

Continued profitable growth during an intense first half-year

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

Second quarter 2021 (Q2 2020)

- Order intake decreased 27 percent, totaling SEK 41 million (57)
- Sales increased 57 percent to SEK 123 million (78)
- Operating loss totaled SEK -3 million (1), corresponding to -2 percent (1) of revenue
- Adjusted operating profit totaled SEK 12 million (1)
- Earnings after tax totaled SEK -5 million (-3)
- Earnings per share before and after dilution amounted to SEK -0.1 (-0.06)
- Cash flow from operating activities totaled SEK -39 million (10)

January–June 2021 (January–June 2020)

- Order intake decreased 39 percent, totaling SEK 98 million (161)
- Sales increased 7 percent to SEK 198 million (186)
- Operating loss totaled SEK -6 million (17), corresponding to -3 percent (9) of revenue
- Adjusted operating profit totaled SEK 14 million (17)
- Earnings after tax totaled SEK -11 million (6)
- Earnings per share before and after dilution amounted to SEK -0.21 (0.13)
- Cash flow from operating activities totaled SEK -53 million (37)

Events during the second quarter of 2021

- 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.
- On May 18, 2021, Permascand announced its intention to list the company's shares on the Nasdaq First North Premier Growth Market. The offering and prospectus were published on May 27, 2021, and the first day of trading in Permascand's shares took place on June 4, 2021.
- On June 15, 2021, Permascand announced that the company had signed a letter of intent (LOI) with Verdagry for the joint development of a new electrochemical cell for the production of green hydrogen.

Key performance indicators

SEK million	Apr–Jun 2021	Apr–Jun 2020	Δ %	Jan–Jun 2021	Jan–Jun 2020	Δ %	Jan–Dec 2020
Order intake	41	57	-27	98	161	-39	470
Order backlog	411	398	3	411	398	3	491
Sales	123	78	57	198	186	7	415
Operating profit/loss	-3	1	-370	-6	17	-134	60
Adjusted operating profit	12	1	909	14	17	-20	65
Profit/loss after tax	-5	-3	-75	-11	6	-267	33
Earnings per share before dilution (SEK)	-0,10	-0,06	67	-0,21	0,13	-262	0,65
Earnings per share after dilution (SEK)	-0,10	-0,06	67	-0,21	0,13	-262	0,65
Cash flow from operating activities	-39	10	-490	-53	37	-245	53
Equity/assets ratio (%)	57%	neg	neg	57%	neg	neg	neg
Net debt/EBITDA	1,06	5,61	-81	1,06	5,61	-81	3,69

ABOUT PERMASCAND TOP HOLDING AB

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

Continued profitable growth during an intense first half-year



“Through increased ambitions in green hydrogen, we are accelerating our efforts in the business area, where Permascand has a great deal of experience in delivering hydrogen electrodes to the hydrogen market”

We have now closed the books on an eventful first half of 2021, a period characterized with several new collaboration agreements, exciting customer projects and the listing on Nasdaq First North Premier Growth Market. After an intensive period during the listing process, we had the pleasure of ringing the listing bell on June 4, thereby welcoming over 2 300 new shareholders to Permascand. The listing is an important step in our continued journey of growth, in which we will continue to deliver profitable growth by capitalizing on rapidly growing markets being driven by megatrends in sustainability and the environment.

Customer demand has continued to recover from the waves of the pandemic that occurred in 2020 and early 2021, and is expected to increase as government authorities ease the restrictions linked to the pandemic. The order intake reflects the dynamic of the industry and decreased as expected, by 27 percent to SEK 41 million. Sales during the second quarter of 2021 increased by 57 percent to SEK 123 million, driven by generally increased demand for our products, primarily in Industrial Solutions and Electrification & Renewables. With a strong order backlog and a flexible approach, we delivered positive adjusted operating profit of SEK 12 million during the quarter, compared with SEK 1 million in the year-earlier period.

Through increased ambitions in green hydrogen – a sub segment to Electrification & Renewables – we are accelerating our efforts in the business area, where Permascand has a great deal of experience in delivering hydrogen electrodes to the hydrogen market. During the quarter, our primary focus was on launching the largest innovation investment in the company’s history. By constructing a full-scale technology and innovation center and through investments in the company’s research team, Permascand will pursue advanced research and development to facilitate large-scale, cost-efficient production of green hydrogen for energy storage, where we hold a unique position. The plan is to launch the technology and innovation center in 2022. In total, we are planning to invest around SEK 300 million over the next three years, and our focus going forward will be to gather the resources and skills needed to develop the next generation of hydrogen electrodes and electrolyzers.

We see a major opportunity in the market for green hydrogen produced via electrolysis, a market in which Permascand has delivered electrodes for electrolysis for over 20 years. Permascand has its greatest potential in green hydrogen, and our long-term ambition is to position ourselves as one of the leading independent suppliers of catalytic coatings, electrodes and electrochemical cells in the field.

In Industrial Solutions, awareness is growing about the climate benefits generated by using dimensionally stable anodes (Permascand DSA® – catalytic coatings on a titanium substrate), which is driving demand in the segment. Our long experience and know-how means we can deliver successful concepts and smart technology adapted to each specific customer. We are now in dialogue with customers in Industrial Solutions regarding other environmental applications outside the segment, in which players such as Chemetry have several exciting projects in their pipelines where Permascand can play a key role in the value chain. One example is the letter of intent with Verdagy, a spin-out from Chemetry, which was signed in the second quarter and attributable to the Electrification & Renewables segment. The partnership with Verdagy builds further on the successful partnership between Permascand and Chemetry for the commercialization of electrochemical cells for Chemetry’s eShuttle® technology, and relates to joint development of a new electrochemical cell for the production of green hydrogen.

COVID-19 continued to impact our customers in Water Treatment during the quarter. Port and border closures and deferments granted by regulatory agencies as a result of the pandemic, in combination with historically high raw materials prices, are expected to continue to dampen growth in the business area over the short term. The need for systems that can efficiently purify ballast water remains, and we believe that market conditions beyond the pandemic remain basically unchanged. We have a strong order book in Water Treatment, and are looking forward to the deliveries ahead of us in the coming quarters.

Using a flexible approach, we have continued to adapt our operations and our working methods to the new reality. This will lead to continual productivity increases in many parts of our operations after COVID-19 as well. Despite a market performance that is difficult to assess from a short-term perspective, we are well positioned to capture additional market shares, strengthen our profitability and increase our lead over our competitors. Permascand is stronger than ever, and we look forward to restrictions being eased and to life returning to normal as soon as possible. I would like to take this opportunity to welcome all our new shareholders and to thank all our employees, suppliers and partners for their hard work during this highly eventful first half of 2021.

Peter Lundström, CEO

Permascand in brief

Permascand is an independent technology-driven manufacturer of electrochemical solutions. The company's products are based on proprietary catalytic coatings that are used for clean tech applications. With a customer-centric focus, Permascand has supplied electrodes and aftermarket services for a variety of industries for 50 years. The Permascand share is listed on Nasdaq First North Premier Growth Market with the ticker PSCAND.

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

Vision

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

Mission

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

Permascand's contribution to UN Sustainable Development Goals



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



Reduces energy consumption through proprietary catalytic coatings



Clean tech applications that enable the green transition



Keeps the oceans clean through ballast water treatment systems

Financial targets and dividend policy

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.

Financial performance, second quarter 2021

Order status

Order intake during the second quarter of 2021 totaled SEK 41 million (57), divided among Electrification & Renewables, SEK 4 million (23); Industrial Solutions, SEK 33 million (33); and Water Treatment, SEK 4 million (1). At the end of the period, the value of the order backlog was SEK 411 million (398). The order intake was in line with the company's expectations and in accordance with industry dynamics.

Sales

Sales in the second quarter totaled SEK 123 million (78), corresponding to an increase of 57 percent compared with the year-earlier period. The increase is attributable primarily to a higher level of activity and deliveries, and to a weak comparative quarter in 2020 as a result of postponed orders owing to COVID-19. In all three segments, sales increased compared with 2020. In Electrification & Renewables, sales increased 41 percent to SEK 14 million (10). In Industrial Solutions, sales increased 122 percent to SEK 56 million (25). The Water Treatment segment increased 24 percent to SEK 54 million (43).

Gross profit

Gross profit totaled SEK 31 million (11), corresponding to a gross margin of 25 percent (14). The increased margin is attributable primarily to a more efficient production process at higher volumes.

Operating profit/loss—Adjusted operating profit/loss

Operating loss for the period totaled SEK -3 million (profit: 1). The negative result is an effect of high administrative expenses for consultants and legal advisers related to the preparations

ahead of the IPO on Nasdaq First North Premier Growth Market on June 4, 2021. These items affecting comparability totaled SEK 14 million (0), corresponding to adjusted operating profit of SEK 12 million (1).

Operating profit for the quarter was impacted by revenue from the Swedish Agency for Economic and Regional Growth (Tillväxtverket) for furlough compensation of SEK 0.7 million (3.1). Exchange rate fluctuations had an impact of SEK -0.3 million (-3.0) in conjunction with the restatement of balance sheet items at the closing rate, which is recognized as other operating expenses.

Profit/loss for the period and earnings per share

The loss before tax for the second quarter was SEK -7 million (-3). The net of financial income and expenses amounted to SEK -4 million (-4) and consisted of interest. Tax in the second quarter totaled SEK 1 million (0). The loss for the period increased to SEK -5 million (-3), and earnings per share before and after dilution were SEK -0.10 (-0.06).

Cash flow

Cash flow from operating activities totaled SEK -39 million (10). The negative cash flow was impacted primarily by changes in current receivables and liabilities, where the receivables increased and the liabilities decreased. The impact from the change in working capital totaled SEK -35 million (10). Investments in non-current assets during the quarter totaled SEK -7 million (-10). In conjunction with the company's listing, a share issue was conducted that yielded a positive cash flow of SEK 279 million less issue costs. The majority of the issue proceeds were used to pay down loans of SEK 250 million. Increased use of overdraft facilities meant that cash flow from financing activities totaled SEK 49 million (-16), corresponding to a total positive cash flow of SEK 3 million (-16).

Financial performance, first half-year

Sales for the first half of 2021 amounted to SEK 198 million (186), up 7 percent compared with the year-earlier period. Two segments, Electrification & Renewables and Industrial Solutions, increased their sales while sales in Water Treatment decreased compared with the year-earlier period. Gross profit totaled SEK 49 million (38), corresponding to a gross margin of 25 percent (21). The increased margin is the result of the investments made in a more efficient production process.

Operating loss totaled SEK -6 million (profit: 17) and was impacted by high administrative expenses linked to the preparations ahead of the listing of the company's shares in June. Adjusted for items affecting comparability during the period of SEK 20 million (0) related to the listing, adjusted

operating profit totaled SEK 14 million (17), corresponding to an adjusted operating margin of 7 percent (9). After deductions for financial expenses of SEK -8 million (-8) and tax of SEK 3 million (-3), the loss for the period totaled SEK -11 million (profit: 6).

Cash flow for the period totaled -3 MSEK (-14).

The impact of COVID-19 on earnings

COVID-19 has meant that planned deliveries and installations have been postponed and reduced the planned growth rate for Permascand. The lower production rate has led to overcapacity in staff, which was managed through temporary furloughs in the first quarter. From the second quarter, the effects of the pandemic have begun to diminish and the company has once again increased its production rate. Management is following developments closely and assessing any adaptations to the new conditions.

Financial review

Total assets at the end of the quarter amounted to SEK 440 million (413 at the beginning of the year). The increase over the past 12 months – from SEK 359 million at June 30, 2020 to SEK 440 million at June 30, 2021 – is due to investments in automation, more efficient coating methods and investments in the plant for better warehousing and logistics flows. The increase in current receivables mainly relates to accrued unbilled receivables.

Equity and the equity/assets ratio were impacted by the company's share issue and associated issue costs in June, and totaled SEK 252 million (-43) and 57 percent (neg), respectively, at the end of the quarter. A more detailed explanation of the changes in equity is available in the Condensed consolidated statement of changes in equity on page 12.

Net debt

The Group's net debt totaled SEK 55 million on the balance sheet date, compared with SEK 271 million at the beginning of the year. In conjunction with the IPO, the company paid down

a bank loan of SEK 250 million. The remaining interest-bearing liabilities consist primarily of borrowings. On the balance sheet date, outstanding loans totaled SEK 71 million (290 at the beginning of the year) and cash and cash equivalents in banks totaled SEK 16 million (19 at the beginning of the year). The carrying amount of borrowing corresponds to the fair value of the Group's borrowing as the loans have a variable interest rate and the credit spread is not such that the carrying amount deviates materially from the fair value. The credit facilities have customary covenants.

Derivatives

Permascand has currency derivatives in the form of swap contracts in EUR. The total market value of the contracts on the balance sheet date was SEK 0.3 million (0.8 at the beginning of the year) and the maturities are September 30 and December 31, 2021.

Segment reporting

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

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

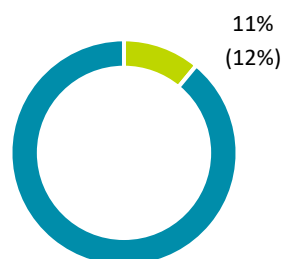
Group, and is responsible for evaluating the Group's financial position and earnings and making strategic decisions. Segment reporting is used as the basis for allocating resources and evaluating results.

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

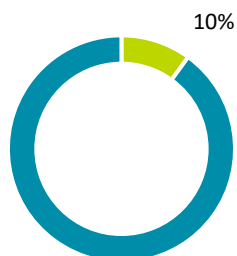
Electrification & Renewables

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

Share of Group sales
Q2 2021 (Q2 2020)



Share of Group sales
LTM



Key performance indicators

SEK million	Apr–Jun 2021	Apr–Jun 2020	Jan–Jun 2021	Jan–Jun 2020	Jan–Dec 2020
Order backlog*	123	-	123	-	-
Order intake	4	23	21	25	60
Revenue	14	10	24	11	29
Gross profit	1	1	2	1	4
Gross margin	9%	8%	9%	8%	13%

*Historical data for order backlog by segment unavailable

Sales and earnings

Electrification & Renewables' order intake for the second quarter decreased to SEK 4 million (23). At the end of the quarter, the value of the order backlog for the segment was SEK 123 million.

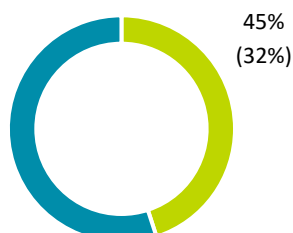
Revenue for the second quarter totaled SEK 14 million (10). The increase is primarily attributable to a higher order intake during the second half of 2020 and the first quarter of 2021 in power transmission and green hydrogen, which were delivered to customers in the second quarter. Of total sales in the second quarter, Electrification & Renewables comprised 11 percent (12).

The gross margin for the second quarter improved from 8 percent to 9 percent, supported by increased volumes. Differences in product mix also contributed to the change. Order intake and sales in the segment are dominated by business related to development projects.

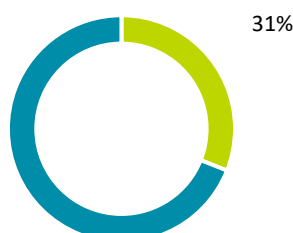
Industrial Solutions

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

Share of Group sales
Q2 2021 (Q2 2020)



Share of Group sales
LTM



Key performance indicators

SEK million	Apr–Jun 2021	Apr–Jun 2020	Jan–Jun 2021	Jan–Jun 2020	Jan–Dec 2020
Order backlog*	102	-	102	-	-
Order intake	33	33	70	75	176
Revenue	56	25	80	63	131
Gross profit	18	4	24	15	38
Gross margin	32%	15%	30%	23%	29%

*Historical data for order backlog by segment unavailable

Sales and earnings

Order intake in Industrial Solutions for the second quarter totaled SEK 33 million (33). Demand remains stable as regards both new sales and aftermarket, and largely follows the general economic trends that drive demand for chlorate and chloralkali services. At the end of the quarter, the value of the order backlog for the segment was SEK 102 million.

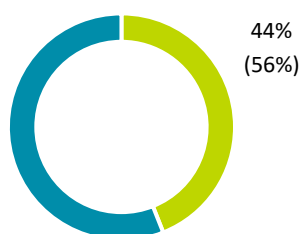
Revenue for the second quarter totaled SEK 56 million (25). The increase in revenue is attributable primarily to increased order intake during the second quarter of 2020. Of total sales in the second quarter, Industrial Solutions comprised 45 percent (32).

The gross margin in the segment increased in the second quarter from 15 percent to 32 percent, driven primarily by increased volumes and supported by improvements in efficiency resulting from the automation and robotification of production.

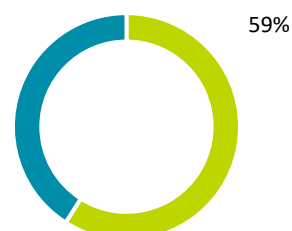
Water Treatment

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

Share of Group sales
Q2 2021 (Q2 2020)



Share of Group sales
LTM



Key performance indicators

SEK million	Apr–Jun 2021	Apr–Jun 2020	Jan–Jun 2021	Jan–Jun 2020	Jan–Dec 2020
Order backlog*	185	-	185	-	-
Order intake	4	1	7	61	234
Revenue	54	43	94	111	255
Gross profit	11	6	22	23	62
Gross margin	21%	15%	24%	20%	24%

*Historical data for order backlog by segment unavailable

Sales and earnings

Water Treatment reported an increase in order intake during the second quarter. Despite the increase, order intake remains low as a direct result of COVID-19 and the deadline for installing a ballast water treatment system (BWTS) being pushed back a year to September 2025 in order to relieve ship owners and operators of the costs for installation of the systems. The need for systems that can efficiently purify ballast water remains, and demand is expected to increase as the effects of the pandemic subside. At the end of the quarter, the value of the order backlog for the segment was SEK 185 million.

Revenue for the second quarter totaled SEK 54 million (43). The increase is attributable primarily to a general increase in demand for Permascand's products within the segment. Of total sales in the second quarter, Water Treatment comprised 44 percent (56).

The gross margin improved in the second quarter from 15 percent to 21 percent, supported by increased volumes and improvements in efficiency resulting from the automation and robotification of production.

Other

Employees

On the balance sheet date, the Group had 110 employees, of whom 54 percent were under collective bargaining agreements and 46 were salaried employees.

Significant events after the end of the reporting period

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

Material risks and uncertainties

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

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

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

Incentive programs

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

<https://permascand.com/sv/investerare/bolagsstyrning/incitamentsprogram>

The share

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

The total number of shares and votes changed as the result of a 1:27 share split and a new share issue of 8,823,529 shares that was conducted in conjunction with the listing of the company's shares on June 4, 2021. At June 30, 2021, the share capital totaled SEK 2,196,797.37 with a quota value of SEK 0.037. The total number of shares registered is 59,313,529. The share price at June 30, 2021 was SEK 39.50 per share, corresponding to a total market value of SEK 2,343 million. Permascand's shareholder register with its ten largest shareholders is presented on the company's website.

Review

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

Financial calendar

Interim report, Q3 2021

November 10

Year-end report, Q4 2021

February 10, 2022

Condensed consolidated statement of comprehensive income

SEK million	Note	Apr–Jun 2021	Apr–Jun 2020	Jan–Jun 2021	Jan–Jun 2020	Jan–Dec 2020
Net sales	2	123	78	198	186	415
Cost of goods sold		-92	-67	-149	-147	-311
Gross profit		31	11	49	38	104
Sales expenses		-4	-3	-8	-7	-15
Administrative expenses	3	-24	-5	-39	-12	-24
Research and development expenses		-5	-3	-10	-6	-12
Other operating income/expenses		0	1	3	5	7
Operating profit/loss		-3	1	-6	17	60
Net financial items		-4	-4	-8	-8	-15
Profit/loss before tax		-7	-3	-14	10	45
Tax		1	0	3	-3	-12
Profit/loss for the period		-5	-3	-11	6	33
OTHER COMPREHENSIVE INCOME						
<i>Items that are or may be reclassified subsequently to profit or loss</i>						
Change in fair value of cash flow hedging		1	3	0	1	1
Tax attributable to changed value of cash flow hedging		0	-1	0	0	0
Translation differences on foreign subsidiaries		0	0	0	0	0
Total other comprehensive income		0	2	0	0	0
Total comprehensive income for the period		-5	-1	-11	7	33
Comprehensive income for the period attributable to Parent Company shareholders		-5	-1	-11	7	33
Earnings per share, calculated on profit for the period attributable to Parent Company shareholders						
Earnings per share before and after dilution, SEK		-0.10	-0.06	-0.21	0.13	0.65
Average number of shares before dilution		53,204,932	50,490,000	51,854,966	50,490,000	50,490,000
Average number of shares after dilution		53,206,569	50,490,000	51,855,789	50,490,000	50,490,000

Condensed consolidated balance sheet

SEK million	Note	30 Jun 2021	30 Jun 2020	31 Dec 2020
ASSETS				
Non-current assets				
<i>Intangible assets</i>				
Goodwill		56	56	56
Other intellectual property rights		13	8	12
Tangible assets		143	139	143
Right-of-use assets		3	4	3
Financial assets		0	0	0
Total non-current assets		214	206	214
Current assets				
Inventories		93	94	90
Current receivables		116	46	90
Cash and cash equivalents		16	13	19
Total current assets		226	153	199
TOTAL ASSETS		440	359	413
EQUITY AND LIABILITIES				
Equity		252	-43	-16
Non-current liabilities				
Liabilities to credit institutions		62	273	280
Deferred tax liabilities		12	6	9
Lease liabilities		2	2	2
Total non-current liabilities		76	282	291
Current liabilities				
Liabilities to credit institutions		6	8	7
Lease liabilities		1	1	1
Other current liabilities		105	111	130
Total current liabilities		111	120	138
TOTAL LIABILITIES		187	402	429
TOTAL EQUITY AND LIABILITIES		440	359	413

Condensed consolidated statement of changes in equity

SEK million	30 Jun 2021	30 Jun 2020	31 Dec 2020
Opening balance	-16	-50	-50
Profit/loss for the period	-11	6	33
Other comprehensive income	0	0	0
Total comprehensive income	-11	7	33
New share issue	300	—	—
Cost of new share issue	-26	—	—
Warrant premiums received	5	—	—
Total transactions with shareholders	280	0	0
Equity attributable to Parent Company shareholders	252	-43	-16
Closing balance	252	-43	-16

Condensed consolidated cash flow statement

SEK million	Apr–Jun 2021	Apr–Jun 2020	Jan–Jun 2021	Jan–Jun 2020	Jan–Dec 2020
Operating profit/loss	-3	1	-6	17	60
Depreciation and amortization of tangible and intangible assets	4	3	8	6	13
Other items not affecting cash flow	1	0	1	0	0
Interest paid	-3	-4	-6	-8	-15
Income tax paid	-3	-1	-11	-2	-1
Cash flow from operating activities before change in working capital	4	0	-14	14	56
Cash flow from change in working capital	-35	10	-39	23	-3
Cash flow from operating activities	-39	10	-53	37	53
Investments in tangible and intangible assets	-7	-10	-8	-29	-44
Cash flow from investing activities	-7	-10	-8	-29	-44
New share issue	305	—	305	—	—
Issue costs	-26	—	-26	—	—
Repayment of borrowings	-250	—	-250	—	—
Increase/decrease in current borrowings	22	-13	34	-18	-10
Repayment of non-current liabilities	-2	-2	-3	-3	-5
Lease payments	0	0	-1	-1	-2
Cash flow from financing activities	49	-16	59	-23	-17
Cash flow for the period	3	-16	-3	-14	-8
Cash and cash equivalents at beginning of period	13	28	19	27	27
Exchange-rate differences in cash and cash equivalents	0	0	0	0	0
Cash and cash equivalents at end of period	16	13	16	13	19

Condensed Parent Company income statement

SEK million	Note	Apr–Jun 2021	Apr–Jun 2020	Jan–Jun 2021	Jan–Jun 2020	Nov 2019 Dec 2020
Sales	2	4	—	4	—	—
Administrative expenses		-8	—	-10	—	-1
Operating profit (EBIT)		-4	0	-6	0	-1
Intra-Group interest income		6	4	12	12	26
Interest expenses		0	—	0	—	—
Profit/loss before tax (EBT)		2	4	5	12	25
Income tax		—	—	—	—	—
Profit for the period		2	4	5	12	25

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

Condensed Parent Company balance sheet

SEK million	Note	30 Jun 2021	30 Jun 2020	31 Dec 2020
ASSETS				
Non-current assets				
Shares in subsidiaries		0	0	0
Non-current receivables from Group companies		732	480	480
Total non-current assets		732	480	480
Current assets				
Current receivables		49	14	29
Total current assets		49	14	29
TOTAL ASSETS		781	494	509
EQUITY AND LIABILITIES				
Restricted equity		2	2	2
Non-restricted equity		770	492	503
Total equity		772	494	505
Current liabilities		9	0	4
TOTAL EQUITY AND LIABILITIES		781	494	509

Notes to the financial statements

Note 1. Accounting policies

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

Note 2. Segments and revenue

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

Apr-jun 2021

(msek)	Industrial Solutions	Electrification & Renewables	Water Treatment	Unallocated group costs	Total Permascand
Net sales	56	14	54		123
Cost of goods	-38	-13	-42		-92
Gross profit	18	1	11		31
Gross margin %	32%	9%	21%		25%
Operating profit (EBIT)				-33	-3
Net finance cost				-4	-4
Profit before tax (EBT)					-7

Jan-jun 2021

(msek)	Industrial Solutions	Electrification & Renewables	Water Treatment	Unallocated group costs	Total Permascand
Net sales	80	24	94		198
Cost of goods	-56	-22	-72		-149
Gross profit	24	2	22		49
Gross margin %	30%	9%	24%		25%
Operating profit (EBIT)				-55	-6
Net finance cost				-8	-8
Profit before tax (EBT)					-14

Jan-dec 2020

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

Apr-jun 2020

(msek)	Industrial Solutions	Electrification & Renewables	Water Treatment	Unallocated group costs	Total Permascand
Net sales	25	10	43		78
Cost of goods	-21	-9	-37		-67
Gross profit	4	1	6		11
Gross margin %	15%	8%	15%		14%
Operating profit (EBIT)				-10	1
Net finance cost				-4	-4
Profit before tax (EBT)					-3

Jan-jun 2020

(msek)	Industrial Solutions	Electrification & Renewables	Water Treatment	Unallocated group costs	Total Permascand
Net sales	63	11	111		186
Cost of goods	-48	-10	-89		-147
Gross profit	15	1	23		38
Gross margin %	23%	8%	20%		21%
Operating profit (EBIT)				-21	17
Net finance cost				-8	-8
Profit before tax (EBT)					10

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

Revenue recognition	Apr-jun 2021				Apr-jun 2020				Revenue recognition	Jan-dec 2020			
(msek)	Industrial Solutions	Electrification & Renewables	Water Treatment	Total	Industrial Solutions	Electrification & Renewables	Water Treatment	Total	(msek)	Industrial Solutions	Electrification & Renewables	Water Treatment	Total
Over time	56	9	54	118	25	1	43	69	Over time	130	6	255	391
At a point in time	-	5	0	5	0	9	0	9	At a point in time	1	23	0	24
Total	56	14	54	123	25	10	43	78	Total	131	29	255	415

Revenue recognition		Jan-jun 2021				Jan-jun 2020			
(msek)		Industrial Solutions	Electrification & Renewables	Water Treatment	Total	Industrial Solutions	Electrification & Renewables	Water Treatment	Total
Over time		80	10	94	184	63	2	112	177
At a point in time		-	14	0	14	0	9	0	9
Total		80	24	94	198	63	11	112	186

Note 3. Administrative expenses

Of total administrative expenses for the second quarter, SEK 14 million are items affecting comparability in the form of fees incurred in connection with the company's listing. For the half year the amount is 20 millions.

Note 4. Financial instruments

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

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

Note 5. Related-party transactions

Apart from the transactions conducted in conjunction with the IPO, no related-party transactions have taken place that have had a material impact on the Group's earnings or financial position. Transactions relating to sale of shares and buy of warrants are described in the prospectus published on the company's website.

Note 6. Parent company

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

Note 7. Seasonal variations

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

Note 8. Alternative performance measures

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

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

Adjusted operating profit

SEK million	Apr–Jun 2021	Apr–Jun 2020	Jan–Jun 2021	Jan–Jun 2020	Jan–Dec 2020
Operating profit/loss	-3	1	-6	17	60
Items affecting comparability attributable to the IPO	14	0	20	0	5
Adjusted operating profit	12	1	14	17	65

Operating margin

SEK million	Apr–Jun 2021	Apr–Jun 2020	Jan–Jun 2021	Jan–Jun 2020	Jan–Dec 2020
Operating profit/loss	-3	1	-6	17	60
Sales	123	78	198	186	415
%	-2%	1%	-3%	9%	15%

Adjusted operating margin

SEK million	Apr–Jun 2021	Apr–Jun 2020	Jan–Jun 2021	Jan–Jun 2020	Jan–Dec 2020
Adjusted operating profit	12	1	14	17	65
Sales	123	78	198	186	415
%	9%	1%	7%	9%	16%

EBITDA

SEK million	Apr–Jun 2021	Apr–Jun 2020	Jan–Jun 2021	Jan–Jun 2020	Jan–Dec 2020
Profit/loss for the period	-5	-3	-11	6	33
Tax	-1	0	-3	3	12
Net financial items	4	4	8	8	15
Depreciation/amortization	4	3	8	6	13
EBITDA	1	4	2	24	73

Net debt

SEK million	30 Jun 2021	30 Jun 2020	31 Dec 2020
Non-current liabilities to credit institutions	62	273	280
Non-current lease liability	2	2	2
Current liabilities to credit institutions	6	8	7
Current lease liability	1	1	1
Cash and cash equivalents	-16	-13	-19
Net debt	55	272	271

Equity/assets ratio

SEK million	30 Jun 2021	30 Jun 2020	31 Dec 2020
Equity	252	-43	-16
Total assets	440	359	413
Equity/assets ratio, %	57%	-12%	-4%

Net debt/EBITDA

SEK million	30 Jun 2021	30 Jun 2020	31 Dec 2020
EBITDA, LTM	51	49	73
Net debt	55	272	271
Net debt/EBITDA	1.06	5.61	3.69

Return on equity

SEK million	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020
Earnings for the period, LTM	16	20	16	20	33
Opening equity	-43	162	-43	162	-50
Closing equity	252	-43	252	-43	-16
Average equity, LTM	105	59	105	59	-33
Return on equity, %	14.8%	33.6%	14.8%	33.6%	-100.1%

Return on assets

SEK million	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020
Operating profit, LTM	37	37	37	37	60
Financial income, LTM	0	0	0	0	0
Opening total assets	359	311	359	311	382
Closing total assets	440	359	440	359	413
Average total assets, LTM	400	335	400	335	397
Return on assets, %	9.3%	11.0%	9.3%	11.0%	15.2%

Assurance

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

Stockholm, 11 August 2021

Per Lindberg

Chairman of the Board

Ingar Jensen

Board member

Johan Karlsson

Board member

Marie Grönborg

Board member

Mario Houde

Board member

Pernilla Lundin

Board member

Per-Ola Baalerud

Board member

Emil Wiljesäter

Employee representative

Erik Zimmerman

Employee representative

Peter Lundström

CEO

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Additional information

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This information is information that Permascand Top Holding AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication at 2021-08-11 07:45 CEST.

Consolidated quarterly data

SEK million	2021		2020				2019	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Order intake	41	57	82	228	57	104	20	283
Income statement								
Sales	123	75	118	111	78	108	105	111
Gross profit	31	18	36	30	11	27	17	32
Operating profit/loss	-3	-3	22	21	1	16	2	17
Adjusted operating profit*	12	2	27	21	1	16	3	20
EBITDA	1	1	26	24	4	19	5	20
Profit/loss before tax	-7	-7	18	17	-3	13	1	17
Gross profit/loss, % of sales	25%	24%	30%	27%	14%	25%	16%	29%
Operating profit/loss, % of sales	-2%	-4%	19%	19%	1%	15%	2%	16%
Adjusted operating profit/loss*, % of sales	9%	3%	23%	19%	1%	15%	3%	18%
Balance sheet								
Tangible assets	146	143	146	144	143	136	122	93
Total assets	440	408	413	404	359	375	381	353
Cash and cash equivalents	16	13	19	4	13	28	27	8
Non-current interest-bearing liabilities	64	293	282	288	276	290	297	53
Cash flow								
Operating activities	-39	-14	32	-16	10	27	29	-17
Investing activities	-7	-2	-10	-5	-10	-18	-31	-12
Financing activities	49	10	-6	12	-16	-7	-2	-4
Cash flow for the period	3	-6	16	-9	-16	2	19	-6
Capital structure								
Net debt	55	287	271	293	272	272	281	56
Per share data, SEK								
Earnings per share before and after dilution	-0.10	-0.11	0.26	0.26	-0.06	0.19	0.18	0.26
Number of shares before dilution	53,204,932	50,490,000	50,490,000	50,490,000	50,490,000	50,490,000	50,490,000	50,490,000
Number of shares after dilution	53,206,569	50,490,000	50,490,000	50,490,000	50,490,000	50,490,000	50,490,000	50,490,000

*Adjusted for items affecting comparability attributable to the IPO.

Definitions of key performance indicators

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

Glossary

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