

Permascand AB
Press Release
May 18, 2021

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Permascand intends to list the company's shares on Nasdaq First North Premier Growth Market

Permascand Top Holding AB (publ) ("Permascand" or the "Company"), an independent technology-driven manufacturer of electrochemical solutions, today announces the intention to conduct an offering of shares to the public in Sweden and to qualified investors in Sweden and internationally (the "Offering"). Permascand intends to list the Company's shares on Nasdaq First North Premier Growth Market in connection with the Offering (the "Listing"). The Offering is expected to consist of existing shares in the Company offered by certain shareholders and new shares issued by the Company. Nasdaq Stockholm AB has made the assessment that Permascand fulfils the applicable listing requirements, provided that certain customary conditions are fulfilled.

Permascand's board of directors and management, together with Norvestor VI, L.P. (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 markets 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 the Listing will increase awareness of the Company and its operations as well as enhance Permascand's profile with investors, business partners, customers, employees, and other important stakeholders.

Länsförsäkringar Fondförvaltning, RAM One AB on behalf of the investment funds RAM ONE and RAM Equity Long Short, and SEB Investment Management have, subject to certain conditions, undertaken to acquire shares in the Offering of up to SEK 275 million on a valuation of up to approximately SEK 2.0 billion (total value of all outstanding shares following the Offering).

Peter Lundström, CEO of Permascand

"During the last years, we have successfully developed our technology platform and adopted our product offering to capitalize on fast growing markets that are driven by the sustainability megatrend. We experience increased demand for our products, which is also being reflected in net sales that have more than doubled since 2015 from approximately SEK 200 million[1] to SEK 415 million in 2020. Permascand has great opportunity for continued growth, not least in technology for large-scale production of green hydrogen which is facing exponential growth driven by electrification and increased demand for sustainable energy. We are now looking forward to the next step in our development as a listed company, where we will continue to deliver profitable growth and create climate gains for our customers and communities."

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Per Lindberg, Chairman of the Board of Directors of Permascand

“With over 50 years of know-how in electrochemical solutions, in combination with significant investments made during recent years in automation and increased production capacity, Permascand is now well set for continuous profitable growth. The board’s assessment is that the company has reached a position where an IPO would strengthen Permascand’s opportunities to capitalize on the global transition towards sustainable technologies, with significant commercial growth opportunities in all business segments both in the short and long term.”

The Offering in brief

The Offering is expected to comprise a combination of existing shares in the Company offered by the Selling Shareholders[2], and new shares issued by the Company that are expected to provide Permascand with proceeds of approximately SEK 300 million, before deduction of costs related to the Offering. Permascand intends to use the net proceeds from the Offering to repay current outstanding debt to increase the Company’s financial flexibility in order to facilitate further growth.

In connection with the Offering the Company intends to refinance its current outstanding debt through new credit facilities in order to achieve more favourable terms as a result of an improved leverage ratio and that the Company will be listed after the Offering.

The shares will be offered to qualified investors in Sweden and internationally, as well as to the general public in Sweden.

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Full terms, conditions and instructions for the Offering will be included in the prospectus that will be prepared by the Company in connection with the Offering. The prospectus will be published on Permascand’s website, www.permascand.com.

About Permascand

Permascand is an independent technology-driven manufacturer 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. In an electrochemical process, chemical reactions occur when electricity is applied to a solution via electrodes. The Company’s catalytic coatings are applied to electrodes to optimise their conductivity, which means that less electricity is required for a desired chemical reaction to occur. As an example, Permascand’s products are used in the purification of ballast water, where electrolysis is used to produce an active substance that disinfects the water. The catalytic coating wears down over time and eventually needs to be re-applied, which constitutes an aftermarket for the Company’s products. In 2020, Permascand had net sales of SEK 415 million and achieved an adjusted operating profit of SEK 65 million.

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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 of the industry.

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

Electrification & Renewables: The business segment includes electrodes and electrochemical cells adapted for specific applications, such as alkaline water electrolysis for the production of green hydrogen gas, extraction of lithium hydroxide, energy transmission and electrowinning.

Industrial Solutions: The business segment primarily include production to customers within the chemical industry. The applications in the segment enables customers to reduce their energy consumption and include electrodes, chlorate and chloralkali process systems for greenfield and brownfield plants, and recoating of installed applications.

Water Treatment: The business segment includes a proprietary technology of electrochlorination cells primarily used to clean ship ballast water (BWTS) and other water purification applications.

Strengths and competitive advantages

- Well positioned for growth with fast-growing markets driven by sustainability megatrends, for example green hydrogen
- Primary customer-funded research and development creates 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 high cash flow generation and good margins

Financial Targets

- Permascand's goal over the medium term is to achieve average organic growth of at least 25 percent per year
- Permascand's goal over the medium term is to deliver an EBIT margin of more than 25 percent
- Permascand's net debt in relation to EBITDA^[3] of up to 2.0x. This level may be temporarily exceeded in connection with acquisitions

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Advisors

ABG Sundal Collier AB ("**ABG Sundal Collier**") and Carnegie Investment Bank AB (publ) ("**Carnegie**") are acting as Joint Global Coordinators and Joint Bookrunners. Baker & McKenzie Advokatbyrå KB is legal advisor to the Company. Advokatfirman Vinge KB is legal advisor to ABG Sundal Collier and Carnegie. Sundling Wörn Partners AB is independent financial advisor to the Company.

For further information, please contact:

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The information in this press release has been made public through the agency of the contact person set out above for publication 18 May 2021 at 07:30 CEST.

- [1] Permascand AB (556137-5022) annual report according to Swedish GAAP.
- [2] The "Selling Shareholders" refer to the Main Shareholder as well as a number of other shareholders, including certain members of the board of directors and the executive management.
- [3] Operating profit before deductions for depreciation and amortization.

Important information

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*This press release is not an offer or an invitation to subscribe for or acquire securities in the Company and is not a prospectus for the purposes of Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). The Offering referred to in this press release may only be effected through a prospectus and a potential investors should not make an investment decision based on other information than as disclosed in such a prospectus. The press release has not been approved by any regulatory authority in any jurisdiction. A prospectus will be prepared in connection with the Offering and be scrutinized and approved by the Swedish Financial Supervisory Authority (Sw. Finansinspektionen) which is the national competent authority in Sweden with regard to the Prospectus Regulation. Approval of such a prospectus by the Swedish Financial Supervisory Authority shall not be regarded as an approval of the Company or the securities referred to in the prospectus.*

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This press release does not identify or suggest, or purport to identify or suggest, the risks (direct or indirect) that may be associated with an investment in the new shares. Any investment decision to acquire or subscribe for shares in connection with the Offering must be made on the basis of all publicly available information relating to the Company and the Company's shares. Such information has not been independently verified by the Joint Global Coordinators. The Joint Global Coordinators is acting for the Company in connection with the Offering and no one else and will not be responsible to anyone other than the Company for providing the protections afforded to its clients nor for giving advice in relation to the transaction or any other matter referred to herein.

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Forward-looking statements

This press release contains forward-looking statements that reflect the Company's intentions, beliefs, or current expectations about and targets for the Company's and the Group's future results of operations, financial condition, liquidity, performance, prospects, anticipated growth, strategies and opportunities and the markets in which the Company and the Group operates. Forward-looking statements are statements that are not historical facts and may be identified by words such as "believe", "expect", "anticipate", "intend", "may", "plan", "estimate", "will", "should", "could", "aim" or "might", or, in each case, their negative, or similar expressions. The forward-looking statements in this press release are based upon various assumptions, many of which are based, in turn, upon further assumptions. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurances that they will materialize or prove to be correct. Because these statements are based on assumptions or estimates and are subject to risks and uncertainties, the actual results or outcome could differ materially from those set out in the forward-looking statements as a result of many factors. Such risks, uncertainties, contingencies and other important factors could cause actual events to differ materially from the expectations expressed or implied in this release by such forward-looking statements. The Company does not guarantee that the assumptions underlying the forward-looking statements in this press release are free from errors and readers of this press release should not place undue reliance on the forward-looking statements in this press release. The information, opinions and forward-looking statements that are expressly or implicitly contained herein speak only as of its date and are subject to change without notice. Neither the Company nor anyone else undertake to review, update, confirm or to release publicly any revisions to any forward-looking statements to reflect events that occur or circumstances that arise in relation to the content of this press release, unless it is not required by law or Nasdaq First North Premier Growth Market rule book for issuers.

Information to distributors

*Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "**manufacturer**" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the shares in Permascand have been subject to a product approval process, which has determined that such shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**EU Target Market Assessment**"). Solely for the purposes of each manufacturer's product approval process in the United Kingdom, the target market assessment in respect of the shares in the Company has led to the conclusion that: (i) the target market for such shares is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook, and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**UK MiFIR**"); and (ii) all channels for distribution of such shares to eligible counterparties and professional clients are appropriate (the "**UK Target Market Assessment**" and, together with the EU Target Market Assessment, the "**Target Market Assessment**"). Notwithstanding the Target Market Assessment, Distributors should note that: the price of the shares in Permascand may decline and investors could lose*

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all or part of their investment; the shares in Permascand offer no guaranteed income and no capital protection; and an investment in the shares in Permascand is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offering. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Joint Global Coordinators will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II or UK MiFIR; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the shares in Permascand.

Each distributor is responsible for undertaking its own target market assessment in respect of the shares in Permascand and determining appropriate distribution channels.

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About Permascand AB

Permascand is an independent technology-driven manufacturer of electrochemical solutions based on proprietary catalytic coatings for clean tech applications. With a customer-centric focus, the company has supplied electrodes, electrochemical cells and aftermarket services to a variety of sectors for the past 50 years. Permascand is headquartered in Ljungaverk, Sweden, with operations including R&D, Technology Development and Production, with offices in Gothenburg, Sweden and Vancouver, Canada. For more information visit: www.permascand.com

Attachments

[Permascand intends to list the company's shares on Nasdaq First North Premier Growth Market](#)