

# Impact Coatings AB (publ)

## Interim Report April-June 2024

SEK million	2024 Q2	2023 Q2	2024 Jan-Jun	2023 Jan-Jun	2023 Jan-Dec
Net sales	31.7	25.1	35.7	45.1	98.4
Net sales, excluding metals for electrolysis <sup>1)</sup>	31.7	22.7	35.7	39.9	88.8
Total revenue	24.7	20.7	32.2	40.7	89.0
Operating profit	-4.6	-9.7 <sup>2)</sup>	-20.5	-18.9 <sup>2)</sup>	-33.9 <sup>2)</sup>
Operating profit after financial items	-3.8	-9.7	-19.7	-18.8	-32.0
Cash flow	-11.5	-39.3	-34.0	92.9	60.5
Net cash, end of period	85.7	154.3	85.7	154.3	119.8
Liquidity ratio	136%	238%	136%	238%	200%
Order backlog coating systems at period end	0.0	36.3	0.0	36.3	4.7
Order backlog Coating Services, excl. metals for electrolysis <sup>1)</sup>	2.3	3.2	2.3	3.2	1.0
Order backlog Coating Services, incl. metals for electrolysis <sup>1)</sup>	2.3	5.9	2.3	5.9	1.0

### Business highlights during the second quarter 2024

- Approval from Chinese fuel cell manufacturer regarding volume production in Coating Service Center China
- Follow-on order and delivery within the same quarter of INLINECOATER™ IC2000 for fuel cell coatings to SEKSUN (China) – a milestone in the company's strategy to shorten delivery times
- Letter of Intent signed with Boyuan (China) appointing Impact Coatings as strategic supplier of PVD equipment for fuel cell plates to its production facilities

### Business highlights after the period

- Order for an INLINECOATER™ IC2000 for fuel cell coatings from Boyuan (China) at an order value in the EUR 2 million range, the customer's second coating system from Impact Coatings
- Lena Åberg appointed CFO and member of the Group Management Team, effective November 20

1) Metals for electrolysis are invoiced in a cost-neutral manner and do not affect operating profit.

2) Includes severance pay for the former CEO of SEK 3.0 million.

## CEO's Commentary

### *Strategic progress and net sales growth*

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**The second quarter was a period of significant progress and strategic milestones for Impact Coatings. We continued to deliver on our promises, showing concrete results of our strategy. An increased focus on standardization, shorter delivery times, and sales efforts have begun to bear fruit. We have a lot of work ahead still, but are standing strong and ready to take advantage of new opportunities to drive Impact Coatings forward.**

#### **Financial development**

Net sales for the second quarter amounted to SEK 31.7 million (25.1). No metals for electrolysis were invoiced separately during the period. The quarter was positively affected by a second INLINECOATER™ IC2000 being successfully delivered to SEKSUN in June. Net sales for systems amounted to SEK 25.7 million (0) during the quarter.



*Jonas Nilsson, CEO*

We saw positive signs within Coating Services, but are not satisfied with the outcome. The previously communicated volume production for fuel cells at the Coating Service Center China started up at the end of the second quarter, yielding full production capacity in the facility and a need to further expand capacity. We also received smaller orders within electrolysis during the quarter. Delayed larger volumes in electrolysis from a single major customer weighed on Coating Services during the quarter. Indications from the customer are that planned volumes are still expected, but the timing is uncertain. We are therefore evaluating the timing of the launch of the North American Coating Service Center. At the same time, focus on sales activities in important growth markets has generated a strong sales pipeline within Coating Services, which is crucial to strengthen our position and diversify the customer base.

The aftermarket business performed in line with the corresponding period last year.

#### **Sales developing well – driven by China**

The pace and energy within the sales organization remain high and sales are developing positively. A central part of the commercial work has been the continued implementation of a push-pull strategy. By not only promoting or “pushing” our products directly to our target customers, but also addressing the next step in the value chain – our customers’ customers who

ultimately drive the demand for our coating technologies – we have created a strong “pull” in the market. This strategy has had a direct impact on several business deals, strengthened our relationships with key customers, and ensured that we are one step ahead in meeting future market needs.

A highlight of the quarter was both receiving the order and successfully delivering a second IC2000 system to SEKSUN. Shortly after the end of the second quarter, we also received an order from Boyuan for an IC2000 system. The order followed the signing of a Letter of Intent in June, in which Impact Coatings was appointed the strategic supplier of PVD equipment for fuel cell plates to Boyuan's production facilities. We are proud that both SEKSUN and Boyuan are repeat customers, underlining their trust in our solutions and in our ability to deliver high quality coating systems.

We have stepped up operations at our Coating Service Center in Shanghai, where during the second quarter we expanded to two shifts to meet demand. To secure our delivery commitments, an additional coating system, an IC2000, will be installed in the facility. The system will be crucial to fulfilling our commercial commitments and to driving continued growth in the Chinese market. The expansion not only marks an important milestone for Impact Coatings, but also demonstrates our ability to adapt and grow in step with market needs.

#### **IC2000 – a successful strategic investment**

The development and launch of the INLINECOATER™ IC2000 in 2022 was a bold strategic investment by the company. We are happy to report that it has been absolutely the right decision. The IC2000 system, with its significantly greater production capacity compared to the IC500, has been a key factor in the company's success in the hydrogen business area. The increased production capacity means that we can meet the growing demand from our customers, especially in markets such as China where volume production is crucial. In China, we have in less than a year gone from having no IC2000 systems installed to now having several in operation, both at customers and soon in our own Coating Service Center in Shanghai. This rapid

development demonstrates our ability to adapt quickly to market needs and paves the way for future growth opportunities.

### **Order and delivery within the same quarter**

One of our most important strategic goals is to shorten delivery times by standardizing and streamlining the production of coating systems. We reached an important strategic milestone during the quarter through the delivery of the IC2000 system to SEKSUN, which was completed in the same quarter in which the order was received. The achievement shows that our strategy is working and that we are well on our way to streamlining our processes and meeting our customers' needs for even faster deliveries.

Work to standardize the system manufacturing process is proceeding according to plan and has contributed to this success. By manufacturing standard products based on a modular approach rather than tailoring each piece of machinery, we achieve margin benefits and increased customer value. The new organization, where the units for development and production have been more clearly separated, has also begun to settle in, which further strengthens our internal processes.

### **Future prospects**

The second quarter delivered commercial success and clear progress in line with our strategy. We look forward to further increasing our presence in important geographic markets, developing our offering and moving

to new premises in Linköping later this autumn. We have continued to focus on shortening system delivery times, increasing production capacity and converting the robust sales pipeline into firm orders.

We remain dedicated to achieving profitable growth. The company's direction is clear: we will strengthen our position as the market leader in electrolysis coatings for green hydrogen and coatings for fuel cells, while continuing to leverage the wide range of applications our PVD coating technology addresses.

Our primary focus is to continue developing our business through organic growth and strengthening our commercial efforts. At the same time, we closely monitor market trends to identify opportunities for strategic partnerships and collaborations that can advance Impact Coatings' offerings. These collaborations could take various forms, from joint development initiatives to more integrated approaches, including strategic acquisitions. Our priority is to carefully evaluate how such initiatives could contribute to Impact Coatings' long-term financial performance and further strengthen our market position.

Thank you to our customers and shareholders for your continued trust, and I look forward to reporting our third quarter progress and accomplishments in October.

*Jonas Nilsson, CEO*

## Financial Result

### SECOND QUARTER 2024

In the second quarter, net sales amounted to SEK 31.7 million (25.1). This includes revenue from Coating Services of SEK 2.8 million (11.0), aftermarket sales of SEK 3.2 million (2.6), and the delivery of a coating system and an upgrade to a previously sold system to a Chinese customer for SEK 25.7 million (11.5).

Revenue from Coating Services during the second quarter includes SEK 0 million (2.4) for metals used in electrolysis coatings. When applicable, these metals are invoiced on a cost-neutral basis for Impact Coatings in agreement with relevant customers and are recognized as revenue and raw material costs, thereby not affecting the results.

The subsidiary in China generated SEK 1.3 million (1.4) of aftermarket sales and SEK 1.0 million (0.1) of Coating Services sales

Total revenue amounted to SEK 24.7 million (20.7). The difference between net sales and total revenue is mainly explained by capitalized work for own account of SEK 5.7 million (6.8) and changes in work in progress, amounting to SEK -12.9 million (-11.2).

Operating costs excluding raw materials and supplies amounted to SEK -22.4 million (-25.2). Adjusted for severance pay to the former CEO, costs for the second quarter of 2023 amounted to SEK -22.2 million. The increase in 2024 relates to costs and depreciation in the Chinese production facility, which was completed in 2023, largely offset by lower costs due to reduced activity in Coating Services at the Swedish facility.

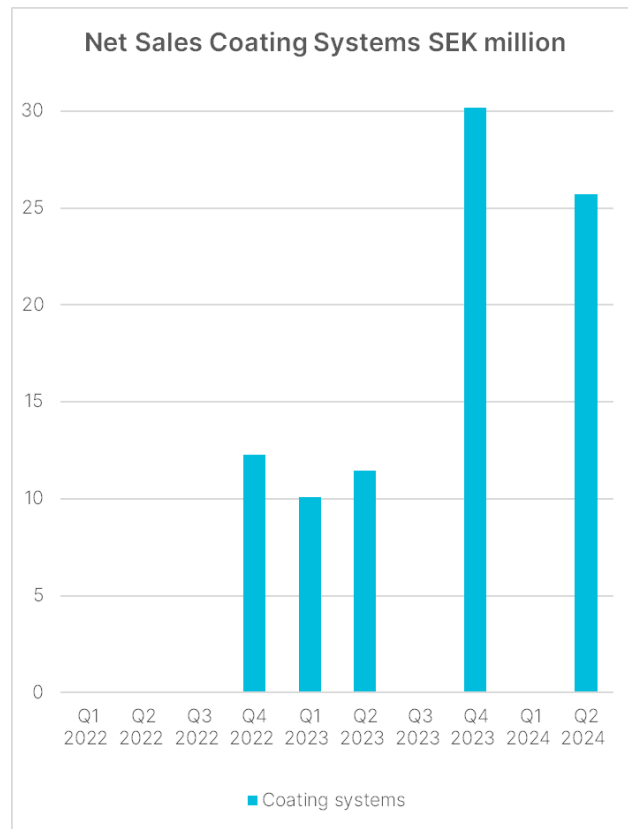
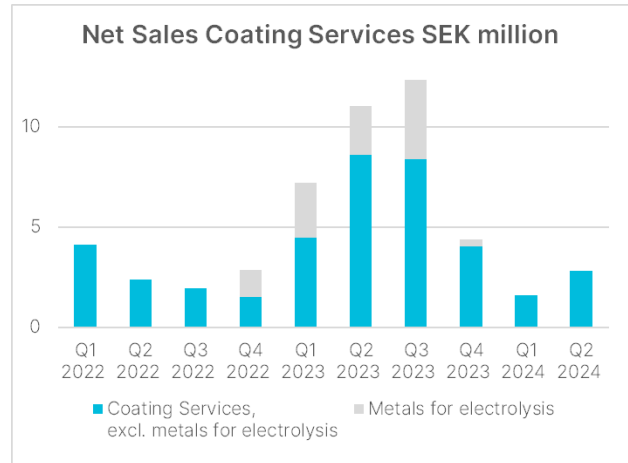
The foreign exchange loss was SEK -0.7 million (3.2), a result of exchange rate changes in SEK against EUR and USD, as well as CNY against EUR and USD. The financial net was SEK 0.8 million (0).

Net income after financial items was SEK -3.8 million (-9.7).

### FIRST HALF OF 2024

Net sales for the first half of the year amounted to SEK 35.7 million (45.1), which includes Coating Services for SEK 4.4 million (18.2) and aftermarket sales of SEK 5.6 million (5.4). Revenue from system deliveries totaled SEK 25.7 million (21.5).

Revenue from Coating Services during the first half includes SEK 0 million (5.2) for metals used in electrolysis coatings. When applicable, these metals are invoiced on a cost-neutral basis for Impact Coatings in



agreement with relevant customers and are recognized as revenue and raw material costs, thus having no impact on the results.

The subsidiary in China generated SEK 2.8 million (2.5) of aftermarket sales and SEK 1.7 million (0.1) of Coating Services sales.

Total revenue amounted to SEK 32.2 million (40.7). The difference between net sales and total revenue is mainly explained by capitalized work for own account of SEK 6.1 million (6.8) and changes in work in progress, amounting to SEK -10.1 million (-11.4).

Operating costs excluding raw materials and supplies amounted to SEK -43.4 million (-43.8). Adjusted for severance pay for the former CEO, costs for the first half of 2023 amounted to SEK -40.8 million. The increase in 2024 relates to costs and depreciation in the Chinese production facility completed in 2023, partially offset by lower costs from reduced activities in Coating Services at the Swedish facility.

Currency gains amounted to SEK 1.5 million (3.2), a result of exchange rate changes between SEK and EUR, USD, and CNY against EUR and USD during the period. The financial net was SEK 0.8 million (0).

Net income after financial items was SEK -19.7 million (-18.8).

### FINANCIAL POSITION AND LIQUIDITY

Cash and liquid assets at the end of the period amounted to SEK 85.7 million (154.3). The liquidity ratio was 136% (238%). The company has no interest-bearing liabilities.

Cash flow from operating activities for the first half of the year amounted to SEK -25.8 million (-28.4). Cash flow was negatively affected by the period result and an increase in components inventory from the new strategy to manufacture systems based on forecasts, with the goal of increasing sales and reducing production costs.

Cash flow from investing activities amounted to SEK -8.2 million (-8.5), mainly related to investments in an INLINECOATER™ IC500 system and other equipment for the new facility in Linköping, as well as capitalized costs for product development.

Cash flow from financing activities amounted to SEK 0 million (129.8). The total cash flow for the period was SEK -34.0 million (92.9).

During the second quarter, a coating system was reclassified from "Assets under construction" to "Work in

progress," resulting in positive cash flow from investments in the quarter.

The company estimates that it has sufficient liquidity for at least the next 12 months.

### ORDER BACKLOG FOR COATING SYSTEMS AND COATING SERVICES

The order backlog for coating systems was at the end of the period EUR 0 million (3.1), corresponding to SEK 0 million (36.3) based on the period-end exchange rate.

The order backlog for Coating Services was at the end of the period SEK 2.3 million (3.2), excluding metals for electrolysis, based on the period-end exchange rate.

The order backlog for aftermarket services is not reported.

### PERSONNEL

The average number of employees during the period was 57 (53).

### TRANSACTIONS WITH RELATED PARTIES

Of the parent company's total purchases and sales, SEK 0 million (0) of the purchases and SEK 4.2 million (11.9) of the sales refer to the subsidiary in China for the first half of 2024. There are no financial receivables or liabilities between the parent company and the subsidiary. Transactions with related parties are priced according to market terms.

During the period, a write-down of shares in the subsidiary was made corresponding to the running costs in China. The write-down is matched by contributions from the parent company to cover these costs.

### RECLASSIFICATION OF COSTS

In the comparison figures for 2023 regarding operating costs, a reclassification has been made from "Other external costs" to "Personnel costs" for temporary staff.

## Business Highlights During the Second Quarter

On April 18, the company announced that it had received official approval to be a volume supplier of Coating Services to a Chinese manufacturer of fuel cell systems and fuel cell stacks for vehicles and other applications. Initially, against future orders, Impact Coatings will provide production capacity from its Coating Service Center in Shanghai up to a volume equivalent to CNY 9 million in revenue. The coating qualified for the manufacturer's fuel cell products is Premium FC, Impact Coatings' new coating for heavy-duty fuel cell vehicles. The production was gradually ramped up during the second quarter.

On May 14, the company received a follow-on order for an INLINECOATER™ IC2000 from SEKSUN Technology (Suzhou) Co., Ltd., a Chinese manufacturer of precision metal parts for the automotive industry. Order value was in the EUR 2 million range. The coating system is to be used for coating bipolar plates for fuel cells. On June 28, the company announced that the IC2000 system had been delivered, only six weeks after the order was placed. This marks an important milestone in Impact Coating's strategy to shorten delivery times through standardized system production and forecast-based

manufacturing. Impact Coatings received a first IC2000 order for delivery to SEKSUN in 2023, a system delivered in the fourth quarter of 2023.

On June 22, a non-binding Letter of Intent was signed with the Chinese company Shangdong Boyuan New Energy Technology Development Co., Ltd. ("Boyuan"), a specialist in precise forming technology for fuel cell metal plates. According to the Letter of Intent, Boyuan has selected Impact Coatings as a strategic supplier of PVD coating equipment for the production of fuel cell bipolar and monopolar plates at Boyuan's production sites in China, Mexico and other regions. Boyuan has the long-term intention to invest in coating equipment from Impact Coatings for all of its production sites, starting with the site in China. Impact Coatings expresses in the Letter of Intent its commitment to further develop coating materials, machines, and processes to meet the future market requirements of cost-efficient coatings for metal plates for fuel cells.

The company's Annual General Meeting (AGM) was held in Linköping on May 22. Eighteen people representing 35.0% of the total number of votes participated in the meeting, which decided in accordance with the board's and the nomination committee's proposals on all points. Among other things, the Chairman of the Board Mark H. Shay, as well as board members Christian Sahlén, Sukhwan Yun and Per Wassén, were re-elected. The CEO's presentation and other documentation regarding the AGM can be found on the company's website.

During the quarter, Harry Oh was appointed Regional President for South Korea and Japan after Kristian Hillgren, who permanently moved back to Sweden and the role of CTO. Harry Oh most recently comes from Bloom Energy, a hydrogen company with products based on solid oxide fuel cells. The sales team in Sweden was strengthened during the period with Elisabeth Söderlund, who holds a PhD and has broad industrial experience, including work within fuel cells at Sandvik Group.



*Impact Coatings' CEO Jonas Nilsson and SEKSUN's CEO YQ Miao at the delivery of the customer's second IC2000 in June 2024.*

## Business Highlights After the Period

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In accordance with the Letter of Intent with Boyuan on June 22, the company on July 27 received an order for an INLINECOATER™ IC2000 from the Chinese customer. The delivery is planned to take place to Boyuan's factory in China in 2024 and the order value is in the EUR 2 million range. This order was also a follow-on order, where Boyuan ordered and took delivery of a first PVD system for fuel cell plates from Impact Coatings in 2022.

On August 19 the company announced that Lena Åberg has been appointed CFO and member of the Group

Management Team, effective November 20, 2024. She succeeds Bengt Vernerson, who has been acting CFO since February 2023. Lena Åberg has extensive experience in financial management across large and small companies, as well as listed and unlisted companies. Lena is currently Senior Group Business Controller at Saab. She will be part of the Group Management Team, which, with this recruitment, will consist entirely of permanent personnel.

## Other Information

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### AUDIT AND ACCOUNTING POLICIES

The report has been prepared in accordance with the Annual Accounts Act and with the application of the Swedish Accounting Standards Board's general advice BFNAR 2012: 1 Annual Report and consolidated accounts (K3).

This interim report has not been subject to auditor review.

### Principles for consolidated accounting

The accounting principles are unchanged from those mentioned in the annual report for 2023.

### UPCOMING FINANCIAL EVENTS

Interim report for the third quarter 2024	October 18, 2024
Year-end report for 2024	February 14, 2025

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This and other Interim reports and Annual reports are available on the company's website at [www.impactcoatings.com/finansiella-rapporter-arkiv/](http://www.impactcoatings.com/finansiella-rapporter-arkiv/).

## Consolidated Income Statement - Impact Coatings Group

<i>(All amounts in SEK million)</i>	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023	Jan-Dec 2023
Net sales	31.7	25.1	35.7	45.1	98.4
Capitalized work for own account	5.7	6.8	6.1	6.8	18.9
Change of work in progress	-12.9	-11.2	-10.1	-11.4	-29.0
Other operating income	0.1	0.0	0.5	0.2	0.7
<b>Total revenue</b>	<b>24.7</b>	<b>20.7</b>	<b>32.2</b>	<b>40.7</b>	<b>89.0</b>
Raw materials	-6.1	-8.4	-10.8	-19.0	-31.4
Gross profit	18.6	12.3	21.5	21.7	57.6
Gross margin %	75%	59%	67%	53%	65%
Other external costs	-6.0	-6.0	-11.5	-10.9	-35.2
Personnel costs	-15.0	-18.3	-28.8	-30.9	-48.4
Write off and depreciation of tangible and intangible assets	-1.4	-1.0	-3.1	-2.0	-4.8
Exchange rate gain / loss	-0.7	3.2	1.5	3.2	-2.5
Other operating expenses	-0.1	0.0	-0.1	0.0	-0.6
<b>Operating profit</b>	<b>-4.6</b>	<b>-9.7</b>	<b>-20.5</b>	<b>-18.9</b>	<b>-33.9</b>
Interest income and similar items	0.8	0.0	0.8	0.0	1.8
Operating profit after financial items	-3.8	-9.7	-19.7	-18.8	-32.0
Tax expenses on profit in the period	0.0	0.0	0.0	0.0	0.0
<b>Net income for the period</b>	<b>-3.8</b>	<b>-9.7</b>	<b>-19.7</b>	<b>-18.8</b>	<b>-32.0</b>
Earnings per share (kr)	-0.04	-0.12	-0.23	-0.25	-0.41
Average shares outstanding during the period	87 486 713	83 889 315 <sup>1)</sup>	87 486 713	76 357 662 <sup>1)</sup>	78 857 887 <sup>1)</sup>
Shares outstanding at period end	87 486 713	87 486 713	87 486 713	87 486 713	87 486 713

<sup>1)</sup> Share issuance of 30,877,662 shares, subscribed March 23, 2023, and registered April 12, 2023.



## Consolidated Balance Sheet - Impact Coatings Group

<i>(All amounts in SEK million)</i>	2024-06-30	2023-06-30	2023-12-31
<b>Assets</b>			
<b>Long term assets</b>			
Intangible assets	2.0	0.4	2.1
Machines and technical equipment	41.1	38.3	43.2
Assets under construction	18.4	1.8	11.1
<b>Total fixed assets</b>	<b>61.5</b>	<b>40.5</b>	<b>56.4</b>
<b>Short term assets</b>			
Raw materials	88.4	72.2	80.5
Work in progress	8.2	1.3	0
Other short term receivables	31.5	36.8	25.8
Cash and liquid assets			
Unrestricted cash	85.7	154.3	119.8
<b>Total short term assets</b>	<b>213.8</b>	<b>264.6</b>	<b>226.0</b>
<b>Total assets</b>	<b>275.3</b>	<b>305.0</b>	<b>282.4</b>
<b>Shareholder equity and liabilities</b>			
Shareholder equity	189.7	224.9	209.5
Pre-payment from customers			
Paid	57.8	60.4	52.4
Short-term liabilities	27.7	19.8	20.5
<b>Total shareholder equity and liabilities</b>	<b>275.3</b>	<b>305.0</b>	<b>282.4</b>

## Consolidated Changes in Shareholder Equity - Impact Coatings Group

<i>(All amounts in SEK million)</i>	2024-06-30	2023-06-30	2023-12-31
Opening balance	209.5	113.9	113.9
Share issuance / warrants (after emission costs)	0.0	129.8	129.8
Period result	-19.7	-18.8	-32.0
Translation difference	0.1	0.0	-2.1
<b>Closing balance</b>	<b>189.7</b>	<b>224.9</b>	<b>209.5</b>

## Consolidated Statement of Cash Flows - Impact Coatings Group

<i>(All amounts in SEK million)</i>	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023	Jan-Dec 2023
Operating profit after depreciation	-5.0	-9.7	-20.5	-18.9	-33.9
Financial items (net)	0.8	0.0	0.8	0.0	1.8
Adjustments for non cash items	1.8	1.0	3.5	2.0	5.6
<b>Cash flow operations before change in working flow</b>	<b>-2.4</b>	<b>-8.7</b>	<b>-16.2</b>	<b>-16.9</b>	<b>-26.4</b>
Change in working capital	-11.3	-23.2	-9.6	-11.6	-15.7
<b>Cash flow from operations</b>	<b>-13.7</b>	<b>-31.9</b>	<b>-25.8</b>	<b>-28.4</b>	<b>-42.1</b>
Cash flow from investments	2.1	-7.4	-8.2	-8.5	-27.2
Rights issue	0.0	0.0	0.0	148.2	148.2
Rights issue costs paid	0.0	0.0	0.0	-18.4	-18.4
Cash flow from financing activities	0.0	0.0	0.0	129.8	129.8
<b>Cash flow for the period</b>	<b>-11.5</b>	<b>-39.3</b>	<b>-34.0</b>	<b>92.9</b>	<b>60.5</b>
Liquid assets, opening balance	97.2	193.6	119.8	61.4	61.4
Translations differences	0.0	0.0	-0.1	0.0	-2.1
<b>Liquid assets, ending balance</b>	<b>85.7</b>	<b>154.3</b>	<b>85.7</b>	<b>154.3</b>	<b>119.8</b>
<b>Liquidity ratio, %</b>	<b>136</b>	<b>238</b>	<b>136</b>	<b>238</b>	<b>200</b>

## Income Statement - Parent Company

<i>(All amounts in SEK million)</i>	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023	Jan-Dec 2023
Net sales	32.2	36.0	35.4	54.5	106.5
Capitalized work for own account	6.2	0.0	6.2	0.1	0.1
Change of work in progress	-13.0	-11.2	-10.2	-11.4	-17.9
Other operating income	0.1	0.0	0.4	0.2	0.4
<b>Total revenue</b>	<b>25.6</b>	<b>24.8</b>	<b>31.8</b>	<b>43.3</b>	<b>89.1</b>
Raw materials	-6.5	-8.9	-10.5	-19.3	-32.2
Gross profit	19.0	15.9	21.4	24.0	56.9
Gross margin %	30%	64%	67%	55%	64%
Other external costs	-5.0	-4.6	-9.4	-8.6	-19.2
Personnel costs	-12.8	-16.6	-24.6	-27.7	-52.2
Write off and depreciation of tangible and intangible assets	-0.8	-1.0	-2.0	-2.0	-4.2
Profit / Loss on Exchange rate	-0.7	3.3	1.6	3.3	-2.6
Other operating expenses	-0.1	0.0	-0.1	0.0	-0.6
<b>Operating profit</b>	<b>-0.5</b>	<b>-3.0</b>	<b>-13.2</b>	<b>-10.9</b>	<b>-22.0</b>
Impairment of shares in group companies	-2.2	-2.1	-5.0	-3.3	-6.1
Interest income and similar items	0.8	0.0	0.8	0.0	1.8
Operating profit after financial items	-1.9	-5.1	-17.3	-14.2	-26.3
Tax expenses on profit in the period	0.0	0.0	0.0	0.0	0.0
<b>Net income for the period</b>	<b>-1.9</b>	<b>-5.1</b>	<b>-17.3</b>	<b>-14.2</b>	<b>-26.3</b>

## Balance Sheet - Parent Company

<i>(All amounts in SEK million)</i>	2024-06-30	2023-06-30	2023-12-31
<b>Assets</b>			
<b>Long term assets</b>			
Intangible assets	1.2	0.4	1.3
Machines and technical equipment	24.2	24.6	25.1
Assets under construction	6.2	1.8	0.0
<b>Financial assets</b>			
Shares in subsidiary	32.2	23.3	34.0
<b>Total long term assets</b>	<b>63.8</b>	<b>50.1</b>	<b>60.4</b>
<b>Short term assets</b>			
Raw materials	83.1	69.0	76.1
Work in progress	18.8	1.3	11.1
Other short term receivables	34.6	42.8	23.3
Cash and liquid assets			
Unrestricted cash	82.8	146.9	116.5
<b>Total short term assets</b>	<b>219.3</b>	<b>260.0</b>	<b>227.0</b>
<b>Total assets</b>	<b>283.2</b>	<b>310.1</b>	<b>287.4</b>
<b>Shareholder equity and liabilities</b>			
Shareholder equity	199.8	229.2	217.2
Pre-payment from customers			
Paid	57.8	60.4	52.4
Short-term liabilities	25.5	20.5	17.8
<b>Total shareholder equity and liabilities</b>	<b>283.2</b>	<b>310.1</b>	<b>287.4</b>

## Summary of Financial Development

The financial development of Impact Coatings AB (publ) for the full years 2020-2023 and the group's consolidated financial development for the period January-June 2024 are summarized below.

All figures related to the operating years 2020-2023 are based on material from previously published annual reports.

<i>(All amounts in SEK million)</i>		2024	2023	2022	2021	2020
		Jan-Jun	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec
Net sales		35.7	98.4	32.0	57.2	39.5
Revenue		32.2	89.0	57.0	54.5	54.4
Operating profit		-20.5	-33.9	-47.0	-32.1	-23.0
Result after financial items (net)		-19.7	-32.0	-47.0	-32.1	-23.0
Operating margin	%	Neg	Neg	Neg	Neg	Neg
Intangible assets		2.0	2.1	0.4	1.4	2.2
Tangible assets		59.5	54.3	33.5	9.5	8.8
Inventory		88.4	80.5	41.0	18.5	27.4
Pre payment from customers		57.8	52.4	20.1	0.0	5.6
Short term assets		31.5	25.8	15.8	14.6	7.8
Cash and liquid assets		85.7	119.8	61.4	129.5	49.6
Shareholder equity		189.7	209.5	113.9	160.6	79.0
Long term liabilities		0.0	0.0	0.0	0.0	0.0
Short term liabilities		27.7	20.6	18.7	12.8	11.1
Total assets		275.3	282.5	152.6	173.4	95.8
Return on assets	%	Neg	Neg	Neg	Neg	Neg
Return on equity		Neg	Neg	Neg	Neg	Neg
Equity/asset ratio	%	69	74	75	93	83
Debt ratio	times	0	0	0	0	0
Interest coverage ratio		Neg	Neg	Neg	Neg	Neg
Liquidity ratio	%	137	200	201	1 124	343
Employees		57	56	45	37	30
Investments						
Intangible assets		1.2	1.8	0.0	0.4 <sup>1)</sup>	0.0
Tangible assets		7.0	14.3	25.9	1.7	-0.1
Earnings per share	SEK	-0.23	-0.41	-0.83	-0.58	-0.44
Average shares outstanding during the period		87 486 713.0	78 857 887 <sup>2)</sup>	56 609 051	55 809 051 <sup>3)</sup>	51 809 051
Shares outstanding at period end		87 486 713.0	87 486 713	56 609 051	56 609 051	51 809 051

<sup>1)</sup> Investment of SEK 424 thousand represents a re-classification from development expenses to intangible assets.

<sup>2)</sup> Share issuance of 30,877,662 shares, subscribed March 23, 2023, and registered April 12, 2023.

<sup>3)</sup> Share issuance of 4,800,000 shares, subscribed February 24, 2021, and registered February 26, 2021.

**Definition of terms:**

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Operating margin	Operating profit after financial items divided by revenue
Shareholder equity	Sum total of shareholder equity, restricted reserves and non-restricted equity
Return on assets	Operating profit before interest divided by average capital employed
Return on equity	Net income after tax divided by average shareholder equity
Equity / assets ratio	Shareholder equity divided by balance sheet total
Debt ratio	Interest bearing debts divided by shareholder equity
Interest coverage ratio	Operating profit before interest expenses divided by interest expenses
Earnings per share	Net income after tax divided by average number of shares
Liquidity ratio	Cash and short-term assets excl. inventory divided by short term liabilities

## Impact Coatings in brief

### *At the forefront globally in PVD coating for hydrogen and metallization on plastic*

**With more than 25 years of experience in general PVD technology for thin film coating, and many years of strategic focus, Impact Coatings is today at the forefront globally in two growing market segments. The company supplies coating solutions for critical components to the hydrogen industry - both for fuel cells and electrolyzers - and for the metallization of advanced plastic parts, especially in automotive applications.**

Impact Coatings is a high-tech industrial company that manufactures and sells machines for PVD coating (physical vapor deposition), offers coating as a service ("Coating Services"), and provides aftermarket services and other customer services.

Headquarters is located in Linköping, Sweden, with development department, production of PVD machines and the company's European Coating Service Center. The group has a subsidiary in China, where a second Coating Service Center was put into operation in 2023, as well as a subsidiary in the USA, where another Coating Service Center is planned. The company also has sales personnel in Germany and South Korea.

#### **EFFICIENT PVD TECHNOLOGY FOR INDUSTRIAL APPLICATIONS**

Impact Coatings' PVD system INLINECOATER™ is based on a modular machine platform that can be equipped for many applications. It features a unique circular architecture with object loading hatch and multiple coating chambers positioned around a common vacuum pump. It is a design that provides short cycle times, while multiple coating chambers enable advanced multi-layer coatings.

One INLINECOATER system provides, given price and floor space, a significant production capacity that is easily scaled up through multiple systems. It gives customers the opportunity to develop and scale up their production without changing technology solution.



Competing PVD suppliers usually offer so-called batch systems with only one chamber for development and trial series and large multi-chamber PVD lines with accompanying large capital investments for volume production.

The PVD systems are equipped for different types of coatings, especially metals, metal alloys and ceramic coatings. Depending on the application and customer needs, both standard materials and coatings developed by Impact Coatings are used. Examples of the latter are cost-effective ceramic coatings used for metal plates for fuel cells.

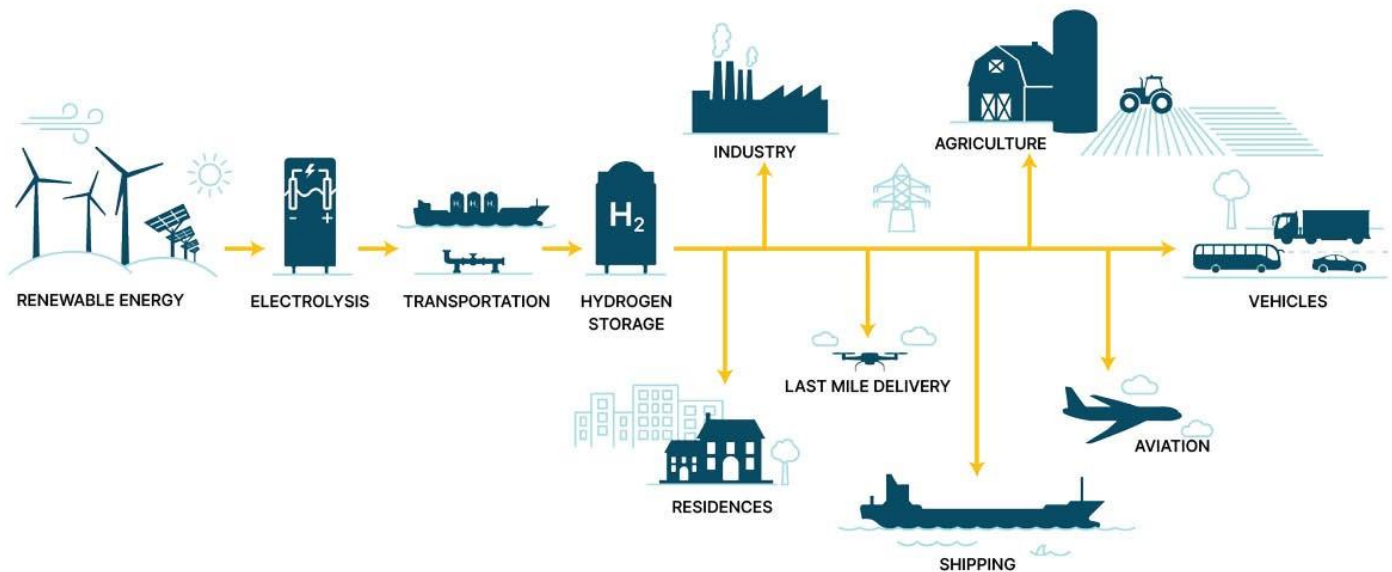
For metal electrolyzer plates, today's industry demands noble metal coatings. The INLINECOATER design with relatively small coating chambers and coating sources close to the objects provides more efficient utilization of noble metals than with other PVD systems.

Short cycle times and compact size allow the systems to be integrated with other production steps, for example with plastic injection molding and industrial robots in efficient automated production cells for metallized plastic components.

#### **FLEXIBLE BUSINESS MODEL WITH THE CUSTOMER AT THE CENTER**

The starting point in Impact Coatings' business is the customer. Placing the customer at the center gives Impact Coatings competitive advantages – especially in developing markets. The company's offerings enable a close interaction already in the development stage. Impact Coatings meets customers with high flexibility, which means they can choose freely between using Coating Services, buying or renting PVD systems, and using an Impact Coatings team on site to manage initial production.

The expansion of Coating Service Centers generates several advantages for customers and for the company. Coating Services offers a low entry barrier, shortens time-to-market, and reduces technical and financial risk. The same technical solution can be used for testing, verification, and volume production, first in Coating Services and later at the customers' facilities, when they choose to invest in their own production. In addition,



Coating Service Centers can act as a second source for future volume peaks.

Through Coating Services, the company's coating solutions are also qualified in the early stages, which gives a favorable position in the sale of PVD systems.

## VERSATILE COATING TECHNOLOGY – FOCUS ON TWO GROWTH MARKETS

PVD is widely used in large industrial segments and the pursuit of a more sustainable industry means that the technology is constantly finding new areas of use. Unlike traditional wet chemical plating, PVD is a dry and clean surface coating technology, without hazardous chemicals and emissions.

During its more than 25 years, Impact Coatings has been active in general PVD technology and various application areas, such as consumer products, electrical contacts and medical technology, and the company continues to sell Coating Services and PVD systems in these areas. The many years of experience are also the basis for the strategic focus that Impact Coatings has adopted in two growth markets: Hydrogen and Metallization on plastic.

### Hydrogen

Hydrogen is a cornerstone in the development of a fossil-free energy system and society. Major investments are being made in all the world's leading regions to scale up the production and use of hydrogen, above all so-called green hydrogen from renewable energy sources.

Impact Coatings' technology is directly involved in the manufacture of critical components for both production

and use of hydrogen. The company provides solutions for electrically conductive and protective PVD coatings on metal plates that are found in both fuel cells and electrolyzers.

### Fuel cells

In a fuel cell, hydrogen and oxygen (from the air) are converted into electricity, with water vapor as the only emission. There are different types, with PEM (proton-exchange membrane) fuel cells being the most suitable for applications with many starts and stops, for example for vehicle applications.

Impact Coatings started developing coating solutions for PEM fuel cells in 2007 and has since supplied both Coating Services and coating machines to the fuel cell industry. Much of the development today focuses on fuel cells for heavy vehicles and Impact Coatings therefore, in 2023, launched a newly developed coating for PEM fuel cells for heavy vehicle applications – Premium FC. The company also has a coating for PEM fuel cells for mid-end applications – Ceramic MAXPHASE™.

### Electrolyzers

In an electrolyzer, hydrogen is produced by splitting water using electricity. PEM electrolyzers are particularly effective for small and medium-sized installations and where the electrical power varies, for example from solar and wind farms. Other techniques, such as alkaline and solid oxide electrolysis, are mainly used for industrial applications.



Put simply, a PEM electrolyzer is a PEM fuel cell that runs backwards and contains corresponding components. The electrolyzer is normally larger, which means larger metal plates to be coated. Unlike most fuel cells, noble metals are required for electrolysis plates to achieve the expected high performance and lifetime.

Much of Impact Coatings' machine technology and fuel cell application know-how can be applied to PEM electrolyzers, which has given the company a technology and market edge for the new application. This applies to the ability to cost-effectively handle noble metal coatings.

The company has been producing electrolysis coatings within Coating Services since the end of 2022 and the type of system used, INLINECOATER™ IC2000, is available for electrolysis and fuel cell customers.

### **The hydrogen market and customers**

The hydrogen market is growing through political incentives and an expansion of commercial players in North America, Europe and Asia. In Asia, Japan and South Korea were early adopters and are still at the forefront of hydrogen development, but today they are partly overtaken by China, which is investing heavily in hydrogen in its energy transition.

Simplified, there are three levels in the value chain within the hydrogen industries. At the top are end users, such as vehicle manufacturers for fuel cells and energy companies for electrolyzers. Below these are manufacturers of stacks and systems, sometimes with their own component manufacturing, and at the bottom pure component manufacturers.

Impact Coatings' sales at this early market stage are mainly to the stack and system manufacturers, who own the design, and who dare to make larger investments. However, the Chinese market is one step ahead, where component manufacturers are increasingly ready to build their own production capacity, which is also reflected in Impact Coatings' system sales for fuel cell applications to China.

### **Metallization on plastic**

The most common method of giving plastic components a metal layer is through chrome plating, a highly problematic technique that usually involves health-hazardous hexavalent chromium. Where it is possible to replace plating, or where materials other than chrome are required, other coating methods are used, including PVD technology from Impact Coatings.

Automated production cells with plastic injection molding and INLINECOATER metallization enable quality control of finished metallized plastic parts only minutes

after injection molding, hence the possibility of rapid process adjustments that maximize the customer's production yields. An example where this is used is the manufacture of radomes for vehicle radars, where Impact Coatings' technology is used by leading manufacturers in the European automotive industry. Metallized plastic waveguide antennas are another critical component under development for automotive radar, where the company's technology has the potential to become a solution for volume production.

Radar is used for autonomous vehicle and traffic solutions, a market that is expected to grow as more functions are integrated into vehicle and the more connected traffic becomes. Thus, the need for metallization solutions in applications where the company currently has a strong position is expected to increase. PVD metallization in other areas is also expected to grow when health-hazardous chrome plating on plastics is to be phased out of the industry.

Metallization is a competitive market with many suppliers of PVD equipment. Impact Coating's strength lies primarily in specific applications and for customers who need integrated production solutions.

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