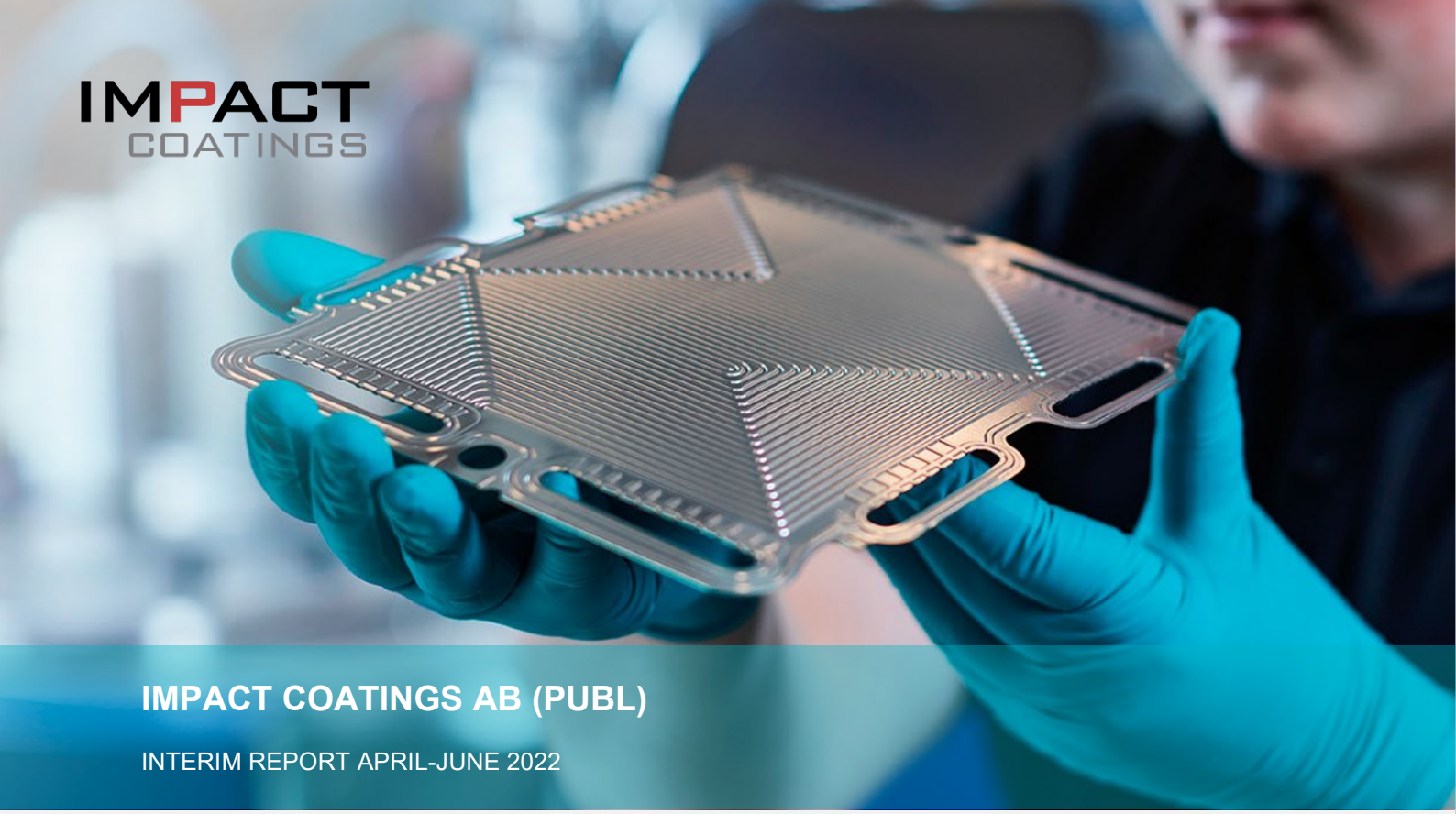


IMPACT COATINGS AB (PUBL)

INTERIM REPORT APRIL-JUNE 2022

SEK 000	2022 Q2	2021 Q2	2022 Jan-Jun	2021 Jan-Jun	2021 Jan-Dec
Net sales	4,379	14,308	9,739	24,513	57,198
Revenue	10,934	11,586	20,399	16,941	54,549
Operating profit	-13,307	-11,216	-23,022	-22,694	-32,083
Operating profit after financial items	-13,312	-11,219	-23,028	-22,697	-32,092
Cash flow	-17,209	-16,099	-23,804	106,882	79,835
Liquidity ratio			457%	650%	1124%
Order backlog for coating systems at period end, EUR 000			1,899	1,456	0
Corresponding value in SEK 000 at period end			20,278	14,740	0

Significant events during the second quarter 2022 (MAR regulatory)

No significant events[1)] have occurred during the period.

Other events during the quarter

- New strategy presented with focus on selling scalable solutions and services
- Automation of production line for fuel cell plates at the Coating Service Center in Linkö-ping

Significant events after the period (MAR regulatory)

- Coating system order for fuel cells from Boyuan (China), order value in the EUR 1.2-1.4 million range

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

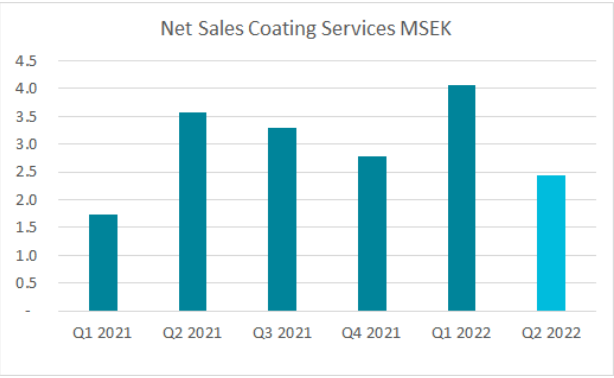
CEO'S COMMENTARY



During the second quarter, we presented a revised strategy with a strong focus on scalable solutions and service offerings. The strategy addresses customers' challenges and need for flexibility in the rapidly growing hydrogen segment, and for the company will lead to a more sustainable growth trajectory with recurring revenues.

We have in parallel experienced a continued high level of activity in the business both in Sweden and in our global regions. In Linköping, two internal coating systems were commissioned during the quarter, one of which is our next generation system for hydrogen applications designed to meet the industry's need for larger production volumes. One coating system has been under construction, and planning and procurement for three additional machine builds have started. No system was delivered during the quarter, which was according to the schedule of outstanding orders.

Revenue from Coating Services was lower than in the preceding quarter due to two key customers experiencing supply chain disruptions, independent of each other but at roughly the same time. Normal production in Coating Services has resumed for both customers during the third quarter.



The resulting lower production level during the second quarter facilitated planned rebuilding and automation of a production line for the coating of fuel cell plates. The automation will yield a higher future production capacity and allows us to demonstrate a complete system solution on our premises, which will be an important part of our sales process.

Through Coating Services, prospective customers are afforded the possibility of testing and verifying our coating technology. A natural next step is to verify that the quality holds constant with increasing volumes. Automation satisfies both of these demands since we can achieve a higher throughput while reducing the risk of human error. This enhances our ability to include automation and quality control in system sales.

During the quarter, we have also delivered several test coatings for electrolysis, which is the primary method of producing hydrogen from water. Metal flow plates are used in both fuel cells and electrolysis, and the Impact Coatings coating technology developed for fuel cells is cost-effective even for many electrolysis plates. The number of companies planning to produce electrolyzers is increasing globally. Many of these companies are relatively new, unlike in the fuel cell industry, which is also in an early stage but industrializing at an ever-faster pace as large established companies get involved and scale up. Revenues from electrolysis are expected to increase in the future from a very low level today, initially within Coating Services.

The subsiding pandemic in Europe has made possible many visits of potential customers to Linköping. Our own outbound travels to the industry have started up again, with personal visits regarding sales, technology development, partnering, and to catch up on system maintenance at customers we haven't been able to visit in a long time. I have, during the quarter, visited several existing and potential customers in Europe and North America. Meanwhile, our team in China has put in a heroic effort to hire personnel and prepare the Chinese subsidiary's premises despite a total COVID lockdown in Shanghai during April-May. The premises in Shanghai will be the headquarters for Impact Coatings

(China) and will host our new Coating Service Center in China.

With insights about customers' flexibility and scalability needs, we have during the past year started a repositioning of the business and our offerings. We described the updated strategy during a webcast at the end of May. That presentation and the accompanying press release are available on our website, which has itself received a notable facelift. Please take a look!

With a decade of coating experience in fuel cells, we are expanding our Coating Services business in Sweden and replicating it to other countries, starting with China. Customers that prefer to outsource coating as a service can trust Impact Coatings' expertise and presence during the development phase and later in production.

We continue to deliver coating systems, but even here we now offer greater flexibility, both regarding financing and operations. One example is Managed Services, in which personnel from Impact Coatings work on-site at the customer and manage the operation of the coating system until the customer has built up sufficient coating competence.

The first example of Managed Services in practice is connected to the system order from Boyuan received in July. Boyuan is a Chinese producer of metal plates for fuel cells. Part of the order is that we will initially operate the coating production at the customer site. Personnel from our Chinese subsidiary will operate the system.

Beyond the flexible delivery model, we are expanding our service offering coupled to coating systems including maintenance, support and spare parts, training packages, and system upgrades. These service offerings will contribute to stronger customer relationships and increase sales in all the company's business areas, now referred to as Hydrogen Solutions, Metallization Solutions, and Tailored Solutions.

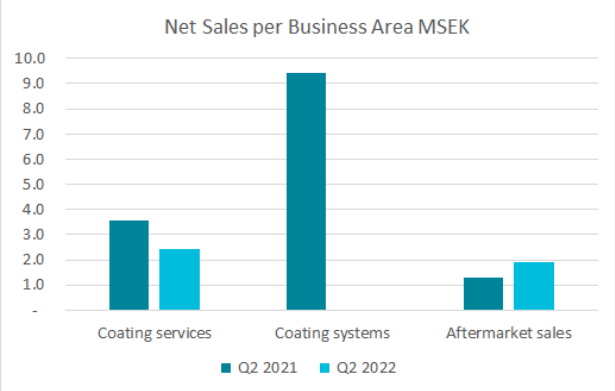
Impact Coatings has a unique position in a world that is repositioning itself through fast-growing green industry. Our business focus on relevance and executing on the possibilities we see through our strategy continues, backed by stable financing and a knowledgeable team working closely with our customers.

Torbjörn Sandberg, CEO

FINANCIAL RESULT

Second quarter 2022

Net sales for the second quarter 2022 amounted to SEK 4,379 thousand (14,308), including Coating Services revenue of SEK 2,362 thousand (3,572) as well as aftermarket sales and rental revenue for one coating machine of SEK 1,947 thousand (1,309). No sales for the delivery of coating systems have been reported (9,427).



Total revenue amounted to SEK 10,934 thousand (11,586). The difference between net sales and total revenue is mainly due to capitalized work for own account in the amount of SEK 9,813 thousand (389), and due to the change of work in progress in the amount of SEK -3,352 thousand (-3,208).

During the period, we capitalized costs for own account for automation of one production line in the amount of SEK 833 thousand and manufacturing of next generations coating system with SEK 8,600 thousand.

Operating expenses amounted to SEK -26,009 thousand (-22,450) reflecting higher personnel costs and other external costs, in line with our growth strategy.

Currency translation profit amounted to SEK 1,768 thousand (-352), the result of EUR currency fluctuations during the quarter. Financial items amounted to SEK -5 thousand (-3). Operating profit after financial items amounted to SEK -13,312 thousand (-11,219).

First half 2022

Net sales for the first half of 2022 amounted to SEK 9,739 thousand (24,513), including Coating Services revenue of SEK 6,516 thousand (5,311) as well as aftermarket sales and rental revenue for one coating machine of SEK 3,222 thousand (2,789). No sales for the delivery of coating systems have been reported (16,413).

Total revenue amounted to SEK 20,399 thousand (16,941). The difference between net sales and total revenue is mainly due to capitalized work for own account in the amount of SEK 14,659 thousand (389), and due to the change of work in progress in the amount of SEK -4,548 thousand (-8,444).

During the period, we capitalized costs for own account for the automation of one production line in the amount of SEK 833 thousand, manufacturing of next generation coating system with SEK 8,600 thousand, and manufacturing of one machine for development of coating solutions summing up to SEK 4,846 thousand.

Operating expenses amounted to SEK -45,330 thousand (-39,603) reflecting higher personnel costs and other external costs, in line with our growth strategy.

Currency translation profit amounted to SEK 1,909 thousand (-32), the result of EUR currency fluctuations during the quarter. Financial items amounted to SEK -6 thousand (-3). Operating profit after financial items amounted to SEK -23,028 thousand (-22,697).

Financial position and liquidity

Cash and liquid assets at period end amounted to SEK 106,011 thousand (156,514). The liquidity ratio amounted to 457% (650).

Cash flow from operations for the period January-June 2022 amounted to SEK -9,074 thousand (-5,976).

Cash flow from investments amounted to SEK -14,731 thousand (-735) and includes investment in a coating system for coating development, next

generations coating system, and the automation of one production line in Linköping.

Cash flow from financing activities amounted to SEK 0 thousand (113,592). Total cash flow for the period was SEK -23,804 thousand (106,882).

The company estimates that it has the liquidity needed 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 (1,456). The corresponding value in SEK was at the exchange rate at period end SEK 20,278 thousand (14,740).

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

The parent company's financial development, position and liquidity

The parent company's financial results, position and liquidity are very similar to those of the group. Added to the group's accounts are costs and cash flow in the newly formed subsidiary in China.

EVENTS DURING THE SECOND QUARTER

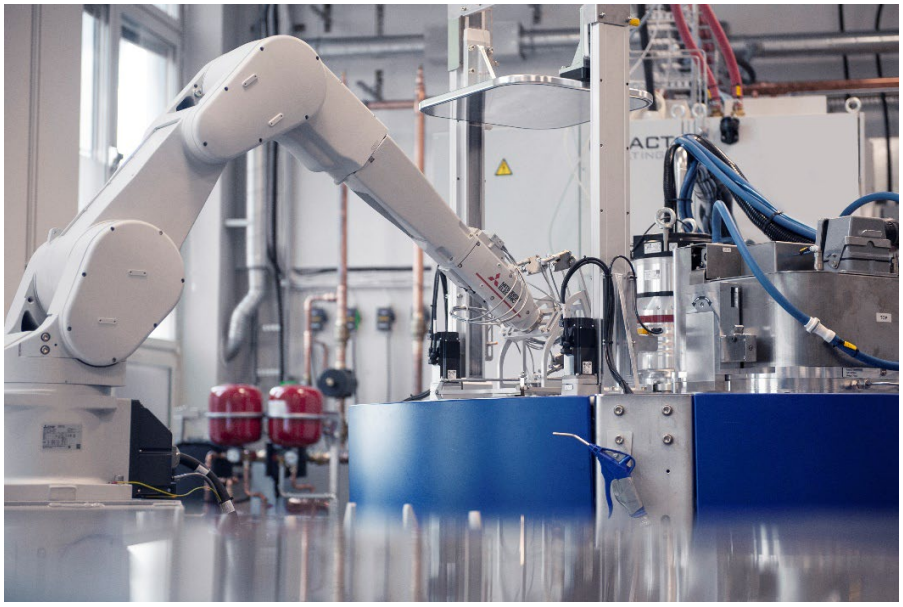
On May 25, CEO Torbjörn Sandberg presented an updated strategy for the company via a webcast. The strategy involves an increased focus on selling scalable solutions and services. The business model will capitalize on Impact Coatings' market-leading expertise in coating technology and create conditions for sustainable growth with recurring revenue. Customers' needs for coating services and scalable coating solutions are driven by strong growth of the hydrogen market and rapid technology development within autonomous vehicles. The presentation, which was held in English, can be viewed on the company's website.

In Linköping, planned automation of a production line for the coating of fuel cell plates was carried out during the period in the company's Coating Service Center. An INLINECOATER™FC system that was previously operated manually has been integrated with an industrial robot with auxiliary automation equipment. The automation enables more efficient production flows and an expanded production capacity, while allowing customers to test and verify Impact Coating's system offering for volume production.

The subsidiary Impact Coatings (China) Co., Ltd. was registered in Shanghai at the end of March. The second quarter has been devoted to finding contractors and subcontractors, planning and rebuilding the company's new property and hiring of own staff. This has been implemented despite Shanghai going into a total shutdown in April due to COVID-19, a shutdown that lasted almost two months. The subsidiary's manager, Yaowen Wang, has had the help of two new colleagues on site in Shanghai during the period.

The company's Annual General Meeting (AGM) was held this year in the usual way after two years of COVID-adapted arrangements with few or no physical participants. At the AGM held in Linköping on May 18, 24 people participated, representing 13.6% of the total number of votes. The AGM decided in accordance with the board's and the nomination committee's proposals on all points. Among other things, the company's board was re-elected, with chairman Mark H. Shay, Christian Sahlén, Sukhwan Yun, Göran Malm and Per Wassén.

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”For us, the automated production line means more than just an increased production flow. It relieves our personnel of repetitive tasks and reduces risk of human error. We are also able to continue development of our robotic interface and automation solutions. For our Coating Services customers, the automation solution means we can run production processes at maximum capacity and increase throughput to match the market’s increasing volume needs.”

Carina Höglund, VP Coating Services

EVENTS AFTER PERIOD END

On July 13 the company received an order for an INLINECOATER™FC system for delivery to the Chinese fuel cell metal plate manufacturer Shandong Boyuan New Energy Technology Development Co., Ltd. (“Boyuan”). Boyuan specializes in the precise forming technology of fuel cell metal plates. The total order value is in the EUR 1.2-1.4 million range and includes Managed Services for four months. Managed Services means that Impact Coatings for a period operates the coating system at the customer’s premises. Final delivery is planned for the fourth quarter of 2022.

The new property in Shanghai, which will be the headquarters for Impact Coatings (China), was officially inaugurated on July 13. Currently, the Chinese subsidiary has five employees. During the second half of 2022, work setting up the Coating Service Center in the premises will continue, in parallel with the company's staff being responsible for the Managed Service ordered by the new system customer Boyuan.



Yaowen Wang, President China and head of the new subsidiary, inaugurates the property in Shanghai on July 13, together with the subsidiary's other staff and representatives from contractors.

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).

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

Principles for consolidated accounting

Because a subsidiary has been formed during the second quarter of 2022, consolidated accounts have been prepared in this report.

Companies where the company holds a majority of votes at the general meeting are consolidated in the consolidated accounts. The subsidiaries are included in the consolidated accounts from and including the day when the controlling influence is transferred to the group.

The group's financial statements are prepared according to the acquisition method. The time of acquisition is the time when the controlling influence is obtained. Identifiable assets and liabilities are initially valued at fair value at the time of acquisition.

Intermediate operations between group companies are eliminated in their entirety.

Subsidiaries in other countries prepare their accounts in foreign currency. During the consolidation, the items in these companies' balance sheets and profit and loss statements are recalculated to the balance sheet rate and the spot rate for the day and the business event took place, respectively. The exchange rate differences that arise are reported in accumulated exchange rate differences in the group's equity.

In addition to the above, the accounting principles are unchanged from previous periods.

Upcoming financial events

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

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

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INCOME STATEMENT

(All amounts in SEK 000)	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jan-Dec 2021
Net sales	4,379	14,308	9,739	24,513	57,198
Capitalized work for own account	9,813	389	14,659	389	2,028
Change of work in progress	-3,352	-3,208	-4,548	-8,444	-5,357
Other operating income	94	97	548	482	681
Total revenue	10,934	11,586	20,399	16,941	54,549
Raw materials	-6,964	-8,346	-11,219	-10,664	-31,210
Other external costs	-6,944	-4,406	-11,513	-8,879	-17,796
Personnel costs	-11,386	-9,033	-21,169	-18,027	-34,946
Write off and depreciation of tangible and intangible assets	-714	-666	-1,429	-1,310	-2,670
Profit / Loss on Exchange rate	1,768	-352	1,909	-32	711
Other operating expenses	0	0	0	-722	-722
Operating profit	-13,307	-11,216	-23,022	-22,694	-32,083
Interest income and similar items	0	0	0	0	0
Interest expenses and similar items	-5	-3	-6	-3	-8
Operating profit after financial items	-13,312	-11,219	-23,028	-22,697	-32,092
Tax expenses on profit in the period	0	0	0	0	0
Net income for the period	-13,312	-11,219	-23,028	-22,697	-32,092
Earnings per share (kr)	-0.24	-0.21	-0.41	-0.42	-0.58
Average shares outstanding during the period	56,609,051	53,409,051[1]	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	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

(All amounts in SEK 000)	2022-06-30	2021-06-30	2021-12-31
ASSETS			
Long term assets			
Capitalized development expenditures	750	1,961	1,373
Machines and technical equipment	7,178	7,716	7,912
Assets under construction	16,263	0	1,604
Financial assets			
Shares in subsidiary	0	0	0
Total long term assets	24,191	9,677	10,890
Short term assets			
Raw materials	16,695	15,024	9,534
Work in progress	4,430	5,891	8,978
Finished goods	0	500	0
Other short term receivables	11,818	7,554	14,580
Cash and liquid assets	0	0	0
Unrestricted cash	103,372	156,514	129,467
Restricted cash	2,639	0	0
Total short term assets	138,954	185,483	162,559
TOTAL ASSETS	163,146	195,160	173,449
SHAREHOLDER EQUITY AND LIABILITIES			
Shareholder equity	137,959	169,925	160,638
Pre-payment from customers	6,525	8,168	0
Short term liabilities	18,662	17,067	12,810
TOTAL SHAREHOLDER EQUITY AND LIABILITIES	163,146	195,160	173,449

CHANGES IN SHAREHOLDER EQUITY

(All amounts in SEK 000)	Jan-Jun 2022	Jan-Jun 2021	Jan-Jun 2021
Opening balance	160,639	79,030	79,030
Share issuance / warrants (after emission costs)	0	113,592	113,700
Period result	-23,028	-22,697	-32,092
Translation difference	348		
Closing Balance	137,959	169,925	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

(All amounts in SEK 000)	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Ju 2021	Jan-Dec 2021
Operating profit after depreciation	-13,307	-11,216	-23,022	-22,694	-32,083
Financial items (net)	-5	-3	-6	-3	-8
Adjustments for non cash items	601	1,336	1,315	3,302	5,120
Cash flow from operations before change in working capital	-12,711	-9,883	-21,713	-19,396	-26,971
Change in working capital	5,387	-5,600	12,639	13,420	-4,793
Cash flow from operations	-7,324	-15,483	-9,074	-5,976	-31,764
Cash flow from investments	-9,884	-735	-14,730	-735	-2,100
Cash flow from financing activities		118		113,592	113,700
Cash flow for the period	-17,209	-16,099	-23,804	106,882	79,835
Liquid assets, opening balance	122,872	172,612	129,467	49,632	49,632
Exchange rate difference in liquid assets	348		348		
Liquid assets ending balance	106,011	156,514	106,011	156,514	129,467
Liquidity ratio, %	457	650	457	650	1,124

SUMMARY OF FINANCIAL DEVELOPMENT

The financial development of Impact Coatings AB for the period January-June 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 Jan-Jun	2021 Jan-Dec	2020 Jan-Dec	2019 Jan-Dec	2018 Jan-Dec
Net sales		9,739	57,198	39,515	49,084	20,194
Revenue		20,399	54,549	54,355	39,366	30,609
Result after financial items (net)		-23,028	-32,092	-22,975	-26,387	-37,593
Operating margin	%	Neg	Neg	Neg	Neg	Neg
Intangible assets		750	1,373	2,195	3,440	4,686
Tangible assets		23,441	9,516	8,779	17,034	19,118
Financial assets		0	0	0	100	100
Inventory		21,125	18,512	27,363	12,372	21,229
Pre payment from customers		6,525	0	5,621	2,350	22,004
Short term assets		11,818	14,580	7,785	2,483	5,308
Cash and liquid assets		106,011	129,467	49,632	78,785	46,669
Shareholder equity		137,959	160,638	79,030	102,006	64,324
Long term liabilities		0	0	0	0	0
Short term liabilities		18,662	12,810	11,102	9,858	10,783
Total assets		163,146	173,449	95,754	114,213	97,111
Return on assets	%	Neg	Neg	Neg	Neg	Neg
Return on equity		Neg	Neg	Neg	Neg	Neg
Equity/asset ratio		84.6%	1	82.5%	89.3%	66.2%
Debt ratio	times	0	0	0	0	0
Interest coverage ratio		Neg	Neg	Neg	Neg	Neg
Liquidity ratio	%	457	1,124	343	666	159
Employees		43	37	30	32	31
Investments						
Intangible assets		0	424 [3]	0	0	0
Tangible assets		14,730	1,676	-101	172	12,902 [1]
Financial assets		0	0	0	0	0
Earnings per share	SEK	-0.41	-0.58	-0.44	-0.61	-0.88
Average shares outstanding during the period		56,609,051	55,809,051 [4]	51,809,051	43,008,425	42,551,908
Shares outstanding at period end		56,609,051	56,609,051	51,809,051	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 resesrves 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 shee 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



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Impact Coatings offers customer-focused 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.