

# Q3 2021 REPORT PRESENTATION

10 November 2021

## Today's agenda and presenters

- Introduction to Permascand
- Q3 2021
- Financials
- Concluding remarks
- Q&A



**Peter Lundström**  
*CEO*



**Linda Ekman**  
*CFO*

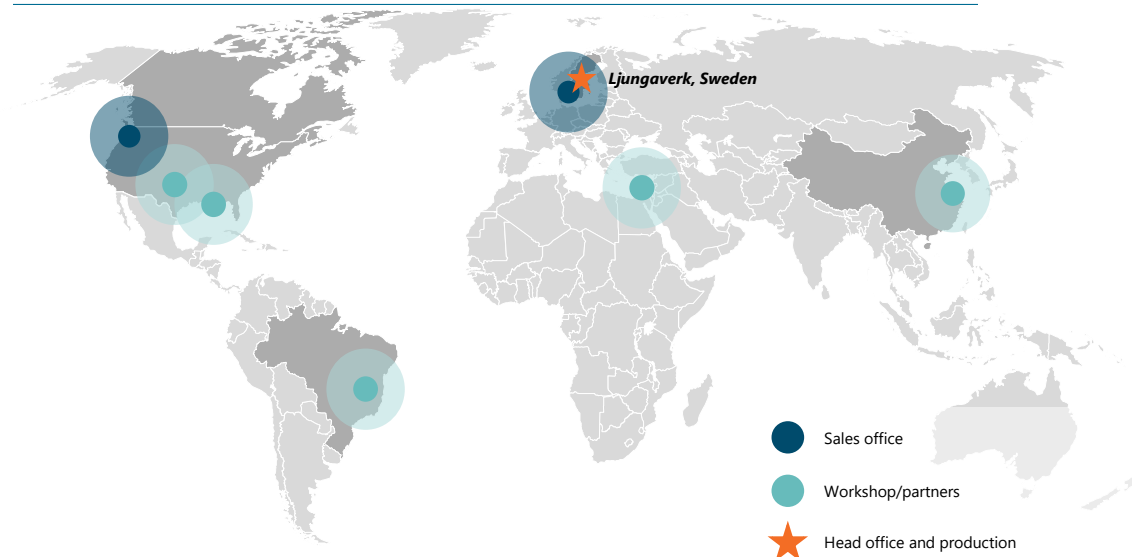
# Global independent provider of mission critical electrochemical solutions



## Permascand at a glance

- Permascand is a technology-driven manufacturer of electrochemical solutions based on proprietary catalytic coatings
- The company is an OEM agnostic supplier that has provided electrodes and aftermarket services for a variety of industries for nearly 50 years
- Delivering innovative solutions tailored for customers' specific need
- Founded in 1971 and formerly part of AkzoNobel
- Headquartered in Ljungaverk, Sweden, with operations including R&D, Technology Development and Production

## Global market reach with modern production in Sweden



# Key enabler in the global green technology transition

*Core technology platform with multiple application areas*



## Water Treatment

Ballast water purification systems to protect the marine fauna

**2,100,000 m<sup>3</sup>**  
of hourly water purification capacity delivered<sup>1)</sup>



## Electrification & Renewables

Green hydrogen and metal extraction for electric vehicles and energy storage

Enables production of  
**sustainable EVs**  
worldwide



## Industrial Solutions

Energy efficient electrochemical solutions for chlorate and chloralkali plants

**~52 TWh**  
in energy savings delivered, equivalent to Stockholm county's annual consumption<sup>2)</sup>

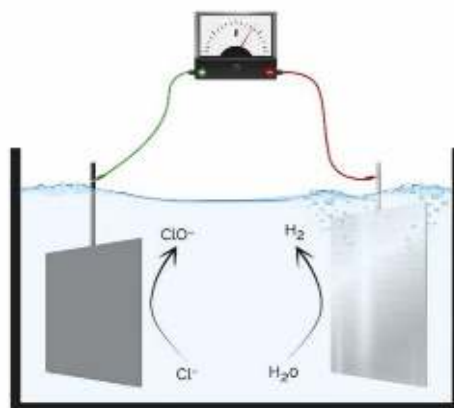
1) Estimate based on installed systems up to and including 2019. 2) Estimated accumulated energy savings on systems delivered since 1971. Stockholm County's energy consumption from Statistics Sweden (SCB).

# Electrochemical processes are used everywhere

## Electrochemical processes...

An electrochemical cell uses **energy to create electrochemical reactions on anode and cathode**

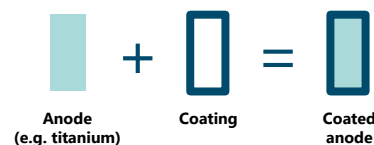
### Electrochemical process



## ...are enhanced by catalytic coatings...

**Catalytic coatings facilitates the electrochemical reactions** making the electrochemical process **more effective**

### Catalytic coating



- ✓ Lower energy consumption
- ✓ Reusable anodes
- ✓ Reduced number of maintenance stops

## ...and vital for a vast number of processes

Electrochemical processes is **vital for a vast number of processes**

### Example processes:

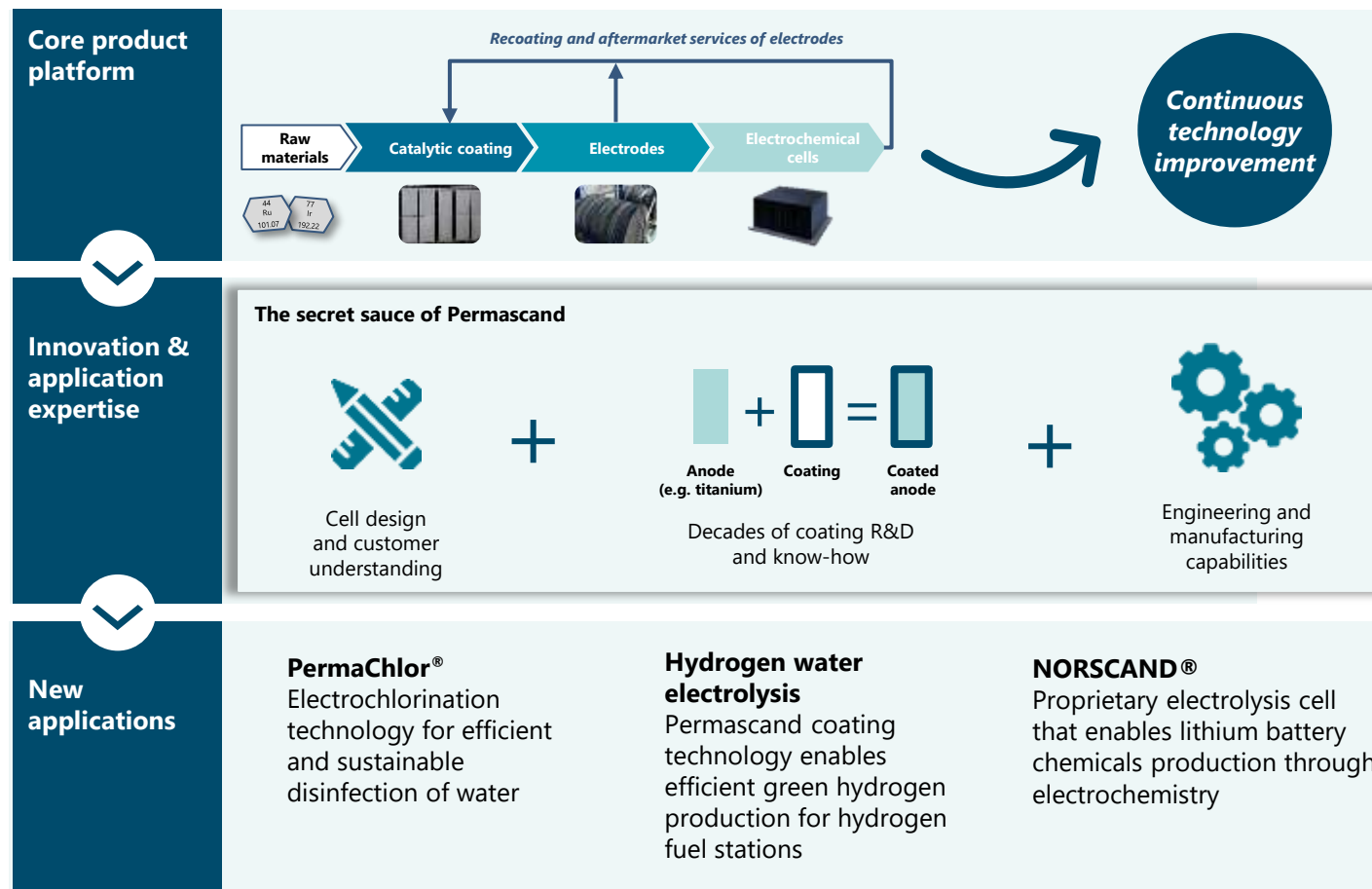


Permascand's focus areas

*Permascand solutions – at the heart of electrochemical processes*

# Proposition based on deep experience, know-how and R&D accumulated since 1971

## 50 years of continuous investments in innovation and incremental improvements



## R&D key part of company DNA

- ✓ Modern on-site test facility in Ljungaværk
- ✓ Over 35 patents covering ~30 countries
- ✓ PhD collaboration with leading universities
- ✓ 15% of organisation focusing on R&D

Long know how of base technology and manufacturing consistently under improvement to meet future demand

Dedicated customer-centric R&D since inception

**NORAM**

**CHEMETRY GLENCORE**

Permascand adopting existing core technology to new applications



## Clear strategic initiatives to continue expanding across all segments

### *Continuous manufacturing improvements through automation and robotisation*

#### **WATER TREATMENT**

##### **BALLAST WATER TREATMENT SYSTEMS**

Capitalise on retrofitting driven by regulations

Customise attractive retrofit and aftermarket services

#### **ELECTRIFICATION & RENEWABLES**

##### **LITHIUM**

Capture increased demand for lithium extraction

##### **HYDROGEN**

Capitalise on ongoing green hydrogen projects

#### **INDUSTRIAL SOLUTIONS**

##### **CHLORATE & CHLORALKALI**

Gain market share in North America through physical presence and superior service

Increase performance and strengthen customer support

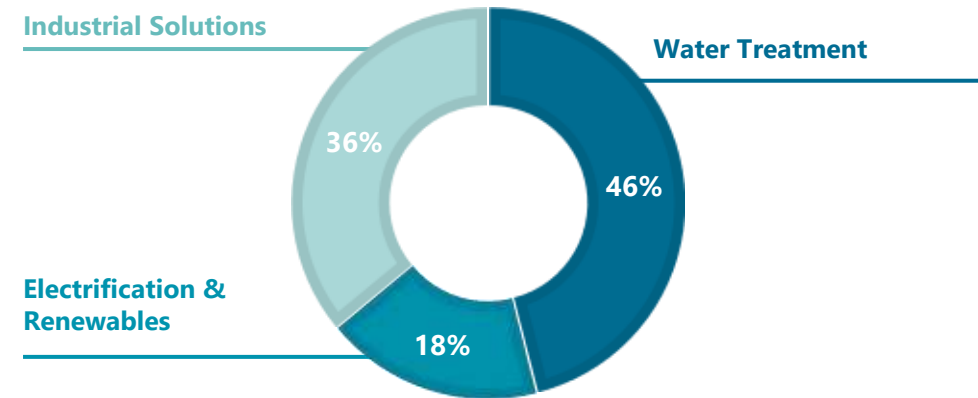
*Growing aftermarket services and winning new customers across all segments*

# Solid platform for strong growth during 2022

## Q3 2021

- **Strong performance despite challenging market conditions**
  - Order intake -11% to SEK 203m (228)
  - Revenues -32% to SEK 76m (111)
  - All-time-high gross profit, SEK 35m (17)
  - Operating margin of 18% (19)
- Efficiency improvements contributing to high gross margins across all segments
- Electrification & Renewables and Industrial Solutions gaining shares of total sales
- Strong underlying market demand for all segments
  - New opportunities within Greenfields and customer development projects

Share of sales per business segment, %



Key metrics Q3 2021

**SEK 203m**

Order intake

**SEK 76m**

Sales

**18%**

Adj. EBIT margin

**SEK 501m**

Order book value

**SEK 32m**

Cash flow from operating activities

**SEK 0,18**

EPS

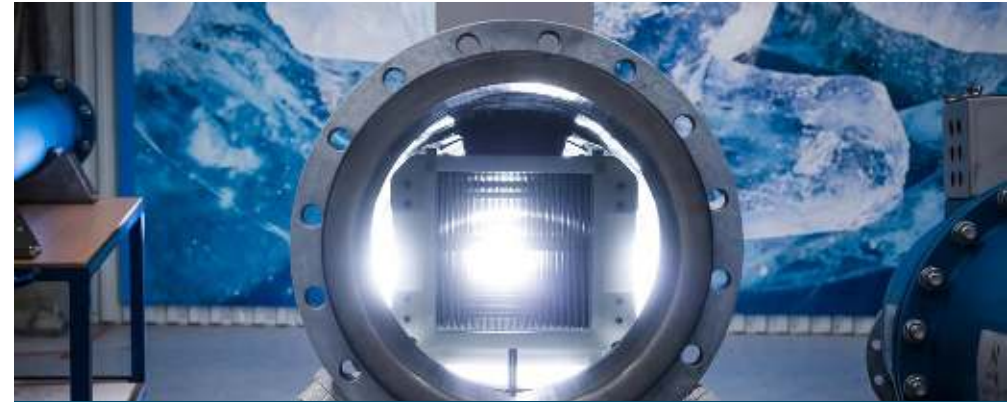


# Operational highlights



## Collaboration with Verdag

- Next step on the commercialization of the Electrochemical cell that is the foundation for the Verdag Water Electrolysis (VWE) process
- Novel large aspect ratio electrolysis cell – key to lowering hydrogen production costs



## Large order within Water Treatment

- SEK 175 million, planned deliveries beginning 2022
- Further cementing Permascands position as one of the world leaders in the provision of BWTS

## Event after Q3: New master supply agreement within Industrial Solutions

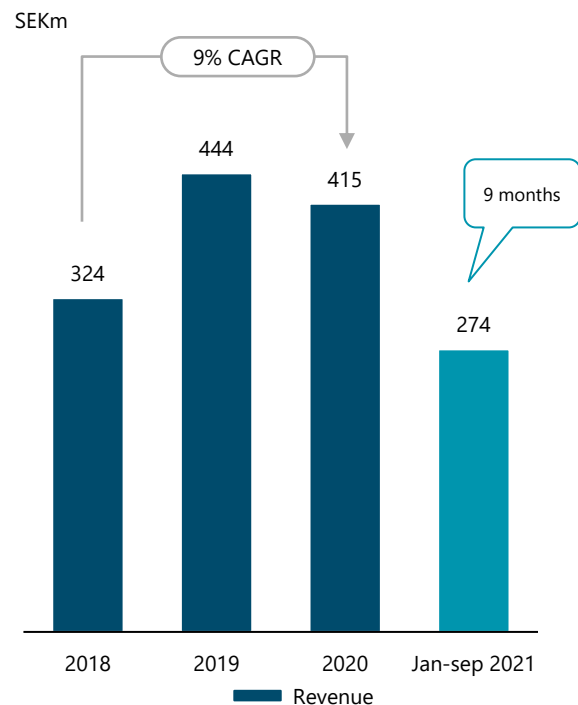


### North America expansion

- The client is one of the largest global players in the chlorine and caustic soda market
- Estimated value of the agreement is in the range of SEK 30-50 million per year for a period of three years.
- In line with our growth plan with focus on the North American market while contributing to the global green transition

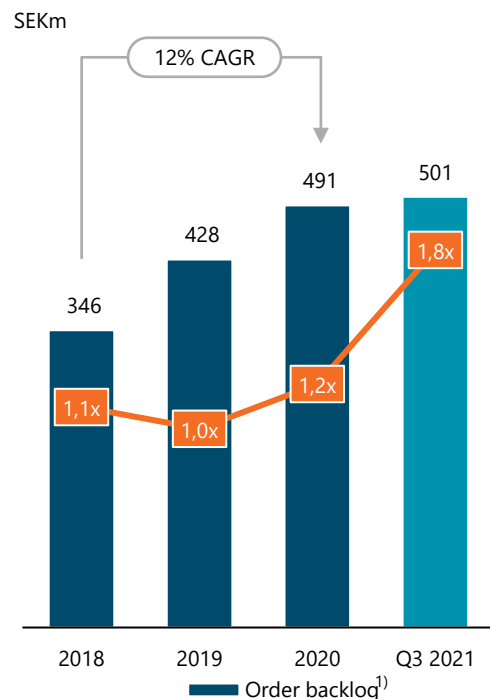
# Attractive organic growth with strong order backlog

## Revenue development



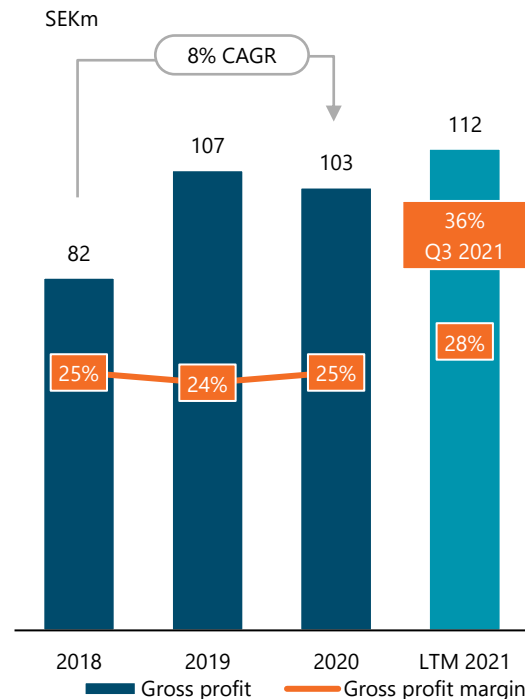
- Strong growth since repositioning towards clean-tech applications in 2015
- 2019 revenue boosted by large build-up of inventory among BWTS integrators
- Industrial solutions recoatings withheld by factories due to covid-19 expected to materialise in coming years

## Order backlog development



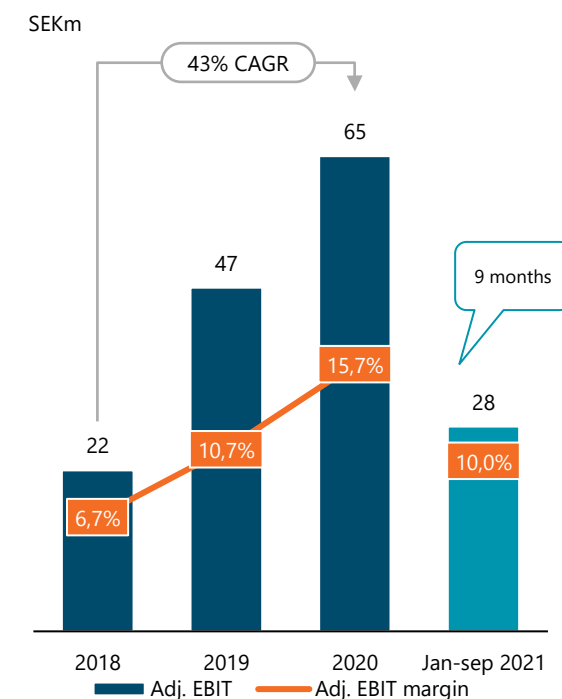
- Strong order book within all segments driven by sustainability megatrends and recoating aftermarkets

## Gross margin development



- Strong order book within all segments driven by sustainability megatrends and recoating aftermarkets

## Adj. EBIT development



- Resilient margin profile
- Investments in automation and robotisation now concluded with increased capacity and operating leverage going forward

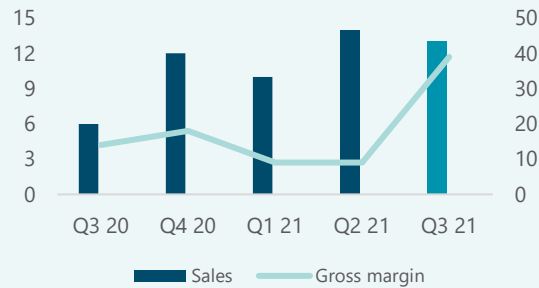
1) Order backlog ratio defined as order backlog / revenue

# Segment results Q3 2021

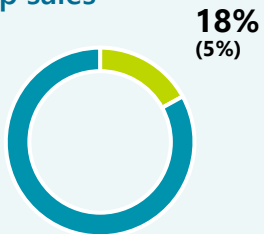
## Electrification & Renewables

- Order intake of SEK 3m (11)
- Sales of SEK 13m (6)
- Gross margin 27% (14%)

### Sales & gross margin



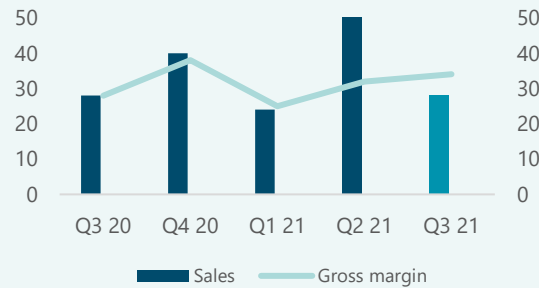
### Share of Group sales



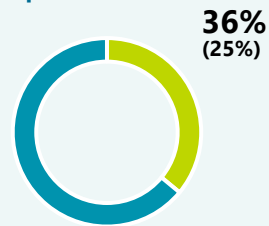
## Industrial Solutions

- Order intake of SEK 20m (45)
- Sales of SEK 28m (28)
- Gross margin 34% (28%)

### Sales & gross margin



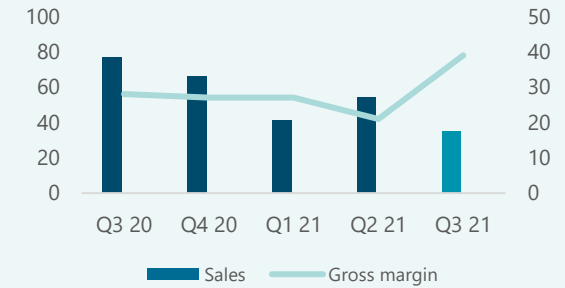
### Share of Group sales



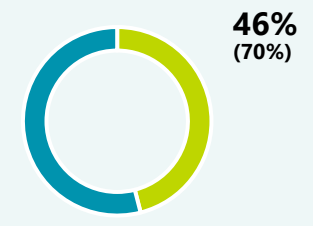
## Water Treatment

- Order intake of SEK 179m (172)
- Sales of SEK 35m (77)
- Gross margin 39% (28%)

### Sales & gross margin



### Share of Group sales

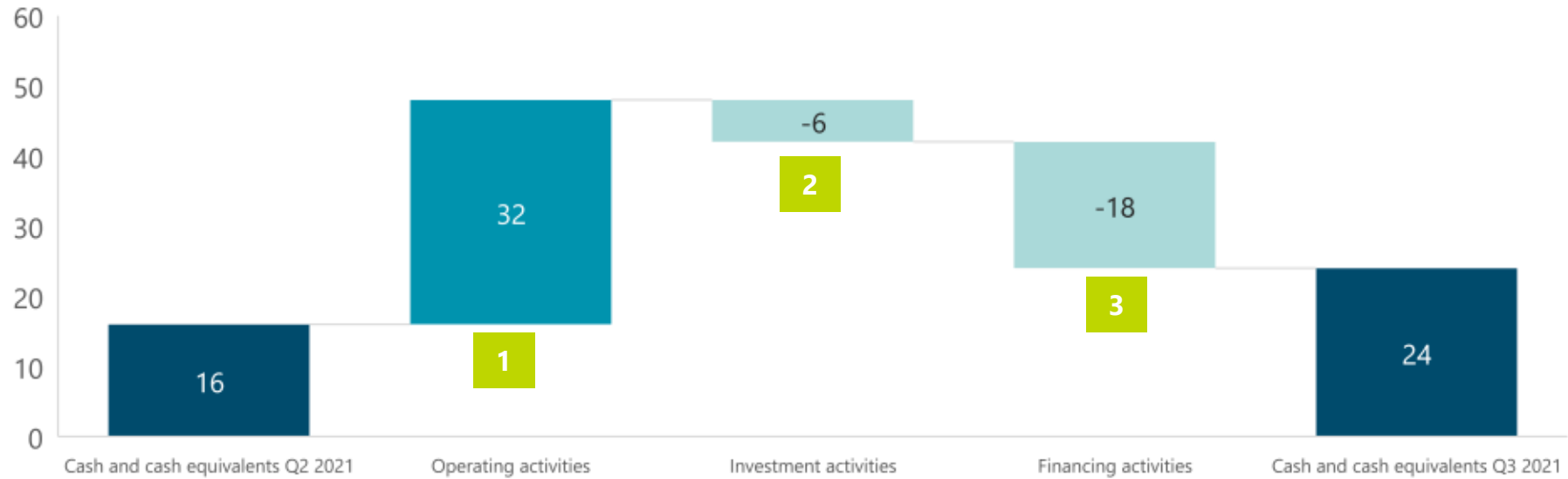


## Statement of financial position

- Assets largely comprise non current assets in the form of robots for automated manufacturing processes and efficient coating methods
- Current asset increase mainly driven by increase in cash and cash equivalents of SEK 24m (4) and higher receivables
- Equity increasing through share issue in connection with IPO in Q2 2021
- Repayment of bank loan of SEK 250m in connection with IPO

| MSEK                                | 2021-09-31 | 2020-09-31 | 2020-12-31 |
|-------------------------------------|------------|------------|------------|
| <i>Total intangible assets</i>      | 69         | 64         | 68         |
| <i>Total tangible assets</i>        | 145        | 141        | 143        |
| <i>Total non current assets</i>     | 216        | 208        | 214        |
| Total current assets                | 222        | 196        | 199        |
| <b>Total Assets</b>                 | <b>438</b> | <b>404</b> | <b>413</b> |
| Total equity                        | 262        | -30        | -16        |
| Total non-current liabilities       | 59         | 295        | 291        |
| Total current liabilities           | 120        | 139        | 138        |
| <b>Total equity and Liabilities</b> | <b>438</b> | <b>404</b> | <b>413</b> |

## Cash flow bridge Q2 2021 vs Q3 2021



1  
Strong operational cash flow  
driven by profitability

2  
Continued investments in  
CAPEX mainly attributable to  
green hydrogen


3  
Decrease of receivables and  
increase of borrowings

## Key takeaways

- 1 Solid foundation for strong growth during 2022
- 2 Record high gross margin as a result of efficiency improvements
- 3 Order intake and sales affected by challenging market conditions due to Covid-19, price and delivery terms on material and transportation – expected to normalise during upcoming quarters
- 4 Solid order book, high pipeline activity and strong underlying demand
- 5 Perfectly positioned to grow with booming markets driven by sustainability megatrend





A landscape photograph of a lake with icebergs under a green and yellow aurora borealis sky. The text "Q&A" is centered in the image.

Q&A