169		12,438	-	12,438
Trade payables		24,907	-	24,907		39,886	-	39,886		42,691	-	42,691
Current tax liabilities		-	-	-		-	-	-		6,621	-	6,621
Other liabilities		2,434	-	2,434		2,830	-	2,830		3,577	-	3,577
Invoiced revenue not accrued		-	-	-		25,349	-	25,349		41,191	-	41,191
Accrued expenses and prepaid income		9,829	-	9,829		11,246	-	11,246		12,129	-	12,129
Total equity and liabilities		**179,893**	**1,692**	**181,585**		**265,050**	**26,128**	**291,178**		**340,255**	**41,250**	**381,506**

SEK THOUSANDS	2018 Notes	Statement of comprehensive income (in accor-dance with previous accounting principles)	Total effect of transition to IFRS	In accor-dance with IFRS	2019 Notes	Statement of comprehensive income (in accor-dance with previous accounting principles)	Total effect of transition to IFRS	In accor-dance with IFRS
Net sales		323,533	-	323,533		444,488	-	444,488
Cost of goods sold	e)	-241,272	-	-241,272	e) f)	-337,125	-	-337,125
Gross profit/loss		**82,261**	**-**	**82,261**		**107,363**	**-**	**107,363**
Selling expenses		-21,779	-	-21,779		-23,785	-	-23,785
Administrative expenses	a) e) f)	-27,766	48	-27,718	a) e) f)	-28,187	130	-28,057
Research and development expenses		-11,202	-	-11,202		-12,214	-	-12,214
Other operating income		231	-	231		118	-	118
Other operating expenses	b) e)	-21,734	21,617	-117	b) e)	-22,527	22,527	-
Operating profit/loss		**11**	**21,665**	**21,676**		**20,768**	**22,657**	**43,425**
Financial income		1	-	1		8	-	8
Financial expenses	a)	-3,298	-86	-3,384	a) e) f)	-2,656	-153	-2,809
Net finance costs		**-3,297**	**-86**	**-3,383**		**-2,648**	**-153**	**-2,801**
Profit/loss before tax		**-3,286**	**21,579**	**18,293**		**18,120**	**22,504**	**40,624**
Taxes	a)	-4,417	19	-4,398	a)	-8,626	25	-8,601
Profit/loss for the year		**-7,703**	**21,598**	**13,895**		**9,494**	**22,529**	**32,023**
Other comprehensive income								
Items that are or may be reclassified subsequently to profit and loss								
Translation differences on foreign subsidiaries	d)	-	-	-	d)	-	42	42
Total other comprehensive income for the year		**-**	**-**	**-**		**-**	**42**	**42**
Total comprehensive profit/loss for the year		**-7,703**	**21,598**	**13,895**		**9,494**	**22,571**	**32,065**

a) Leasing

When IFRS 16 was adopted for the first time, the Group used the following practical solutions that are permitted under IFRS 1:

- Rights of use assets have been measured at the value of the lease liability, with adjustment for prepayments attributable to the agreement as at 1 January 2018.
- The same discount rate has been used on leasing portfolios with similar characteristics.
- Lease agreements of lower value have not been included in the lease liability.

The following items on the balance sheet and in the statement of comprehensive income have been affected by the application of IFRS 16:

	Right-of-use assets	Prepaid expenses and accrued income	Long-term lease liability	Short-term lease liability	Deferred tax asset	Equity
Total impact 01/01/2018	**1,754**	**-63**	**-1,005**	**-687**		
Change 2018	2,869	-68	-2,140	-699	19	-19
Total impact 31/12/2018	**4,624**	**-131**	**-3,145**	**-1,385**	**19**	**-19**
Change 2019	-414	-144	601	-65	25	2
Total impact 31/12/2019	**4,210**	**-275**	**-2,544**	**-1,451**	**44**	**-17**

2018	Statement of comprehensive income in accordance with previous accounting principles	Statement of comprehensive income in accordance with IFRS	Total impact on the statement of comprehensive income
Administrative expenses	-27,766	-27,718	48
Financial expenses	-3,298	-3,384	-86
Income tax	-4,417	-4,398	19
Total	**-35,481**	**-35,500**	**-19**

2019	Statement of comprehensive income in accordance with previous accounting principles	Statement of comprehensive income in accordance with IFRS	Total impact on the statement of comprehensive income
Administrative expenses	-28,187	-28,057	130
Financial expenses	-2,656	-2,809	-153
Income tax	-8,626	-8,601	25
Total	**-39,469**	**-39,467**	**2**

The amounts for leases according to previous accounting principles is based on the recognitions of operating leases as lessee. According to IFRS 16 the expenses is depreciation of right-of use assets and interest expenses on the lease liabilities.

b) Goodwill

In the accounts in accordance with previously applied accounting principles, goodwill was amortised over the estimated useful life. Under IFRS, goodwill is not amortised but annual impairment testing is carried out instead. The annual impairment test conducted in accordance with IFRS as at 1 January 2018, 31 December 2018 and 31 December 2019 and has not indicated that there would be any need for goodwill impairment. As the Group has chosen not to recalculate acquisitions made before the date of transition to IFRS on 1 January 2018 in accordance with the exemption in IFRS 1, the amortisation on goodwill made under previously applied accounting principles is recovered from this date. See also e) below regarding transactions under common control. The table below presents the total impact on goodwill item as at 31 December 2018 and 31 December 2019:

Goodwill	As at 31 December 2018	As at 31 December 2019
Acquisition goodwill in accordance with previously applied accounting principles	**33,923**	**11,396**
Reversal of amortisation on acquisition goodwill	21,617	33,923
Total adjustment of acquisition goodwill	**21,617**	**33,923**
Total acquisition goodwill in accordance with IFRS	**55,540**	**55,540**

c) Financial instruments

Reclassification of transaction costs in connection with new credit facilities being raised in 2019. Total amount as at 31 December 2019, SEK 6,872 thousand, which was previously reported as a prepaid cost.

d) Translation differences

Effect relating to translation differences for foreign subsidiaries. Has previously been reported in equity in accordance with previous accounting principles. Equity is unaffected.

Translation differences	2018	2019
Translation difference on foreign subsidiaries	-	42
Total translation difference	**-**	**42**

e) Historical comparative figures and Transaction under common control

An intra-group restructure was carried out in 2019 when two new holding companies were formed, which in terms of accounting have been handled as a so-called "predecessor accounting", i.e. the historic consolidated financial statements presented in this report are covered by the Permascand Holding AB consolidated financial statements adjusted for the assets and liabilities of the new holding companies on the balance sheet date 31 December 2019. The comparative figures for prepaid expenses, cash and bank, equity and liabilities to credit institutions are therefore changed compared to the 2019 Annual Report for Permascand Holding.

The internal restructure did not change the ownership structure. This means that the transaction is regarded as a transaction between two parties that are under common control. See Note 20 for further information.

f) Adaptation of reporting format for historical periods

When changing the accounting principle, Permascand has adapted two items in previously reported amounts to correspond with the principle selected for classification of expenses. These adjustments are not a result of the conversion to IFRS. For 2018, depreciation of non-current assets SEK 8,236 thousand, which was previously included on the total for Administrative expenses has been moved to the line for Cost of goods sold. After this adjustment, the previously reported amount for Administrative expenses of SEK 36,002 thousand totals SEK 27,766 thousand. Amounts for Cost of goods sold total SEK 241,272 thousand from the previously reported SEK 233,036 thousand.

For 2019, the cost of Production OH, SEK 15,307 thousand, which was previously included in the Administrative expenses amount, has been moved to the Cost of goods sold row. After this adjustment, the previously reported amounts for Administrative expenses of SEK 43,485 thousand totals SEK 28,178 thousand. After adjustment. the amount for Cost of goods sold totals SEK 337,125 thousand, up from the previously reported SEK 321,818 thousand.

g) Effect on cash flow

Change of accounting principle has affected Group cash flow through depreciation on leases.

There are no other material differences between the statement of cash flows presented under IFRSs and the statement of cash flows presented under previous GAAP.

30. EVENTS AFTER THE END OF THE REPORTING PERIOD

On 22 January 2021, Permascand announced a non-adjusting event that the company would strengthen its position in hydrogen gas production by becoming a partner in the development of the Swedish Hydrogen Center, a new knowledge centre for electrolysis and renewable hydrogen. The esitmate of its financial effect cannot be made.

INDEPENDENT AUDITOR'S REPORT REGARDING HISTORICAL FINANCIAL INFORMATION

To the Board of Directors of Permascand Top Holding AB (publ), corporate identity number 559227-6124

REPORT ON THE CONSOLIDATED ACCOUNTS

Opinions

We have audited the consolidated accounts of Permascand Top Holding AB (publ) for the period of three years ended 31 December 2020. The consolidated accounts of the company are included on pages F-11 to F-41 in this document.

In our opinion, the consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 1 January 2018, 31 December 2018, 31 December 2019 and 31 December 2020 and their financial performance and cash flow for each of the three financial years ending the 31 December of 2020 in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act.

Basis for Opinions

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

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

Responsibilities of the Board of Directors and the Managing Director

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

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

Auditor's responsibility

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

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

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

to the date of our auditor's report. However, future events or conditions may cause a group to cease to continue as a going concern.

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

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

Stockholm 27 May 2021
KPMG AB

Helena Nilsson
Authorized Public Accountant

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PERMASCAND