

Continued strong profitability despite supply chain disruptions

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.

Fourth quarter 2021 (Q4 2020)

- Order intake decreased 10 percent, totaling SEK 74 million (82)
- Sales increased 10 percent to SEK 130 million (118)
- Operating profit totaled SEK 30 million (22), corresponding to 23 percent (19) of revenue
- Adjusted operating profit totaled SEK 32 million (27)
- Earnings after tax totaled SEK 21 million (13)
- Earnings per share before and after dilution amounted to SEK 0.35 (0.26)
- Cash flow from operating activities totaled SEK 33 million (32)

Jan–Dec 2021 (Jan–Dec 2020)

- Order intake decreased 20 percent, totaling SEK 377 million (470)
- Sales decreased 3 percent to SEK 405 million (415)
- Operating profit totaled SEK 38 million (60), corresponding to 9 percent (15) of revenue
- Adjusted operating profit totaled SEK 60 million (65)
- Earnings after tax totaled SEK 20 million (33)
- Earnings per share before and after dilution amounted to SEK 0.37 (0.65)
- Cash flow from operating activities totaled SEK 11 million (53)

Events during the fourth quarter of 2021

- On October 15, 2021, Permascand announced that the company had signed a framework agreement with one of the largest global players in chloralkali and diaphragm technology. The value of the agreement is estimated at between SEK 30–50 million per year during the three-year contract period.

Key performance indicators

SEK m	Oct–Dec 2021	Oct–Dec 2020	Δ %	Jan–Dec 2021	Jan–Dec 2020	Δ %
Order intake	74	82	-10	377	470	-20
Order backlog	451	491	-8	451	491	-8
Sales	130	118	10	405	415	-3
Operating profit	30	22	23	38	60	-42
Adjusted operating profit	32	27	7	60	65	-12
Profit/loss after tax	21	13	54	20	33	-40
Earnings per share before dilution (SEK)	0.35	0.26	31	0.37	0.65	-49
Earnings per share after dilution (SEK)	0.35	0.26	31	0.37	0.65	-49
Cash flow from operating activities	33	32	2	11	53	-79
Equity/assets ratio (%)	62%	neg	—	62%	neg	—
Net debt/EBITDA	—	—	—	0.1	3.7	-97

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 Ljungaverk, Sweden, where the company conducts research and development, technology development and production. In addition, Permascand has offices in Gothenburg, Sweden and Vancouver, Canada. For further information, visit www.Permascand.com. The Certified Adviser is FNCA Sweden AB, info@fnca.se, +46 (0)8528 00 399.

Continued strong profitability despite supply chain disruptions



“The strong gross margin is proof that the investments we made in automation has resulted in improved production processes”

The fourth quarter of 2021 is testament to the fact that we are on the right path 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 environment and sustainability.

During the quarter, we continued to be affected primarily by a volatile supply chain that affected customers' decision-making processes in the short term. We thus found many of our customers holding off on placing orders during the quarter. We still displayed strong total figures for the quarter. Sales increased 10 percent to SEK 130 million, and once again we achieved a robust gross profit of SEK 47 million, which corresponds to a gross margin of 36 percent. This is proof that the investments we made in automation has resulted in improved production processes. We delivered an adjusted operating profit of SEK 32 million during the quarter, compared with SEK 27 million in the year-earlier period. This, despite a larger cost base as a result of the investments we made for future growth.

We are experiencing a historically high level of activity, with several customer inquiries in all three of our business segments. The high level of activity is a prerequisite for a strong commercial order intake and sales in the future, which is originating from smaller project orders. To maximize performance and sustainability, Permascand's solutions are to a great degree tailored to the end customer through dialogue, testing and adaptation. There is no doubt that the underlying demand in the market remains high, given the significant interest from customers looking to initiate discussions and partnership agreements.

Our ambitions in green hydrogen – a sub-segment under Electrification & Renewables – are high. Our largest innovative effort, the construction of a full-scale technology and innovation center and investments in the company's research team, proceeded according to plan during the quarter. There are strong opportunities in the market for green hydrogen produced via electrolysis, a market in which Permascand has delivered electrodes for electrolysis for over 20 years.

The level of activity in Industrial Solutions remains healthy, and numerous interesting dialogues are in progress. This indicates a strong underlying demand driven by increased awareness of the climate gains that are generated by the use of dimensionally stable anodes. We have also been working intensely on a new type of high-efficiency coating technology that is planned to be put into operation in the second quarter of 2022. The higher efficiency leads to lower costs and a more sustainable production.

Water Treatment was relatively unchanged during the quarter. The pandemic continued to have a short short-term dampening effect on the shipping industry and the growth in the field. The need for systems that can efficiently purify ballast water remains, and we believe that market conditions beyond the pandemic remain unchanged.

Using a flexible approach, we have been highly successful in adapting our operational activities to the prevailing situation. In combination with improvements in automation and robotisation, we will continue to increase our efficiency in the various parts of our operation so that we will be ready when the market situation returns to normal. We look forward to the remainder of 2022, where we will be well positioned to capture additional market shares and strengthen our profitability to increase our lead over our competitors.

Peter Lundström, CEO

Permascand in brief

Permascand is an independent technology-driven manufacturer of electrochemical solutions. With its proprietary catalytically coated electrodes for electrolysis, Permascand provides products that facilitate energy savings and promote the transition to green energy. With a customer-oriented focus, Permascand has supplied electrodes, electrochemical cells and aftermarket services for a variety of industries for 50 years. The Permascand share is listed on Nasdaq First North Premier Growth Market under the symbol PSCAND.

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

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 during the fourth quarter of 2021

Order status

Order intake during the fourth quarter totaled SEK 74 million (82), divided among Electrification & Renewables, SEK 14 million (24); Industrial Solutions, SEK 55 million (56); and Water Treatment, SEK 5 million (1). At the end of the period, the value of the order backlog was SEK 451 million (491).

Sales

Sales in the fourth quarter totaled SEK 130 million (118), up 10% compared to the year-earlier period. In Electrification & Renewables, sales increased 86 percent to SEK 22 million (12). In Industrial Solutions, the increase was 6 percent, totaling SEK 43 million (40). In Water Treatment, total sales were at the same level as the preceding year: SEK 66 million (66).

Gross profit

Gross profit totaled SEK 47 million (36), corresponding to a gross margin of 36 percent (30). The higher margin is due to enhanced efficiency in the production process, and the result of strategic initiatives for reduced costs.

Operating profit/loss—Adjusted operating profit/loss

Operating profit for the period totaled SEK 30 million (22), corresponding to an operating margin of 23 percent (19) of revenue. Sales expenses and administrative expenses have increased since the year-earlier period as a result of new hires and consultant expenses. Permascand continues its efforts to increase both sales and market presence and has incurred costs for the transition to a listed company. The portion of the cost of research and development reported in operating profit has increased as well, which during the fourth quarter was a consequence of research and development costs that are not

directly attributable to a customer order but are of a broader type. Costs affecting comparability during the fourth quarter pertained to several activities in connection to the company's 50th anniversary celebration totaling SEK 2 million; items affecting comparability in the fourth quarter of 2020 pertained to the company's IPO process and totaled SEK 4 million, yielding an adjusted operating profit of SEK 32 million (27). The adjusted operating margin totaled 25 percent (23).

Exchange rate fluctuations in conjunction with the restatement of balance sheet items at the closing rate are recognized as other operating income or expenses, which are included in operating profit. These amounted to SEK 0 million (-2).

Profit/loss for the period and earnings per share

Profit before tax for the fourth quarter totaled SEK 28 million (18). The net of financial income and expenses amounted to SEK -2 million (-4) and consists of interest rates. As a result of the lower loan-to-value ratio, interest expense was lower than in the comparison period. Tax in the fourth quarter totaled SEK -7 million (-5). The profit for the period increased to SEK 21 million (13), and earnings per share were SEK 0.35 (0.26).

Cash flow

Cash flow from operating activities totaled SEK 33 million (32). The positive cash flow is a result of the positive operating profit and a positive change in working capital. The impact from the change in working capital totaled SEK 3 million (9). Investments in non-current assets during the period totaled SEK -9 million (-10). Decreased use of overdraft facilities meant that cash flow from financing activities totaled SEK -12 million (-6), corresponding to a total positive cash flow of SEK 12 million (16).

Financial performance during full-year 2021

Sales for 2021 amounted to SEK 405 million (415), down 3 percent from the year-earlier period. Two segments, Electrification & Renewables and Industrial Solutions, increased their sales while sales in Water Treatment decreased. Decreased sales in the Water Treatment segment are the result of a lower rate of installation than planned for ballast water treatment systems (BWTS) aboard marine vessels. Access to shipyards and drydocks has been limited as a result of restrictions and lockdowns, and problems with transportation and logistics entailing delays for Permascand's customers. Water Treatment's share of total revenue decreased as a result of the lower installation rate, totaling 48 percent for the year compared with 61 percent of total revenue in 2020.

Lower sales notwithstanding, the gross profit increased by 16 percent, totaling SEK 123 million (104) and corresponding to a gross margin of 30 percent (25). The higher margin is the result of the investments made in enhancing the efficiency of the production process, and the result of strategic initiatives for reduced costs in areas such as purchasing, planning, and production technology.

Operating profit totaled SEK 38 million (60), though it was low for the year as a result of high administrative expenses linked to the IPO process and the listing that was completed in June. Adjusted for items affecting comparability during the period of

SEK 22 million (5) related to the IPO and the company's 50th anniversary, adjusted operating profit totaled SEK 60 million (65), corresponding to an adjusted operating margin of 15 percent (16). After deductions for financial expenses of SEK -11 million (-15) and tax of SEK -7 million (-12), profit for the period totaled SEK 20 million (33).

Cash flow for the year totaled SEK 17 million (-8). Key items that impacted the new share issue carried out in conjunction with the company's listing had a net positive impact of SEK 29 million. In addition, the change in working capital had a negative impact on the cash flow, primarily through increased inventory and investments in non-current assets.

The impact of COVID-19 on earnings

Since the second quarter of 2020, COVID-19 has meant that planned deliveries and installations have been postponed and reduced the planned growth rate for Permascand. The lower production rate during the most intense period of the pandemic led to overcapacity in staff, which was managed through temporary furloughs in 2020 and the first quarter of 2021. Starting in the second quarter, the effects of the pandemic began to diminish and the company has returned to full production. Longer-term effects from the pandemic in the global market are difficult to predict, but disruptions in logistics and transportation remain a challenge for Permascand as regards the supply of materials. Management is following developments closely and assessing any adaptations to the new conditions.

Financial review

Total assets at year end amounted to SEK 455 million (413 at the beginning of the year). The assets largely comprise non-current assets in the form of robot cells for automation, investments in coating methods, inventory and current receivables (primarily trade receivables).

Equity and the equity/assets ratio changed in June as a result of the company's share issue and the IPO with issue costs, and totaled SEK 283 million (-16) and 62 percent (neg), respectively, at the end of the year. A more detailed explanation of the change in equity is available in the Condensed consolidated statement of changes in equity on page 12. Apart from interest-bearing liabilities, the company has operating liabilities, the majority of which comprise trade payables and advance payments from customers.

Derivatives

Permascand has currency derivatives in the form of swap contracts in EUR and USD. The total market value of the contracts on the balance sheet date was SEK -0.3 million (0.8 at the beginning of the year) and the maturities are March 31, June 30 and September 30, 2022.

Net debt

The Group's net debt totaled SEK 6 million on the balance sheet date, compared with SEK 271 million at the beginning of the year. In conjunction with the listing, the company paid down a bank loan of SEK 250 million. The remaining interest-bearing liabilities consist primarily of borrowing in banks. On the balance sheet date, outstanding loans totaled SEK 39 million (287 at the beginning of the year) and cash and cash equivalents in banks totaled SEK 36 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.

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

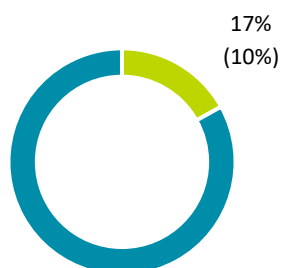
Group, and is responsible for evaluating the Group’s financial position and earnings and making strategic decisions. Segment reporting is used as the basis for allocating resources and evaluating results.

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

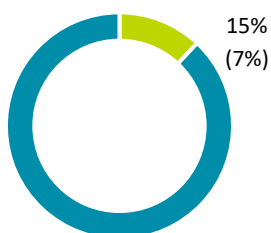
Electrification & Renewables

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. These are 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
Q4 2021 (Q4 2020)



Share of Group sales
Full-year 2021



Key performance indicators

SEK m	Oct–Dec 2021	Oct–Dec 2020	Jan–Dec 2021	Jan–Dec 2020
Order backlog*	100	—	100	—
Order intake	14	24	38	60
Revenue	22	12	59	29
Gross profit	4	2	10	4
Gross margin	18%	18%	16%	13%

*Historical data for order backlog by segment unavailable

Sales and earnings

Electrification & Renewables’ order intake for the fourth quarter decreased to SEK 14 million (24). At the end of the quarter, the value of the order backlog for the segment was SEK 100 million. The level of activity in the segment is high, with several development projects in progress. At the same time, longer turnaround times and challenging materials supply continued to result in a hesitancy among the company’s customers toward investing.

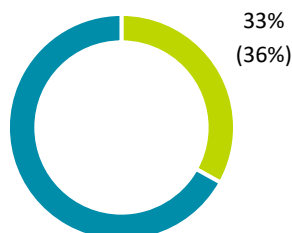
Revenue for the fourth quarter totaled SEK 22 million (12). The increase is attributable primarily to generally growing demand and more deliveries, primarily in power transmission based on orders received in 2020 and 2021. Of total sales in the fourth quarter, Electrification & Renewables comprised 17 percent (10).

The gross margin for the fourth quarter totaled 18 percent. Order intake and sales in the segment were dominated by business related to development projects that will lead to future commercial orders.

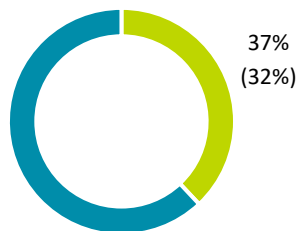
Industrial Solutions

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
Q4 2021 (Q4 2020)



Share of Group sales
Full-year 2021



Key performance indicators

SEK m	Oct–Dec 2021	Oct–Dec 2020	Jan–Dec 2021	Jan–Dec 2020
Order backlog*	99	—	99	—
Order intake	55	56	147	176
Revenue	43	40	150	131
Gross profit	20	15	54	38
Gross margin	47%	38%	36%	29%

*Historical data for order backlog by segment unavailable

Sales and earnings

Order intake in Industrial Solutions for the fourth quarter remained stable and totaled SEK 55 million (56). The quarter was marked by hesitancy among the company’s customers toward investing, owing to longer turnaround times for materials supply, both for Permascand and the company’s customers. The level of activity and general demand remain stable. During the quarter, the company furthered its discussions around so called “green fields” projects. This indicates healthy underlying demand that is expected to grow in pace with the market returning to more normal conditions. At the end of the quarter, the value of the order backlog for the segment was SEK 99 million.

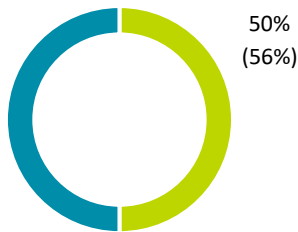
Revenue for the fourth quarter totaled SEK 43 million (40), which is in line with the year-earlier period. Like the third quarter, the market situation remained a challenging one that impacted our customers’ desire to invest. Despite this, Permascand has maintained a healthy production rate with the material the company has had in stock, and has been successful in delivering on time. Of total sales in the fourth quarter, Industrial Solutions comprised 33 percent (34).

The gross margin in the segment increased in the fourth quarter to 47 percent, driven by improvements in efficiency resulting from the automation and robotification of production.

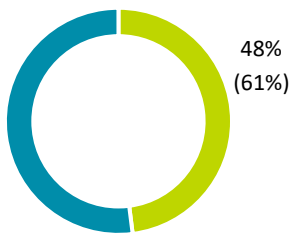
Water Treatment

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
Q4 2021 (Q4 2020)



Share of Group sales
Full-year 2021



Key performance indicators

SEK m	Oct–Dec 2021	Oct–Dec 2020	Jan–Dec 2021	Jan–Dec 2020
Order backlog*	252	—	252	—
Order intake	5	1	191	234
Revenue	66	66	195	255
Gross profit	23	18	60	62
Gross margin	36%	27%	31%	24%

*Historical data for order backlog by segment unavailable

Sales and earnings

Order intake for Water Treatment was low during the fourth quarter, which is a direct result of increased uncertainty as a consequence of the new wave of the pandemic and deferred investment decisions. The need for systems that can efficiently treat ballast water remains, and demand is expected to increase in pace with the market returning to more normal conditions. At the end of the fourth quarter, the value of the order backlog for the segment was SEK 252 million.

Revenue in the fourth quarter totaled SEK 66 million (66). Even though sales picked up toward the end of the year, the lack of growth compared with the year-earlier period was primarily attributable to hesitancy in investment decisions. Of total sales in the fourth quarter, Water Treatment comprised 50 percent (56).

The gross margin improved during the fourth quarter to 36 percent, driven by 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 50 percent were under collective bargaining agreements and 50 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/investors/corporate-governance/incentive-program/>

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.

At December 31, 2021, the share capital totaled SEK 2.2 million with a quota value of SEK 0.037. The total number of shares registered is 59,313,529. The share price at December 30, 2021 was SEK 36.00 per share, corresponding to a total market value of SEK 2,135 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.

Dividend

The Board of Directors proposes that no dividend be paid for full-year 2021, which is according to the company's dividend policy.

Financial calendar

2021 Annual Report

April 19, 2022

Q1 2022

May 10, 2022

2022 Annual General Meeting

May 10, 2022

Q2 2022

August 11, 2022

Q3 2022

November 11, 2022

Presentation of interim report

A teleconference and webcast will be held on February 10, 2021 at 10:30 a.m. CET.

To follow the conference via telephone and to participate in the Q&A session, please call one of the following numbers:

SE: +46 850 55 83 68

UK: +44 3333 00 90 31

US: +1 631 913 1422 (Pin 27301922#)

Link: <https://tv.streamfabriken.com/permascand-top-holding-q4-2021>

Condensed consolidated statement of comprehensive income

SEK m	Note	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Net sales	2	130	118	405	415
Cost of goods sold		-83	-82	-282	-311
Gross profit		47	36	123	104
Sales expenses		-5	-4	-17	-15
Administrative expenses	3	-8	-5	-56	-24
Research and development expenses		-5	-2	-17	-12
Other operating income/expenses		0	-2	5	7
Operating profit		30	22	38	60
Net financial items		-2	-4	-11	-15
Profit before tax		28	18	27	45
Tax		-7	-5	-7	-12
Profit for the period		21	13	20	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		0	1	-1	1
Tax attributable to changed value of cash flow hedging		0	0	0	0
Translation differences on foreign subsidiaries		0	0	0	0
Total other comprehensive income		0	0	-1	0
Total comprehensive income for the period		20	14	20	33
Comprehensive income for the period attributable to Parent Company shareholders		20	14	20	33
Earnings per share, calculated on profit for the period attributable to Parent Company shareholders					
Earnings per share before and after dilution, SEK		0.35	0.26	0.37	0.65
Average no. of shares before dilution		59,313,529	50,490,000	55,616,036	50,490,000
Average number of shares after dilution		59,313,529	50,490,000	55,616,036	50,490,000

Rounding may apply in tables and calculations, which means that the stipulated total amounts are not always reflecting the exact sum of the original amounts.

Condensed consolidated balance sheet

SEK m	Note	31 Dec 2021	31 Dec 2020
ASSETS			
Non-current assets			
<i>Intangible assets</i>			
Goodwill		56	56
Other intellectual property rights		17	12
Tangible assets		146	143
Right-of-use assets		3	3
Financial assets		0	0
Total non-current assets		221	214
Current assets			
Inventories		109	90
Current receivables		88	90
Cash and cash equivalents		36	19
Total current assets		233	199
TOTAL ASSETS		455	413
EQUITY AND LIABILITIES			
Equity		283	-16
Non-current liabilities			
Liabilities to credit institutions		34	280
Deferred tax liabilities		11	9
Lease liabilities		2	2
Total non-current liabilities		47	291
Current liabilities			
Liabilities to credit institutions		5	7
Lease liabilities		1	1
Other current liabilities		119	130
Total current liabilities		125	138
TOTAL LIABILITIES		172	429
TOTAL EQUITY AND LIABILITIES		455	413

Condensed consolidated statement of changes in equity

SEK m	31 Dec 2021	31 Dec 2020
Opening balance	-16	-50
Profit for the period	20	33
Other comprehensive income	-1	0
Total comprehensive income	19	33
New share issue	300	—
Cost of new share issue	-26	—
Warrant premiums received	5	—
Total transactions with shareholders	280	0
Equity attributable to Parent Company shareholders	283	-16
Closing balance	283	-16

Condensed consolidated cash flow statement

SEK m	Oct–Dec 2021	Oct–Dec 2020	Jan–Dec 2021	Jan–Dec 2020
Operating profit	30	22	38	60
Depreciation and amortization of tangible and intangible assets	4	3	15	13
Other items not affecting cash flow	0	0	1	0
Interest paid	-2	-4	-8	-15
Income tax paid	-2	-1	-16	-1
Cash flow from operating activities before changes in working capital	30	23	30	56
Cash flow from change in working capital	3	9	-19	-3
Cash flow from operating activities	33	32	11	53
Investments in tangible and intangible assets	-9	-10	-23	-44
Cash flow from investing activities	-9	-10	-23	-44
New share issue	—	—	305	—
Issue costs	—	—	-26	—
Repayment of borrowings	—	—	-250	—
Increase/decrease in current borrowings	-10	-5	7	-10
Repayment of non-current liabilities	-2	0	-7	-5
Lease payments	0	0	-2	-2
Cash flow from financing activities	-12	-6	28	-17
Cash flow for the period	12	16	17	-8
Cash and cash equivalents at beginning of period	24	4	19	27
Exchange-rate differences in cash and cash equivalents	0	0	0	0
Cash and cash equivalents at end of period	36	19	36	19

Condensed Parent Company income statement

SEK m	Note	Oct–Dec 2021	Oct–Dec 2020	Jan–Dec 2021	Jan–Dec 2020
Sales	2	0	—	5	—
Administrative expenses		-3	-1	-24	-1
Operating profit/loss (EBIT)		-2	-1	-19	-1
Intra-Group interest income		6	6	24	26
Interest expenses		0	—	0	—
Profit/loss after financial items		4	5	5	25
Received group contributions		20	—	20	—
Profit/loss before tax (EBT)		24	5	24	25
Income tax		—	—	—	—
Profit/loss for the period		24	5	24	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 m	Note	31 Dec 2021	31 Dec 2020
ASSETS			
Non-current assets			
Shares in subsidiaries		0	0
Non-current receivables from Group companies		732	480
Total non-current assets		732	480
Current assets			
<i>Current receivables from Group companies</i>		71	26
Current receivables		0	3
Cash and cash equivalents		13	-
Total current assets		84	29
TOTAL ASSETS		816	509
EQUITY AND LIABILITIES			
Restricted equity		2	2
Non-restricted equity		807	503
Total equity		809	505
Current liabilities		6	4
TOTAL EQUITY AND LIABILITIES		816	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 options 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:

Oct-dec 2021						Oct-dec 2020					
(\$20 m)	Industrial Solutions	Electrification & Renewables	Water Treatment	Unallocated group cost	Total Permascand	(\$20 m)	Industrial Solutions	Electrification & Renewables	Water Treatment	Unallocated group cost	Total Permascand
Net sales	45	22	66		133	Net sales	40	12	66		118
Cost of goods	23	18	42		83	Cost of goods	25	10	48		83
Gross profit	20	3,97	24		47	Gross profit	15	2	18		36
Gross margin, %	47%	18%	36%		36%	Gross margin, %	38%	18%	27%		30%
Operating profit (EBIT)				-18	30	Operating profit (EBIT)				-13	22
Net finance cost				-2	-2	Net finance cost				-4	-4
Profit before tax					28	Profit before tax					18

Jan-dec 2021						Jan-Dec 2020					
(\$20 m)	Industrial Solutions	Electrification & Renewables	Water Treatment	Unallocated group cost	Total Permascand	(\$20 m)	Industrial Solutions	Electrification & Renewables	Water Treatment	Unallocated group cost	Total Permascand
Net sales	150	59	195		405	Net sales	131	29	255		415
Cost of goods	-97	-49	-156		-282	Cost of goods	-94	-25	-198		-317
Gross profit	54	10	60		123	Gross profit	38	4	62		104
Gross margin, %	36%	16%	31%		30%	Gross margin, %	29%	13%	24%		25%
Operating profit (EBIT)				85	38	Operating profit (EBIT)				43	60
Net finance cost				-11	-11	Net finance cost				-15	-15
Profit before tax					27	Profit before tax					45

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

	Oct-dec 2021					Oct-dec 2020				
	Industrial Solutions	Electrification & Renewables	Water Treatment	Total		Industrial Solutions	Electrification & Renewables	Water Treatment	Total	
Over time	42	9	65	116		40	3	65	108	
At certain time	0	14	0	14		1	9	0	10	
Total	42	23	65	130		40	12	65	118	

	Jan-dec 2021					Jan-dec 2020				
	Industrial Solutions	Electrification & Renewables	Water Treatment	Total		Industrial Solutions	Electrification & Renewables	Water Treatment	Total	
Over time	150	25	195	371		130	6	255	391	
At certain time	0	34	0	34		1	23	0	24	
Total	150	59	195	405		131	29	255	415	

Note 3. Administrative expenses

Out of the total administrative expenses for the quarter, SEK 0 million pertains to costs attributable to the company's listing. For the full-year period, these costs totaled SEK 20 million. These costs have been treated as items affecting comparability. Items affecting comparability pertaining to the company's 50th anniversary totaled SEK 2 million. Total items affecting comparability were SEK 22 million (5).

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 December 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, 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 company's listing, which pertained to the sale of shares and purchase of warrants, no transactions with related parties were conducted that materially impacted the Group's earnings or financial position. The transactions pertaining to sale of shares and purchase of warrants are described in the prospectus that has been 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 assets in the Parent Company are its shares in the subsidiaries and Group-wide 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 but were impacted by the COVID-19 pandemic in 2020 and 2021.

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 m	Oct–Dec 2021	Oct–Dec 2020	Jan–Dec 2021	Jan–Dec 2020
Operating profit	30	22	38	60
Items affecting comparability attributable to the IPO	2	4	22	5
Adjusted operating profit	32	27	60	65

Operating margin

SEK m	Oct–Dec 2021	Oct–Dec 2020	Jan–Dec 2021	Jan–Dec 2020
Operating profit	30	22	38	60
Sales	130	118	405	415
%	23%	19%	9%	15%

Adjusted operating margin

SEK m	Oct–Dec 2021	Oct–Dec 2020	Jan–Dec 2021	Jan–Dec 2020
Adjusted operating profit	32	27	60	65
Sales	130	118	405	415
%	25%	23%	15%	16%

EBITDA

SEK m	Oct–Dec 2021	Oct–Dec 2020	Jan–Dec 2021	Jan–Dec 2020
Profit for the period	21	13	20	33
Tax	7	5	7	12
Net financial items	2	4	11	15
Depreciation/amortization	4	3	15	13
EBITDA	34	26	53	73

Net debt

SEK m	31 Dec 2021	31 Dec 2020
Non-current liabilities to credit institutions	34	280
Non-current lease liability	2	2
Current liabilities to credit institutions	5	7
Current lease liability	1	1
Cash and cash equivalents	-36	-19
Net debt	6	271

Equity/assets ratio

SEK m	31 Dec 2021	31 Dec 2020
Equity	283	-16
Total assets	455	413
Equity/assets ratio, %	62%	-4%

Net debt/EBITDA

SEK m	31 Dec 2021	31 Dec 2020
EBITDA, LTM	53	73
Net debt	6	271
Net debt/EBITDA	0.11	3.70

Return on equity

SEK m	Oct–Dec 2021	Oct–Dec 2020	Jan–Dec 2021	Jan–Dec 2020
Earnings for the period, LTM	20	33	20	33
Opening equity	-16	-50	-16	-50
Closing equity	283	-16	283	-16
Average equity, LTM	133	-33	133	-33
Return on equity, %	15.2%	-100.1%	15.2%	-100.1%

Return on assets

SEK m	Oct–Dec 2021	Oct–Dec 2020	Jan–Dec 2021	Jan–Dec 2020
Operating profit, LTM	38	60	38	60
Financial income, LTM	0	0	0	0
Opening total assets	413	382	413	382
Closing total assets	455	413	455	413
Average total assets, LTM	434	397	434	397
Return on assets, %	8.8%	15.2%	8.8%	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, 10 February 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

Permascand Top Holding AB

Folkets Husvägen 50

SE-840 99 Ljungaverk

Corp. Reg. No. 559227-6147

Website: www.permascand.se

Additional information

Linda Ekman, CFO, linda.ekman@permascand.se

This information is such that Permascand Top Holding AB (publ) is obligated to disclose in accordance with the EU Market Abuse Regulation. The information was submitted for disclosure on February 10, 2022 at 7:45 a.m. CET.

Consolidated quarterly data

SEK m	2021				2020			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Order intake	74	203	41	57	82	228	57	104
Income statement								
Sales	130	76	123	75	118	111	78	108
Gross profit	47	27	31	18	36	30	11	27
Operating profit	30	14	-3	-3	22	21	1	16
Adjusted operating profit*	32	14	12	2	27	21	1	16
EBITDA	34	18	1	1	26	24	4	19
Profit/loss before tax	28	13	-7	-7	18	17	-3	13
Gross profit/loss, % of sales	36%	35%	25%	24%	30%	27%	14%	25%
Operating profit/loss, % of sales	23%	18%	-2%	-4%	19%	19%	1%	15%
Adjusted operating profit*, % of sales	25%	18%	9%	3%	23%	19%	1%	15%
Balance sheet								
Tangible assets	146	145	146	143	146	144	143	136
Total assets	455	438	440	408	413	404	359	375
Cash and cash equivalents	36	24	16	13	19	4	13	28
Non-current interest-bearing liabilities	36	47	64	293	282	288	276	290
Cash flow								
Operating activities	33	32	-39	-14	32	-16	10	27
Investing activities	-9	-6	-7	-2	-10	-5	-10	-18
Financing activities	-12	-18	49	10	-6	12	-16	-7
Cash flow for the period	12	8	3	-6	16	-9	-16	2
Capital structure								
Net debt	6	30	55	287	271	293	272	272
Per share data, SEK								
Earnings per share before and after dilution	0.35	0.18	-0.10	-0.11	0.26	0.26	-0.06	0.19
Number of shares before dilution	59,313,529	59,313,529	53,204,932	50,490,000	50,490,000	50,490,000	50,490,000	50,490,000
Number of shares after dilution	59,313,529	59,318,361	53,206,569	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
Greenfield	New establishment of production plants
Industrial Solutions	Permascand's segment for products primarily in the chemical industry
Catalytic coatings	The main technological component for all of Permascand's products. Catalytic coatings consist of a mixture of precious metals and other compounds, giving a "surface layer" that is applied to metal substrates such as titanium or nickel
Chlorate	Chemical compound that can be produced industrially via electrochemistry and used in various industries such as pulp and paper, organic and inorganic chemical manufacturing and PVC manufacturing
Recoating	The process by which electrodes are given new catalytic coatings
Water Treatment	Permascand's segment for products within water treatment