

Impact Coatings AB (publ)

Year-End Report 2024

SEK million	2024 Q4	2023 Q4	2024 Jan-Dec	2023 Jan-Dec
Net sales	42.4	38.4	109.9	98.4
Net sales, excluding metals for electrolysis ¹⁾	42.1	38.1	109.6	88.8
Total revenue	47.5	31.1	102.4	89.0
Operating profit	-3.7	-1.3 ²⁾	-31.3	-33.9 ³⁾
Operating profit after financial items	-3.6	0.6 ²⁾	-30.1	-32.0
Cash flow	-35.1	-17.6	-89.7	60.5
Net cash, end of period	32.5	119.8	32.5	119.8
Liquidity ratio	95%	200%	95%	200%
Liquidity ratio, adjusted ⁴⁾	155%	275%	155%	275%
Order backlog coating systems at period end	0.0 ⁵⁾	4.7	0.0 ⁵⁾	4.7
Order backlog Coating Services, excl. metals for electrolysis ¹⁾	4.2 ⁵⁾	1.0	4.2 ⁵⁾	1.0
Order backlog Coating Services, incl. metals for electrolysis ¹⁾	4.2 ⁵⁾	1.0	4.2 ⁵⁾	1.0

Business highlights during the fourth quarter 2024

- Order for an INLINECOATER™ IC2000 for fuel cell coatings from Feintool (China)
- Delivery within the same quarter as the order of INLINECOATER™ IC2000 to Feintool (China)
- Completed relocation of the group headquarters and Swedish development and production facility

Business highlights after the period

- Selected as preferred supplier of coating technology by Feintool + SITEC (Switzerland, Germany), manufacturing partners for fuel cell and electrolyzer components
- The Board of Directors proposes to the Annual General Meeting that no dividend be paid for 2024

1) Metals for electrolysis are for certain customers invoiced in a cost-neutral manner not affecting operating profit.

2) Includes a one-time gain of SEK 4.0 million.

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

4) Includes the part of the inventory that has been financed by customer pre-payments.

5) Future agreed leasing revenue of SEK 10.4 million over 51 months for a production line in Coating Service Center China is not included in the backlog figures.

CEO's Commentary

Strong finish to 2024, well-prepared for 2025

The fourth quarter marked a successful end to 2024, a year that clearly showed that our strategic priorities are starting to yield results. Our continued growth and reported net sales of over SEK 100 million for the full year underline our ability to deliver according to plan. At the same time, we recognize that we have a lot of work ahead of us and are closely following market developments to adapt our activities to the changing needs of our customers. The year's successes, together with a continued focus on standardization, efficiency and increased cost control, have prepared us well for 2025.

Stability and progress in the fourth quarter

Net sales during the fourth quarter amounted to SEK 42.4 million (38.4) and showed progress in several key areas. In particular, the development in China has been strong, where our operations within Coating Services continue to grow. Another delivery of an INLINECOATER™ IC2000 during the period further strengthens our presence in this strategically important market and demonstrates stable growth and continuity in system sales over the year.



Jonas Nilsson, CEO

A major focus has been on increasing revenue and maintaining good cost control. Operating income for the quarter amounted to SEK -3.8 million (0.6), where the comparable figure for 2023 includes a one-time gain of SEK 4.0 million. To increase profitability, we have increased cost control further during the fourth quarter and the beginning of 2025. As part of this work, several targeted measures have been implemented to optimize our organization, including a reduction in personnel. The changes aim to create operational efficiency while allowing the business to grow with the right key competencies.

Cash flow from operating activities amounted to SEK -33.5 million (-7.7) for the quarter and SEK -72.9 million (-42.1) for the full year. An investment in working capital is largely linked to a deliberate inventory build-up in connection with the transition to standardized system production against forecast, which strengthens our delivery capacity and shortens lead times for customers. With year-end inventory levels, we are well-prepared to meet demand without further inventory investments in the short term. The move to new facilities during the period resulted in one-time costs, including relocation expenses and temporary double leasing costs.

We closed the year with a significant accounts receivable balance, from which we expect to collect cash gradually during the year, which is expected to strengthen liquidity. We expect significantly improved cash flow in the first quarter of 2025 compared to the preceding quarter.

Focus on sales and customer relationships

Our push-pull strategy – where we work to build relationships with strategic players across several stages of the value chain – remains successful in sales development. During the year, we welcomed a total of 29 new customers in our entry-stage business Coating Services, of which eight in the fourth quarter. The customers are distributed across North America, Europe and Asia, with the strongest development in China. Several of these customers have been recurring and have continuously increased their test volumes, which shows an active commitment and trust in our solutions. The test phases are not only an important gateway to larger deals, but also give us the opportunity to be active in the customers' development stage where we can fine-tune our offering and ensure that we meet the market's needs.

In the beginning of 2025 we announced a cooperation with Feintool and SITEC, manufacturers of high-precision components for fuel cells and electrolyzers, where Impact Coatings was named preferred supplier of coating solutions. This type of agreements mark important developments in our work to strengthen our presence in the hydrogen industry and open the possibility of further joint opportunities in the future.

Market overview

In 2024, the global hydrogen market was characterized by challenges, with several major players facing setbacks. Despite this, we have seen strong growth in China, which is now our most dynamic market. Our presence there, with several systems in commercial operation and a local Coating Service Center, has been crucial in meeting demand and consolidating our position in the region.

In North America, the market showed signs of recovery during late 2024 despite a challenging year overall. We see an increase in new relationships and recurring business, indicating that our offering is relevant and continues to generate interest. Europe has remained stable during the year, with ongoing activities in hydrogen and metallization, but also in other coating applications.

Through our global presence and strategic establishment in key geographic markets such as Europe, the US and China, we can quickly identify and act on growth opportunities in regions where the market is developing the fastest. Our locations place us close to our customers and potential partners, which helps us adapt our offering effectively and create long-term relationships. This approach ensures that we remain relevant on a global level and strengthen our competitiveness and deepen our presence in regional markets.

During the year, our strategic focus has been on ensuring that supplied coating systems are fully utilized in customers' production. This has meant working closely with our customers to optimize the systems under real-world conditions, resulting in valuable feedback and technical improvements. This process strengthens our technical capabilities and makes us well-prepared to meet accelerating demand as the market grows.

Outlook

We enter 2025 with strong momentum and continue on our chosen path. By further standardizing our production and shortening lead times, we are creating a more efficient business. Improved efficiency is enhanced by

increased cost control, as we continue to optimize resource utilization and streamline operations to reach profitable growth.

We also continue to intensify our commercial efforts, with the goal of reaching new customers and deepening relationships with existing customers and partners. Among other things, we are working to strengthen our offering within electrolysis and fuel cells by expanding it to include a wider variety of coating technologies that are compatible with our existing systems.

The move of the head office and Coating Service Center to new premises in Linköping is now complete, marking a significant step forward for our business. Our new, modern facilities strengthen our operational platform and improve our conditions for continued growth and development.

I would like to extend a warm welcome to Lena Åberg, who joined us as permanent CFO during the quarter, and offer my thanks to our outgoing CFO Bengt Vernerson. Lena's experience and leadership will be an important asset in our continued development. I would also like say thank you to our employees, customers and shareholders for your contributions and trust during the past year. Together, we will continue to build on Impact Coatings' strengths and opportunities. I look forward to sharing a successful and dynamic 2025 with you.

Jonas Nilsson, CEO

Financial Result

FOURTH QUARTER 2024

Net sales for the quarter amounted to SEK 42.4 million (38.4). This includes revenue from coating systems of SEK 27.0 million (30.2), Coating Services of SEK 10.4 million (4.4) and aftermarket sales of SEK 5.1 million (3.9).

Revenue from Coating Services includes SEK 0.3 million (0.4) 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 profitability.

The strategy to produce coating systems based on the sales forecast meant that the order of an INLINECOATER™ IC2000 received from Feintool (China) in December could also be delivered before the end of the year. The sales were made through our subsidiary in China, which accounted for a large part of the quarter's Coating System sales, SEK 25.0 million (0). China also generated SEK 7.1 million (1.8) of the Coating Services sales and SEK 3.0 million (1.5) of Aftermarket sales.

Total revenue amounted to SEK 47.5 million (31.1). The difference between net sales and total revenue is mainly explained by capitalized work for own account of SEK -1.2 million (8.7) and changes in work in progress, amounting to SEK 6.2 million (-16.5).

Operating costs excluding raw materials and supplies amounted to SEK -29.5 million (-25.0). The increase mainly relates to personnel costs, including hired staff, and higher rental costs with double rent in the quarter. The increase is partially offset by lower currency losses.

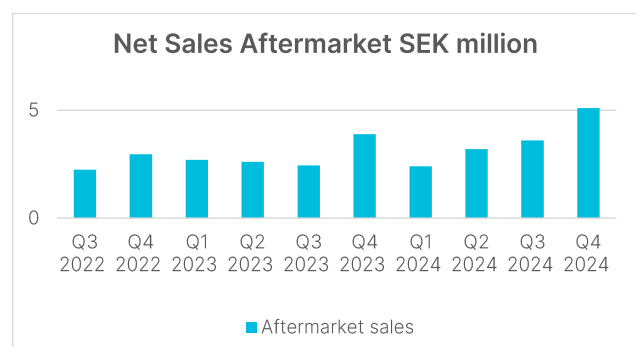
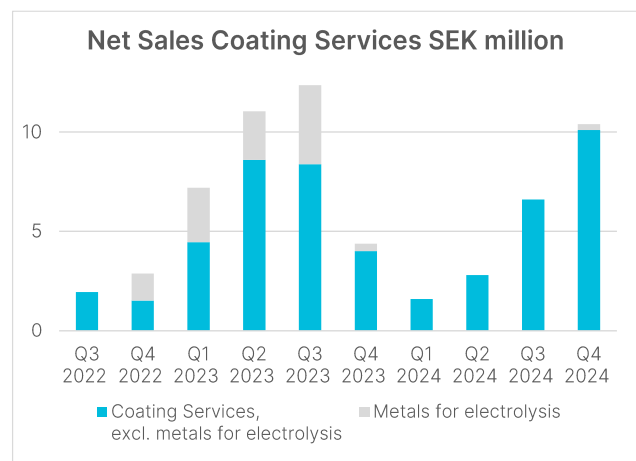
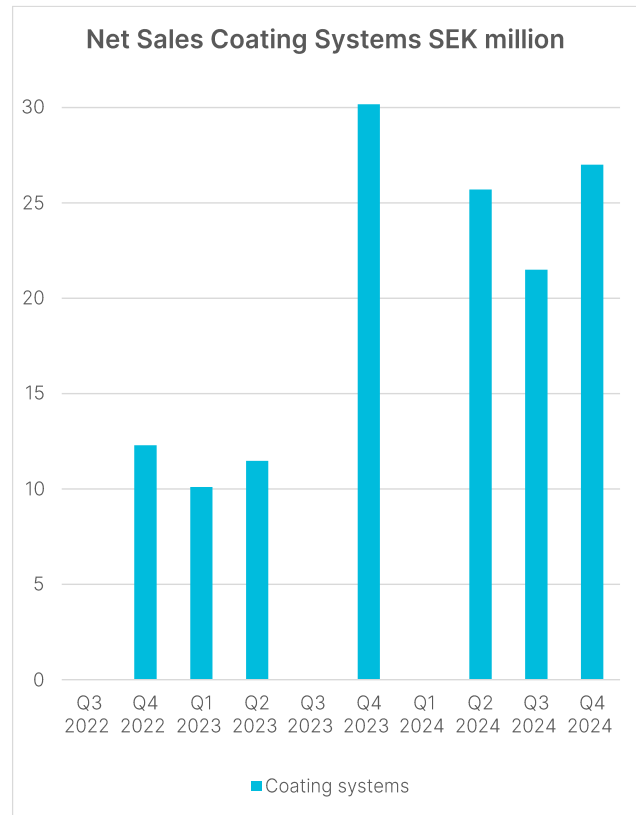
The foreign exchange loss was SEK -0.3 million (-3.1), a result of exchange rate changes in SEK against EUR and USD, as well as CNY against EUR and USD. The financial net was SEK 0.2 million (1.8).

Net income after financial items was SEK -3.6 million (0.6), where the comparable figure for 2023 includes a one-time gain of SEK 4.0 million.

Net income for the quarter was positively affected by the capitalization of development costs amounting to SEK 1.1 million including development of a first generation PVD source for cathodic arc deposition processes on the INLINECOATER™ IC2000-system.

FULL YEAR 2024

Group net sales for full year amounted to SEK 109.9 million (98.4), including revenues from system deliveries of SEK 74.0 million (51.9), revenues from Coating



Services of SEK 21.6 million (35.1) and aftermarket sales of SEK 14.3 million (11.4).

Revenue from Coating Services during the year includes SEK 0.3 million (9.6) for metals for electrolysis coatings. These metals are invoiced cost-neutrally for Impact Coatings in agreement with relevant customers and are reported as revenue and raw material cost and do not affect operating profit.

The subsidiary in China generated SEK 25.0 million (0) of revenue from System deliveries, SEK 13.1 million (3.0) of Coating Services revenue and SEK 8.8 million (4.5) of aftermarket sales.

Total revenue amounted to SEK 102.4 million (89.0). The difference between net sales and total revenue is explained by capitalized work for own account in the amount of SEK 10.7 million (18.9) and by changes in work in progress, which amounted to SEK -18.5 million (-29.0).

Operating costs excluding raw materials amounted to SEK -95.4 MSEK (-89.0). Adjusted for severance pay for the former CEO, operating costs for 2023 amounted to SEK -86.0 million. The increase in 2024 relates to costs and depreciations in the Chinese production facility completed in 2023, and higher personnel costs and rental costs in Sweden, mainly during the last quarter.

Currency gains amounted to SEK 1.0 million (-2.5), 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 1.2 million (1.8).

Net income after financial items was SEK -30.1 million (-32.0).

Financial position and liquidity

Cash and liquid assets at the end of the period amounted to SEK 32.5 million (119.8). The liquidity ratio that is adjusted to include the part of inventory that has been financed by customer pre-payments was 155% (275%). The company has no interest-bearing liabilities.

Cash flow from operations for the period amounted to SEK -72.9 million (-42.1). Cash flow was negatively affected by the period result, increase in components inventory from the new strategy to manufacture systems based on forecasts, and increase in receivables from the shipment of a coating system at period end.

Cash flow from investing activities amounted to SEK -16.7 million (-27.2), mainly related to investments in internal INLINECOATER™ systems, other equipment for the new facility in Linköping, as well as capitalized development costs.

Cash flow from financing activities amounted to SEK 0 million (129.8). The total cash flow for the period was SEK -89.7 million (60.5).

Based on the management's business plan, approved by the Board of Directors, the company estimates that it has the liquidity needed 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 (0.4), corresponding to SEK 0 million (4.7) based on the period-end exchange rate.

The order backlog for Coating Services was at the end of the period SEK 4.2 million (1.0) based on the period-end exchange rate. There were no orders for electrolysis in the order backlog at period end.

The order backlog for aftermarket services is not reported.

In China there is a leasing agreement for a coating machine with a customer that covers 60 months starting from April 2024. The remaining contract period amounts to 51 months and has a total value of SEK 10.4 million calculated with the exchange rate at the end of the period. This amount is not included in the order backlog.

Personnel

The average number of employees during the period was 61 (56).

Transactions with related parties

Of the parent company's total purchases and sales, SEK 1.1 million (0) of the purchases and SEK 49.4 million (15,6) of the sales refer to the subsidiary in China for the period. 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 Fourth Quarter

On December 17, the company announced via a press release it had received an order for an INLINECOATER™ IC2000 from Feintool Precision System Parts (Taicang), a fully-owned subsidiary of Feintool Group (Switzerland). Feintool Group is a global leader in precision sheet metal technologies of fineblanking, forming, and electro-lamination stamping, as well as high performance fuel cell bipolar plate fineforming. The IC2000 system will be used in the manufacturing of fuel cell bipolar plates. The order value was stated to be in the EUR 2-2.5 million range.

The INLINECOATER™ IC2000 system ordered by Feintool (China) on December 17 was delivered before year-end, thanks to the company's strategy of standardized systems and forecast-based manufacturing.

During the final quarter of the year, the company completed the relocation of the group headquarters to a newly built facility in Linköping. In addition to new and improved offices, the 3,000 sqm building offers more than doubled space for R&D, system production and the company's Swedish Coating Service Center. Five internal coating systems for Coating Services and R&D have been put into operation in the new premises, which also allows coating production under cleanroom conditions. The assembly line for coating systems is initially sized to produce approximately one system per month, with the possibility of increasing capacity further.



At year-end, the entire Swedish operation had been moved to the new property in Linköping, near Mjärdevi Center and Linköping University.

Business Highlights After the Period

In a press release on January 22, the company announced that Feintool + SITEC had chosen Impact Coatings as preferred supplier of PVD coating technology. The collaboration between Feintool (Switzerland) and SITEC (Germany) is a well-established production partnership in the hydrogen industry for the manufacture of ready-to-install bipolar plates and related components for fuel cells and electrolyzers. At the end of January, the three companies also exhibited with a joint booth at the hydrogen industry trade fair Hyvolution 2025 in Paris.

Other Information

PROPOSED ALLOCATION OF NET INCOME

The Board of Directors proposes to the Annual General Meeting that no dividend be paid for 2024.

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

Release of Annual Report 2024	April 16, 2025
Interim report for the first quarter 2025	April 29, 2025
Interim report for the second quarter 2025	August 22, 2025
Interim report for the third quarter 2025	October 17, 2025
Year-end report for 2025	February 13, 2026

ANNUAL GENERAL MEETING OF SHAREHOLDERS

The Annual General Meeting will be held in Linköping on Wednesday, May 21, 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/.

Consolidated Income Statement - Impact Coatings Group

<i>(All amounts in SEK million)</i>	Oct-Dec 2024	Oct-Dec 2023	Jan-Dec 2024	Jan-Dec 2023
Net sales	42.4	38.4	109.9	98.4
Capitalized work for own account	-1.2	8.7	10.7	18.9
Change of work in progress	6.2	-16.5	-18.5	-29.0
Other operating income	0.1	0.4	0.4	0.7
Total revenue	47.5	31.1	102.4	89.0
Raw materials	-21.5	-4.4	-39.4	-31.4
Gross profit	26.0	26.7	63.0	57.6
Gross margin %	55%	86%	62%	0.7
Other external costs	-9.1	-6.8	-27.1	-23.8
Personnel costs	-18.7	-15.8	-61.7	-59.8
Write off and depreciation of tangible and intangible assets	-1.7	-1.7	-6.4	-4.8
Exchange rate gain / loss	-0.3	-3.1	1.0	-2.5
Other operating expenses	-0.1	-0.6	-0.2	-0.6
Operating profit	-3.7	-1.3	-31.3	-33.9
Interest income and similar items	0.2	1.8	1.2	1.8
Operating profit after financial items	-3.6	0.6	-30.1	-32.0
Taxes	0.5	0.0	0.5	0.0
Net income for the period	-3.1	0.6	-29.6	-32.0
Earnings per share (kr)	-0.04	0.01	-0.34	-0.41 ¹⁾
Average shares outstanding during the period	87 486 713	87 486 713	87 486 713	78 857 887 ¹⁾
Shares outstanding at period end	87 486 713	87 486 713	87 486 713	87 486 713

¹⁾ 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>	2024-12-31	2023-12-31
Assets		
Long term assets		
Intangible assets	4.2	2.1
Machines and technical equipment	43.4	43.2
Assets under construction	18.1	11.1
Deferred tax assets	0.5	0.0
Long-term receivables	16.3	0.0
Total fixed assets	82.5	56.4
Short term assets		
Raw materials	94.5	80.5
Work in progress	7.7	0
Other short term receivables	52.0	25.8
Cash and liquid assets		
Unrestricted cash	29.8	119.8
Restricted cash	2.7	0.0
Total short term assets	186.7	226.1
Total assets	269.2	282.4
Shareholder equity and liabilities		
Shareholder equity	182.7	209.5
Pre-payment from customers		
Paid	57.2	52.4
Short-term liabilities	29.3	20.5
Total shareholder equity and liabilities	269.2	282.4

Consolidated Changes in Shareholder Equity - Impact Coatings Group

<i>(All amounts in SEK million)</i>	2024-12-31	2023-12-31
Opening balance	209.5	113.9
Share issuance / warrants (after emission costs)	0.4	129.8
Period result	-29.6	-32.0
Translation difference	2.4	-2.1
Closing balance	182.7	209.5

Consolidated Statement of Cash Flows - Impact Coatings Group

<i>(All amounts in SEK million)</i>	Oct-Dec 2024	Oct-Dec 2023	Jan-Dec 2024	Jan-Dec 2023
Operating profit after depreciation	-4.1	-1.3	-31.3	-33.9
Financial items (net)	0.2	1.8	1.2	1.8
Adjustments for non cash items	2.8	2.5	7.9	5.6
Cash flow operations before change in working capital	-1.1	3.1	-22.2	-26.4
Change in working capital	-32.4	-10.8	-50.7	-15.7
Cash flow from operations	-33.5	-7.7	-72.9	-42.1
Cash flow from investments	-1.5	-9.8	-16.7	-27.2
Rights issue	0.0	0.0	0.0	148.2
Rights issue costs paid	0.0	0.0	0.0	-18.4
Cash flow from financing activities	0.0	0.0	0.0	129.8
Cash flow for the period	-35.1	-17.6	-89.7	60.5
Liquid assets, opening balance	65.1	138.9	119.8	61.4
Translations differences	2.5	-1.6	2.4	-2.1
Liquid assets, ending balance	32.5	119.8	32.5	119.8
Liquidity ratio, %	95%	200%	95%	200%
Liquidity ratio, adjusted, % ¹⁾	155%	275%	155%	275%

¹⁾ Includes the part of the inventory that has been financed by customer pre-payments.

Income Statement - Parent Company

<i>(All amounts in SEK million)</i>	Oct-Dec 2024	Oct-Dec 2023	Jan-Dec 2024	Jan-Dec 2023
Net sales	52.3	35.6	112.8	106.5
Capitalized work for own account	1.6	0.0	10.7	0.1
Change of work in progress	3.9	-7.8	-17.6	-17.9
Other operating income	-0.2	0.1	0.2	0.4
Total revenue	57.6	28.0	106.2	89.1
Raw materials	-28.0	-4.4	-43.4	-32.2
Gross profit	29.6	23.6	62.8	56.9
Gross margin %	51%	84%	59%	64%
Other external costs	-8.5	-4.5	-23.2	-19.2
Personnel costs	-15.7	-14.4	-52.1	-52.2
Write off and depreciation of tangible and intangible assets	-1.1	-1.1	-4.1	-4.2
Exchange rate gain / loss	-0.8	-3.2	0.4	-2.6
Other operating expenses	-0.1	-0.6	-0.2	-0.6
Operating profit	3.5	-0.2	-16.4	-22.0
Impairment of shares in group companies	0.0	-1.4	-5.0	-6.1
Interest income and similar items	0.2	1.8	1.2	1.8
Operating profit after financial items	4.0	0.3	-20.1	-26.3
Taxes	0.0	0.0	0.0	0.0
Net income for the period	3.7	0.3	-20.1	-26.3

Balance Sheet - Parent Company

<i>(All amounts in SEK million)</i>	2024-12-31	2023-12-31
Assets		
Long term assets		
Intangible assets	3.5	1.3
Machines and technical equipment	23.5	25.1
Assets under construction	0.9	0.0
Financial assets		
Shares in subsidiary	41.6	34.0
Total long term assets	69.4	60.4
Short term assets		
Raw materials	83.6	76.1
Work in progress	16.0	11.1
Other short term receivables	81.3	23.3
Cash and liquid assets		
Unrestricted cash	25.2	116.5
Restricted cash	2.7	0.0
Total short term assets	208.9	227.0
Total assets	278.3	287.4
Shareholder equity and liabilities		
Shareholder equity	197.5	217.2
Pre-payment from customers		
Paid	57.2	52.4
Short-term liabilities	23.6	17.8
Total shareholder equity and liabilities	278.3	287.4

Summary of Financial Development

The financial development of Impact Coatings AB (publ) for the full years 2020-2024 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-Dec	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec
Net sales		109.9	98.4	32.0	57.2	39.5
Revenue		102.4	89.0	57.0	54.5	54.4
Operating profit		-31.3	-33.9	-47.0	-32.1	-23.0
Result after financial items (net)		-30.1	-32.0	-47.0	-32.1	-23.0
Operating margin	%	Neg	Neg	Neg	Neg	Neg
Intangible assets		4.2	2.1	0.4	1.4	2.2
Tangible assets		61.5	54.3	33.5	9.5	8.8
Long term assets		16.3	0.0	0.0	0.0	0.0
Inventory		102.3	80.5	41.0	18.5	27.4
Pre payment from customers		57.2	52.4	20.1	0.0	5.6
Short term assets		52.0	25.8	15.8	14.6	7.8
Cash and liquid assets		32.5	119.8	61.4	129.5	49.6
Shareholder equity		182.7	209.5	113.9	160.6	79.0
Long term liabilities		0.0	0.0	0.0	0.0	0.0
Short term liabilities		29.3	20.6	18.7	12.8	11.1
Total assets		269.2	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	%	67	74	75	93	83
Debt ratio	times	0	0	0	0	0
Interest coverage ratio		Neg	Neg	Neg	Neg	Neg
Liquidity ratio	%	95	200	201	1 124	343
Liquidity ratio, adjusted	%	155	275			
Employees		61	56	45	37	30
Investments						
Intangible assets		2.4	1.8	0.0	0.4 ¹⁾	0.0
Tangible assets		14.5	14.3	25.9	1.7	-0.1
Earnings per share	SEK	-0.34	-0.41	-0.83	-0.58	-0.44
Average shares outstanding during the period		87 486 713.0	78 857 887 ²⁾	56 609 051	55 809 051 ³⁾	51 809 051
Shares outstanding at period end		87 486 713.0	87 486 713	56 609 051	56 609 051	51 809 051

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

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

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

Definition of terms:

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
Liquidity ratio, adjusted	Liquidity ratio adjusted by the part of inventory that has been financed by customer pre-payments

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 are located in Linköping, Sweden, including development, 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. 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.

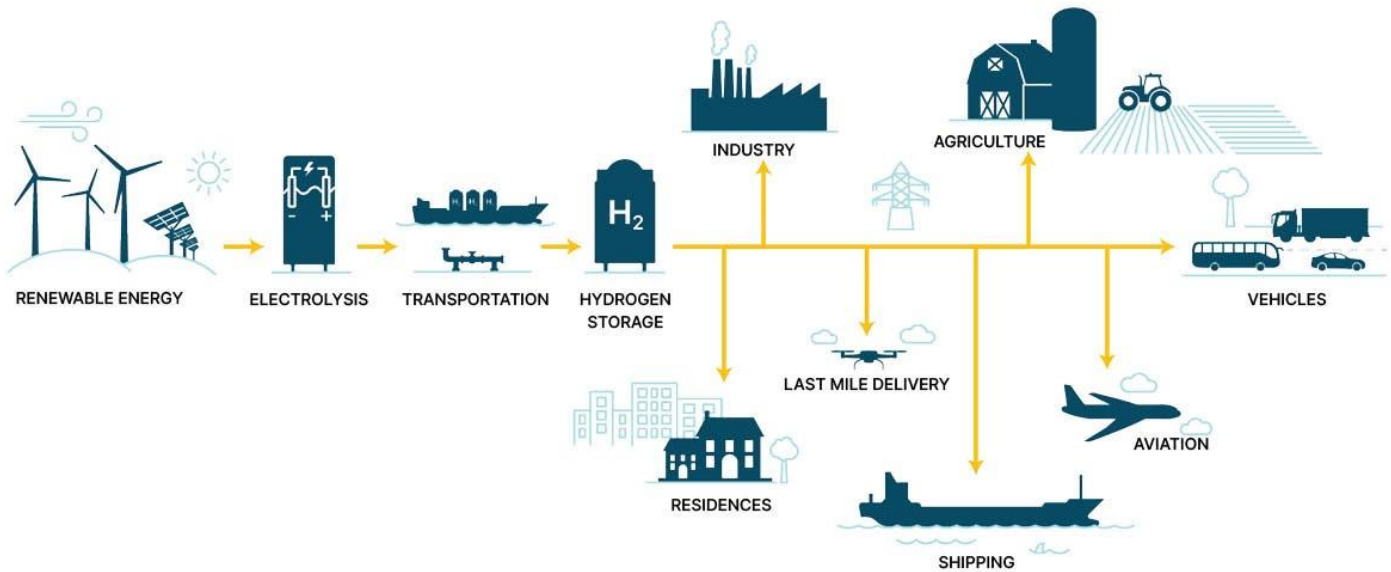
Short cycle times and compact size allow the systems to be integrated with other production steps, for example with plastic injection molding and industrial robots in efficient automated production cells for metallized plastic components.

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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