

IMPACT COATINGS AB (PUBL)

INTERIM REPORT JANUARY-MARCH 2022

SEK 000	2022 Jan-Mar	2021 Jan-Mar	2021 Jan-Dec
Net sales	5,360	10,205	57,198
Revenue	9,464	5,355	54,549
Operating profit	-9,715	-11,478	-32,083
Operating profit after financial items	-9,716	-11,479	-32,092
Cash flow	-6,595	122,980	79,835
Liquidity ratio	630%	673%	1124%
Order backlog at period end, EUR 000	1,899	1,685	0

Significant events during the first quarter 2022 (MAR regulatory)

No significant events¹⁾ have occurred during the period.

Other events during the quarter

- Stefan Dreger, President EMEA, Hydrogen Solutions joins the company
- Two system orders from European customers

- Move of a production line for coating fuel cell plates to a new production hall
- Registration of our subsidiary in China, Impact Coatings (China) Co., Ltd.

Significant events after the period (MAR regulatory)

No significant events¹⁾ have occurred after the end of the period.

¹⁾ Significant events refer to events that comprise insider information and shall be made public via press release.

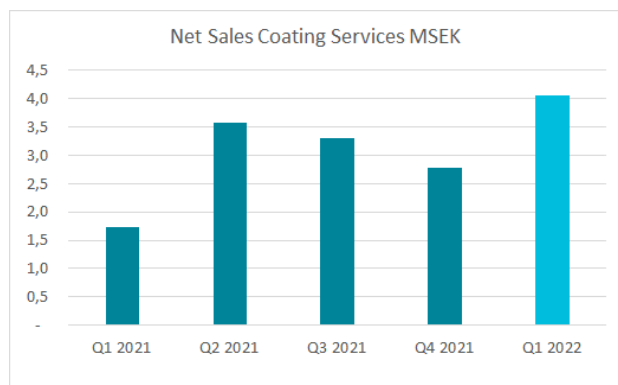
CEO'S COMMENTARY

Activity levels have remained high across several dimensions during the first quarter this year – machine construction, an increasingly rapid development of Coating Services, and significant progress regarding the company's organization and structure. Now that our organization is more oriented toward the different geographic markets, I'll comment on the quarter's progress in line with that structure.



In Linköping, we have been working in various phases of constructing three different coating systems during the first quarter. They will initially be used internally, both for coating production and for developing the company's coating solutions. It relates, among others, to a larger next generation system for hydrogen applications and a production system for the Coating Service Center that is planned to open in China later this year.

In early March, a production line for coating fuel cell plates was moved to a new production hall. The move went smoothly with minimal disruption to operations. As evidence, Coating Services delivered yet another record quarter with sales of more than SEK 4 million. As I have mentioned previously, the new production hall will also be used as a demo center for customers, which has already begun. Planned automation of the same production line is expected during the current quarter.



A couple of sales discussions that were mentioned in the 2021 year-end report have materialized into system orders during the quarter. These encompass two orders from European customers: one order for radome applications and one system for decorative coatings. Both deliveries are, in coordination with the customers, planned for delivery in early 2023.

The European market is our most varied regarding both system sales and Coating Services. Here we find the greatest number of our customers, with many connected to the European automotive industry, including our primary segments hydrogen/fuel cells and automotive safety. The company also has significant sales activity within specialized application areas, both historically and currently.

Stefan Dreger, new President EMEA, Hydrogen Solutions since January 1, has the task of increasing Impact Coating's growth in the fuel cell and electrolysis area in the EMEA region. After lagging Asian and North American suppliers by a few years in terms of commercial products in the market, several European players have now started or are in the starting phase of commercial production.

Looking eastward, we must first observe that through Russia's invasion of Ukraine, we find ourselves in a tragic chapter of history. We sympathize with those suffering and it feels odd to discuss how we as a company might be affected. Above all, we hope for a quick end to the fighting and that democratic values ultimately prevail.

We have no direct company activities in Eastern Europe, but it is plausible that component shortages in the automotive industry are made worse by the war, which could also affect new projects and investments. Material and component shortages can potentially affect our lead times for building and delivering coating systems. We are monitoring the situation carefully, and are continually analyzing how our business and our stakeholders could be affected.

At the same time, the conflict demonstrates further our need for a rapid shift to a more sustainable

energy system. One consequence is that already now, preparations are being made to receive hydrogen in European harbors in conjunction with construction projects to enable increased import of liquid natural gas (LNG).

During the last week of March, our subsidiary company Impact Coatings (China) Co., Ltd. was registered with the corporate registry in Shanghai, China, as a next step in our strategic growth journey. The head of Impact Coatings' China business will be Yaowen Wang, with many years of experience in the hydrogen industry and Sales Director for Impact Coatings in China since the beginning of 2019. During his time in the country, Yaowen has built a strong network among the leading players in the hydrogen sector. Since he joined Impact Coatings with sales responsibility, we have seen a steady increase in interest and demand for our fuel cell coating solutions.

China is, paradoxically, an enormous country with a large and growing coal dependency while the introduction of renewable technology is moving faster than anywhere. Impact Coatings has delivered coating solutions in smaller volumes to China previously, among others the first coating systems for fuel cells in 2019. We now move further ahead with distributing our market-leading expertise in coating technology for hydrogen applications, and at the same time support the ambition of quickly spreading the use of hydrogen-based energy on the Chinese market.

We are planning to open a Coating Service Center in Shanghai during the second half of 2022. We see this as an optimal time for us to increase our presence in China and offer a broader and better services portfolio to a growing customer base. The establishment of our own operations reduces risks associated with delivering to the growing hydrogen market in China and supports our customers through local presence, facilitating sample and test phases through volume production. In parallel, we are evaluating opening additional Coating Service

Centers in other geographic regions, in line with the expansion strategy the company initiated during 2021.

We are present with an office in South Korea since the end of 2020, as part of the Joint Development Agreement with Hyundai for hydrogen applications. South Korea aims to build a society that uses hydrogen as its primary energy carrier. I recommend reading the report about hydrogen in South Korea and Impact Coatings' activities there that our representatives in Seoul wrote for the company's 2021 annual report. It was published last week and is available on the company's homepage (in Swedish).

As earlier reported, Robert Mamazza is President, North America, based in the USA since spring 2021. The North American market is different from others, and the region is not as advanced in its energy shift as many Asian and European countries. Nevertheless, there are large companies active in hydrogen production and fuel cells with enormous research funding targeting the development of electrolysis for large-scale and cost-effective production of green hydrogen. I see North America as a market with the same high potential for Impact Coatings' solutions and our expertise as in the rest of the world.

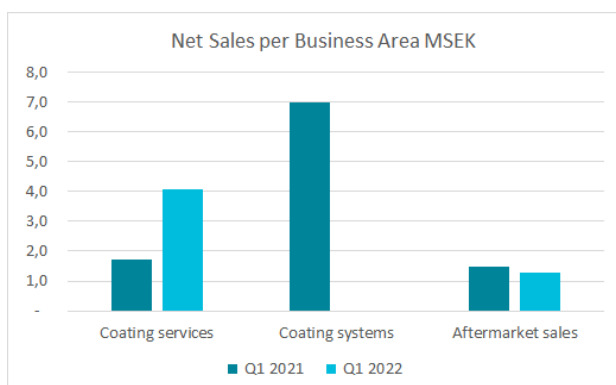
Starting with the strategic shift initiated during 2021, we are becoming increasingly global, building strength and delivery capabilities in the individual markets, with continued focus on our strategic business areas hydrogen/fuel cells and automotive safety. Our sales team professionals in Sweden, Germany, Italy, South Korea, China and USA are working at a high tempo and very close to the team in Linköping to continue growing the company during this exciting time for hydrogen and the automotive industry.

Torbjörn Sandberg, CEO

FINANCIAL RESULT

First quarter 2022

Net sales for the first quarter 2022 amounted to SEK 5,360 thousand (10,205), including Coating Services revenue of SEK 4,062 thousand (1,738) as well as aftermarket sales and rental revenue of SEK 1,298 thousand (1,481). No sales for the delivery of coating systems have been reported (6,986).



Total revenue amounted to SEK 9,464 thousand (5,355). The difference between net sales and total revenue is mainly due to activated work for own account in the amount of SEK 4,846 thousand (0), and due to the change of work in progress in the amount of SEK -1,196 thousand (-5,236).

During the period, we capitalized costs for own account in the amount of SEK 4,846 thousand related to the manufacturing of a machine that will be used internally for the development of the company's coating solutions.

Operating expenses amounted to SEK -19,321 thousand (-17,152) reflecting a higher consumption of components and higher personnel costs, in line with our growth strategy.

Currency translation profit amounted to SEK 141 thousand (319), the result of EUR currency fluctuations during the quarter. Financial items amounted to SEK -1 thousand (0). Operating profit after financial items amounted to SEK -9,716 thousand (-11,479).

Financial position and liquidity

Cash and liquid assets at period end amounted to SEK 122,872 thousand (172,612). The liquidity ratio amounted to 630% (673).

Cash flow from operations for the period January-March 2022 amounted to SEK -1,749 thousand (9,507).

Cash flow from investments amounted to SEK -4,846 thousand (0) and includes investment related to a machine dedicated to development.

Cash flow from financing activities amounted to SEK 0 thousand (113,474). Total cash flow for the period was SEK -6,595 thousand (122,980).

The company deems that it has the liquidity needed to continue operations for at least the next 12 months.

Order backlog and revenue

The value of the order backlog for coating machines was at the end of the period EUR 1,899 thousand (1,685) and reflects two orders received during the quarter from European customers. Both deliveries are scheduled for early 2023.

The order backlog for coating machines excludes recurring activities from aftermarket sales and Coating Services but includes agreed rental income for coating machines.

EVENTS DURING THE FIRST QUARTER

On January 1, Stefan Dreger took office as President - EMEA, Hydrogen Solutions. Based near Stuttgart, he has the task of increasing Impact Coating's growth in the fuel cell and electrolysis area in the EMEA region. Stefan joins Impact Coatings from Robert Bosch GmbH, where he most recently worked as Senior Sales Manager in the hydrogen solutions business area. Stefan is part of the management team and reports to CEO Torbjörn Sandberg.

Two system orders were received from European customers during the quarter. One order is for a coating system for the application area radomes, while the other system is to be used for decorative coatings. Both system deliveries are planned for the first quarter of 2023.

At the end of February, renovation of the company's facility in Linköping was completed and the production line used by Coating Services for fuel cell coatings was moved into a new machine hall. The relocation and restart of production went smoothly and according to plan. Planned automation of the same production line is expected to take place when operations permit during the current quarter. The next-generation coating system for fuel cells also was installed in the new production hall when it was completed.



Following the completion of the renovation, the new machine hall was handed over to Coating Services and the development department at a ceremony in early March. The picture shows property manager Peter Högfeldt, head of Coating Services Carina Höglund and project manager for the development of the next generation coating system Axel Flink.

On March 29, Impact Coatings registered a new subsidiary in China, Impact Coatings (China) Co., Ltd. The goal of the establishment is to distribute Impact Coating's market-leading expertise in coating technology for hydrogen solutions, and to expand the availability of the company's Coating Services offering in the Chinese market. A Coating Service Center is scheduled to open in Shanghai during the second half of 2022.

EVENTS AFTER PERIOD END

Notice of the company's Annual General Meeting was announced in a press release on April 13 and in Post- och Inrikes Tidningar and Dagens Industri on April 19.

Impact Coating's annual report for 2021 was published on April 14.

Both the notice convening the Annual General Meeting and the annual report can be read and downloaded on the company's website.

OTHER INFORMATION

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). The principles are unchanged from previous periods unless otherwise stated.

This year-end report has not been subject to auditor review.

Upcoming financial events

Interim report for the second quarter 2022	August 19, 2022
Interim report for the third quarter 2022	October 21, 2022
Year-end report for 2022	February 10, 2023

Annual General Meeting of Shareholders

The Annual General Meeting will be held in Linköping on Wednesday, May 18, 2022.

This and other Interim reports and Annual reports are available on the company's website at www.impactcoatings.com/finansIELla-rapporter-arkiv/.

For more information contact:

Torbjörn Sandberg, VD
Tel: 0768-43 43 76

Marie Dhayer Teikmans, CFO
Tel: 070-812 71 96

E-mail: investors@impactcoatings.se

INCOME STATEMENT

<i>(All amounts in SEK 000)</i>	Jan-Mar 2022	Jan-Mar 2021	Jan-Dec 2021
Net sales	5,360	10,205	57,198
Capitalized work for own account	4,846	0	2,028
Change of work in progress	-1,196	-5,236	-5,357
Other operating income	454	385	681
Total revenue	9,464	5,355	54,549
Raw materials	-4,254	-2,319	-31,210
Other external costs	-4,569	-4,473	-17,796
Personnel costs	-9,783	-8,995	-34,946
Write off and depreciation of tangible and intangible assets	-714	-644	-2,670
Profit / Loss on Exchange rate	141	319	711
Other operating expenses	0	-722	-722
Operating profit	-9,715	-11,478	-32,083
Interest income and similar items	0	0	0
Interest expenses and similar items	-1	0	-8
Operating profit after financial items	-9,716	-11,479	-32,092
Tax expenses on profit in the period	0	0	0
Net income for the period	-9,716	-11,479	-32,092
Earnings per share (kr)	-0.17	-0.21	-0.58
Average shares outstanding during the period	56,609,051	53,409,051 ¹	55,809,051 ¹
Shares outstanding at period end	56,609,051	56,609,051	56,609,051

¹ Share issuance of 4,800,000 shares, subscribed February 24, 2021, and registered February 26, 2021.

BALANCE SHEET

<i>(All amounts in SEK 000)</i>	2022-03-31	2021-03-31	2021-12-31
ASSETS			
Long term assets			
Capitalized development expenditures	1,062	1,883	1,373
Machines and technical equipment	7,510	7,724	7,912
Assets under construction	6,450	0	1,604
Financial assets			
Shares in subsidiary	0	0	0
Total long term assets	15,021	9,608	10,890
Short term assets			
Raw materials	14,518	12,028	9,534
Work in progress	7,782	9,099	8,978
Finished goods	0	500	0
Other short term receivables	12,152	3,298	14,580
Cash and liquid assets			
Unrestricted cash	122,872	172,612	129,467
Restricted cash	0	0	0
Total short term assets	157,324	197,538	162,559
TOTAL ASSETS	172,345	207,146	173,449
SHAREHOLDER EQUITY AND LIABILITIES			
Shareholder equity	150,922	181,025	160,638
Pre-payment from customers			
Paid	6,316	15,704	0
Short term liabilities	15,107	10,416	12,810
TOTAL SHAREHOLDER EQUITY AND LIABILITIES	172,345	207,146	173,449

CHANGES IN SHAREHOLDER EQUITY

<i>(All amounts in SEK 000)</i>	2022-03-31	2021-03-31	2021-12-31
Opening balance	160,639	79,030	79,030
Share issuance / warrants (after emission costs)	0	113,474	113,700
Period result	-9,716	-11,479	-32,092
Closing Balance	150,923	181,026	160,639
Average shares outstanding during the period	56,609,051	56,609,051	55,809,051 ¹
Shares outstanding at period end	56,609,051	56,609,051	56,609,051

¹ Share issuance of 4,800,000 shares, subscribed February 24, 2021, and registered February 26, 2021.

STATEMENT OF CASH FLOWS

<i>(All amounts in SEK 000)</i>	Jan-Mar 2022	Jan-Mar 2021	Jan-Dec 2021
Operating profit after depreciation	-9,715	-11,478	-32,083
Financial items (net)	-1	0	-8
Adjustments for non cash items	714	1,966	5,120
Cash flow from operations before change in working capital	-9,002	-9,513	-26,971
Change in working capital	7,253	19,020	-4,793
Cash flow from operations	-1,749	9,507	-31,764
Cash flow from investments	-4,846	0	-2,100
Cash flow from financing activities	0	113,474	113,700
Cash flow for the period	-6,595	122,980	79,835
Liquid assets, opening balance	129,467	49,632	49,632
Liquid assets ending balance	122,872	172,612	129,467
Liquidity ratio, %	630	673	1,124

SUMMARY OF FINANCIAL DEVELOPMENT

The financial development of Impact Coatings AB for the period January-March 2022 and for 2018-2021 is summarized below.

All figures related to the operating years 2018-2021 are based on material from previously published annual reports.

(All amounts in SEK 000)	2022	2021	2020	2019	2018
	Jan-Mar	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec
Net sales	5,360	57,198	39,515	49,084	20,194
Revenue	9,464	54,549	54,355	39,366	30,609
Operating profit	-9,715	-32,083	-22,970	-26,368	-37,568
Result after financial items (net)	-9,716	-32,092	-22,975	-26,387	-37,593
Operating margin	%	Neg	Neg	Neg	Neg
Intangible assets	1,062	1,373	2,195	3,440	4,686
Tangible assets	13,959	9,516	8,779	17,034	19,118
Financial assets	0	0	0	100	100
Inventory	22,301	18,512	27,363	12,372	21,229
Pre payment from customers	6,316	0	5,621	2,350	22,004
Short term assets	12,152	14,580	7,785	2,483	5,308
Cash and liquid assets	122,872	129,467	49,632	78,785	46,669
Shareholder equity	150,922	160,638	79,030	102,006	64,324
Long term liabilities	0	0	0	0	0
Short term liabilities	15,107	12,810	11,102	9,858	10,783
Total assets	172,345	173,449	95,754	114,213	97,111
Return on assets	%	Neg	Neg	Neg	Neg
Return on equity		Neg	Neg	Neg	Neg
Equity/asset ratio		87.6%	1	82.5%	89.3%
Debt ratio	times	0	0	0	0
Interest coverage ratio		Neg	Neg	Neg	Neg
Liquidity ratio	%	630	1,124	343	666
Employees		41	37	30	32
Investments					
Intangible assets		0	424 ³	0	0
Tangible assets		4,846	1,676	-101	172
Financial assets		0	0	0	0
Earnings per share	SEK	-0.17	-1	-0.44	-0.61
Average shares outstanding during the period		56,609,051	55,809,051 ⁴	51,809,051	43,008,425
Shares outstanding at period end		56,609,051	56,609,051	51,809,051 ²	42,551,908

¹ The annual investment includes a reclassification of SEK 7,575 thousand from working capital to machines and technical equipment.

² Share issuance of 9,257,143 shares, subscribed October 29, 2019, and registered December 13, 2019.

³ Investment of SEK 424 thousand represents a re-classification from development expenses to intangible assets.

⁴ 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



Impact Coatings AB (publ)
 Westmansgatan 29G
 SE-582 16 Linköping
 Sweden
www.impactcoatings.com
Contact us

Impact Coatings offers customer-centric coating services, clean coating technologies, and modular coating systems with focus on hydrogen solutions, autonomous safety functions, and tailored coating solutions for high-end applications.

The company utilizes vacuum deposition methods – sustainable processes to apply thin layers of metal or ceramic coatings that improve performance and durability. Impact Coatings markets coating equipment under the trademark INLINECOATER™ and coating materials under the trademark MAXPHASE™. The company's service models and systems are flexible and scalable to fit the fast-paced markets the company operates within.

The Impact Coatings share is listed on Nasdaq First North Growth Market (Nasdaq Nordic). The company's Certified Adviser is Redeye AB, reachable via certifiedadviser@redeye.se or +46 8 121 576 90.