



## IMPACT COATINGS AB (PUBL), YEAR-END REPORT 2021

### FINANCIAL RESULTS FULL YEAR 2021

- Net sales amounted to SEK 57,198 thousand (39,515)
- Change of work in progress amounted to SEK -5,357 thousand (14,175)
- Total revenue amounted to SEK 54,549 thousand (54,355)
- Operating profit amounted to SEK -32,083 thousand (-22,970)
- Operating profit after financial items amounted to SEK -32,092 thousand (-22,975)
- Cash flow amounted to SEK 79,835 thousand (-29,153)
- Liquidity ratio amounted to 1,124% (343)
- Order backlog for coating systems at period end amounted to EUR 0 thousand (1,645)
- No dividend is proposed

### FINANCIAL RESULTS FOURTH QUARTER 2021

- Net sales amounted to SEK 28,642 thousand (20,044)
- Change of work in progress amounted to SEK -5,347 thousand (8,929)
- Total revenue amounted to SEK 25,055 thousand (29,078)
- Operating profit amounted to SEK -187 thousand (-5,243)
- Operating profit after financial items amounted to SEK -188 thousand (-5,246)
- Cash flow amounted to SEK -8,602 thousand (-6,553)

### SIGNIFICANT EVENTS FOURTH QUARTER 2021

- No significant events<sup>1)</sup> occurred during the period

### SIGNIFICANT EVENTS AFTER THE PERIOD

- No significant events<sup>1)</sup> have occurred after the end of the period

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

*Impact Coatings develops and delivers world-leading solutions for industrial PVD-coatings with a focus on hydrogen and fuel cells, automotive safety components and high-end consumer products. PVD is a method of, under vacuum, producing thin layers of metals and ceramics – surface coatings that maximize performance and durability. Impact Coatings markets coating equipment under the trade name INLINECOATER™ and coatings under MAXPHASE™. The company's shares trade on Nasdaq First North Growth Market. The company's Certified Adviser is Redeye AB, reachable via [certifiedadviser@redeye.se](mailto:certifiedadviser@redeye.se) or +46 8 121 576 90.*

For more information visit [www.impactcoatings.com](http://www.impactcoatings.com).

## CEO's COMMENTARY

2021 marked the highest-ever levels of annual sales and total revenues for Impact Coatings. Both system sales and Coating Services contributed strongly. We delivered according to plan all coating systems on order during the fourth quarter of the year and Coating Services generated sharply higher sales over the full year. The operating result reflects the offensive strategic initiatives that the company started in 2021.

As we enter 2022, we see a continued strong order inflow for Coating Services, while irregularity in new system orders has resulted in a momentarily empty order book. One explanation is component shortages in the automotive industry affecting forecasting and delaying new projects. Several system sales discussions are in progress, and we are during this period using production resources for assembly of coating systems for internal use to help the company expand in multiple dimensions.

Impact Coatings has established a clear strategic direction to meet the real market needs in the hydrogen and fuel cell sector. It involves an increased focus on our services offering and capitalizing on the company's globally unique expertise within coating technology. In parallel, we are developing the next generation, larger coating system for fuel cell plates and are preparing for the production of a greater number of systems for our own Coating Services facilities and for customers around the world.

The transition away from combustion engines is driving the development of the fuel cell industry. The value chain is forming, where new players and long-time automotive industrial companies will find their roles and evaluate various technical solutions. Despite aggressive volume forecasts, many companies are therefore waiting to initiate capital investments and are focusing to a great degree on buying services. Impact Coatings' ability to deliver both Coating Services and production technology for high-volume manufacturing – while at the same time being a development partner that makes a difference for fuel cell system performance – makes the company a unique and influential supplier. The services market also gives the company an opportunity to ally itself with strategic customers already during their development stage.

We see the demand for Coating Services both in the consistently increasing order inflow and in our ongoing discussions with customers about their future needs. The fourth quarter was another strong quarter for Coating Services, although with somewhat lower sequential sales vs. the third quarter, largely due to production delays among certain customers. Sales for Coating Services over the full year amounted to SEK 11,386 thousand, an increase of 61% vs. 2020. To meet the market demand for Coating Services, we will increase the capacity both in Linköping and through geographic expansion, where the implementation of a first coating center in China has started with estimated commissioning in the second half of 2022.

In Linköping, coating operations for fuel cell plates are moving to new premises and will become automated. The new production hall, which will also serve as a demo center for potential customers, is expected to be completed during the first quarter of 2022. Here, we also assemble the first unit of our next generation coating system – a machine type that can be used both in our own facilities and delivered to customers for high-volume production.

During the fourth quarter, we completed the final delivery and invoicing of three coating systems. Symbio received the first production machine for fuel cell coatings in Europe. We also delivered two coating systems for metallization of radomes for automotive radar applications, to HELLA MINTH in China and to the HELLA Group's subsidiary in Slovenia, which received its second Impact Coatings system in less than a year.

We continue to develop system technology and coating processes for hydrogen fuel cells as well as for automotive safety. Much of the development is driven independently, but an increasing part is also conducted in cooperation with strategic partners and customers.

Impact Coatings' Seoul office has been up and running for just over a year now. The joint development with Hyundai continues, with daily interaction between our technical expert on-site and Hyundai's R&D department. The INLINECOATER R&D system that we delivered to Hyundai during spring 2021 is invaluable for ongoing development activities within both fuel cells and electrolysis. Being on location in Korea with both technical expertise and sales personnel makes possible our establishment in Hyundai's value chain and gives rise to productive relationships there and with other customers in the region.

We are also building a team and a professional structure for growth. At the start of the new year, our German colleague Stefan Dreger started as President EMEA, Hydrogen Solutions. Stefan comes to us most recently from the automotive giant Robert Bosch GmbH, where he worked as Senior Sales Manager in the hydrogen solutions business area. Since November 2021, Bengt Rosengren has been our new VP Operations, with 30 years of industrial experience from a range of companies including Ericsson. Stefan and Bengt will be important for Impact Coatings' development, and I extend to them both a warm welcome.

Impact Coatings turns 25 during 2022. Although we remain a young company with our best years ahead of us, we have established a unique position in industry as a PVD coatings specialist offering materials, processes and production technology tailored to our customers' needs. Our expertise in growing application areas, such as hydrogen fuel cells, electrolysis, and automotive safety, will drive innovation and the transformation to a safe and sustainable society during 2022 and for many years to come.

*Torbjörn Sandberg, CEO*

## FINANCIAL RESULTS

### Full year 2021

Net sales for the full year 2021 amounted to SEK 57,198 thousand (39,515). Net sales includes the delivery of coating systems to HELLA Saturnus Slovenija, Hyundai Motor Company, HELLA MINTH, and Symbio in the total amount of SEK 41,820 thousand, Coating Services revenue of SEK 11,386 thousand, as well as aftermarket sales and rental revenue of SEK 3,992 thousand.

Total revenue amounted to SEK 54,549 thousand (54,355). The difference between net sales and total revenue is mainly due to the change of work in progress in the amount of SEK -5,357 thousand (14,175) and to the activated work for own account in the amount of SEK 2,028 thousand (0).

Capitalized work refers to the capitalization of development costs in the amount of SEK 424 thousand (0) related to the development of a new generation coating system for fuel cells, as well as to the upgrade and automation of our own coating systems within Coating Services in the amount of SEK 1,603 thousand.

Operating expenses amounted to SEK -87,344 thousand (-76,143), reflecting higher personnel costs and other external costs, in line with the offensive strategic initiatives that the company started in 2021. Raw materials and consumables were negatively affected by SEK -1,270 thousand due to a revaluation of precious metals used in operations.

Currency translation profit amounted to SEK 711 thousand (-1,181), the result of EUR currency fluctuations during the quarter.

Other operating expenses amounted to SEK -722 thousand (0), a result of the write-down of the residual value of the previously leased coating system that was sold at the end of 2020.

Financial items amounted to SEK -8 thousand (-6). Operating profit after financial items amounted to SEK -32,092 thousand (-22,975).

### Fourth quarter 2021

Net sales for the fourth quarter 2021 amounted to SEK 28,642 thousand (20,044). Net sales includes the delivery of coating systems in the amount of SEK 25,362 thousand, Coating Services revenue of SEK 2,775 thousand, as well as aftermarket sales and rental revenue of SEK 505 thousand.

Total revenue amounted to SEK 25,055 thousand (29,078). The difference between net sales and total revenue is mainly due to the change of work in progress in the amount of SEK -5,347 thousand (8,929) and to the activated work for own account in the amount of SEK 1,604 thousand (0).

Capitalized work refers to the upgrade and automatization of our own coating systems within Coating Services in the amount of SEK 1,603 thousand.

Operating expenses amounted to SEK -25,486 thousand (-33,124), reflecting a lower consumption of components during the fourth quarter and higher personnel costs. Raw materials and consumables were negatively affected by SEK -407 thousand from a write-down of inventory due to obsolescence.

In agreement with legal counsel, the company has increased the provision regarding the sanction fee against the company assessed by the Swedish Financial Supervisory Authority (FSA; Sv.

*Finansinspektionen*), from SEK -550 thousand to SEK -1,100 thousand (company press release November 4, 2020). The revised amount corresponds to the maximum potential penalty to the company. The company has appealed to the Court of Appeals (*Sv. Kammarrätten*) a lower court (*Sv. Förvaltningsrätten*) decision in favor of the Swedish FSA. The appellate court decision is pending. The case relates to listed companies' obligations under EU Market Abuse Regulations to publicly name customers.

Currency translation profit amounted to SEK 243 thousand (-1,196), the result of EUR currency fluctuations during the quarter.

Financial items amounted to SEK -1 thousand (-3). Operating profit after financial items amounted to SEK -188 thousand (-5,246).

### **Financial position and liquidity**

Cash and liquid assets at period end amounted to SEK 129,467 thousand (49,632). The liquidity ratio amounted to 1,124% (343).

Cash flow from operations for the period January-December 2021 amounted to SEK -31,764 thousand (-29,254).

Of the amount in accounts receivable, SEK 5,943 thousand reflects overdue invoices at the end of the period, which has a negative effect on cash flow from operating activities. Upon publication of this report, the company has received payment for substantially all of the outstanding amount.

Cash flow from investments amounted to SEK -2,100 thousand (101) and includes capitalized development in the amount of SEK -424 thousand, as well as investments in Coatings Services operations in the amount of SEK -1,672 thousand.

Cash flow from financing activities amounted to SEK 113,700 thousand (0) from the directed share issuance in February in the amount of SEK 113,474 thousand as well as from payments related to the warrant program approved at the AGM in May, in the amount of SEK 226 thousand. The warrant program subscription period was closed on August 27, 2021.

Total cash flow for the period was SEK 79,835 thousand (-29,153).

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

### **Order backlog and revenue recognition**

The value of the order backlog for coating machines was at the end of the period EUR 0 thousand (1,645).

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 FOURTH QUARTER**

Coating Services continued to show a strong order intake and high activity during the fourth quarter. Production volume was slightly lower than in the previous quarter, mainly due to delayed deliveries from a couple of key customers, production which has been moved to the first quarter of 2022. Machine capacity that became available was used for system development and work

with new coating processes within hydrogen/fuel cells. Assembly of the next generation larger coating system for fuel cell coatings commenced during the quarter.

Final delivery of three coating systems was completed during the period. One system for coating of radomes for vehicle radar was installed in China at HELLA MINTH, a joint venture between HELLA.Group (Germany) and MINTH Group (China). Another system for radome coating was delivered to HELLA Saturnus Slovenija (Slovenia), the second system to be introduced in the customer's production facility during the year.

The third system delivery was an INLINECOATER FC for coating of fuel cell plates to Symbio (France), one of Europe's leading manufacturers of fuel cell systems and co-owned by the French automotive groups Michelin and Faurecia. Symbio has been a long-time customer of Impact Coatings for Coating Services, and the installation of the coating system now allows Symbio to also produce in-house. The system delivery was Impact Coatings' first to a European fuel cell company.

On November 15, Bengt Rosengren joined Impact Coatings in the role of VP Operations. Bengt has 30 years of international experience and has worked with everything from production, sales and project management to business strategy and business development. He has previously held positions at Ericsson, Sensys Gatso Group and Arriva Sweden. Bengt is part of the management team and reports to CEO Torbjörn Sandberg.

In November, renovation of parts of the company's facility in Linköping was initiated to increase internal production capacity, both within Coating Services and for assembly of coating systems. In order to meet increased capacity needs, the area intended for offices and administration is streamlined and developed and adapted to enable more flexible work. The result is an increase in the production area by approximately 30%. A new machine hall is being prepared to contain an automated production line for fuel cell coatings. The new premises will also function as a demo center for potential customers. The renovation is planned to be completed during the first quarter of 2022.

## EVENTS AFTER PERIOD END

At the start of the new year, Stefan Dreger started as President EMEA, Hydrogen Solutions. Based near Stuttgart, Germany, he has the task of increasing Impact Coatings' 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.

## COMMENTS ON COVID-19

Impact Coatings continues to follow the recommendations of the Swedish Public Health Authority and the Ministry of Foreign Affairs regarding COVID-19. So far, the company has been affected to a limited extent by component shortages. The company is following developments closely. What happens to national travel and COVID restrictions in other parts of the world where the company operates continues to some extent to influence how the company can act.

## PROPOSED ALLOCATION OF NET INCOME

The Board of Directors will propose to the Annual General Meeting that no dividend be paid for 2021.

## 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

Release of Annual Report for 2021	April 14, 2022
Interim report for the first quarter 2022	April 22, 2022
Annual General Meeting 2022	May 18, 2022
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

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/).

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**INCOME STATEMENT**

<i>(All amounts in SEK 000)</i>	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Net sales	28,642	20,044	57,198	39,515
Capitalized work for own account	1,604	0	2,028	0
Change of work in progress	-5,347	8,929	-5,357	14,175
Other operating income	156	105	681	665
<b>Total revenue</b>	<b>25,055</b>	<b>29,078</b>	<b>54,549</b>	<b>54,355</b>
Raw materials	-11,786	-19,809	-31,210	-30,985
Other external costs	-4,727	-4,489	-17,796	-14,775
Personnel costs	-8,282	-7,938	-34,946	-26,873
Write off and depreciation of tangible and intangible assets	-690	-871	-2,670	-3,484
Profit / Loss on Exchange rate	243	-1,196	711	-1,181
Other operating expenses	0	-17	-722	-26
<b>Operating profit</b>	<b>-187</b>	<b>-5,243</b>	<b>-32,083</b>	<b>-22,970</b>
Interest income and similar items	0	0	0	0
Interest expenses and similar items	-1	-3	-8	-6
<b>Operating profit after financial items</b>	<b>-188</b>	<b>-5,246</b>	<b>-32,092</b>	<b>-22,975</b>
Tax expenses on profit in the period	0	0	0	0
<b>Net income for the period</b>	<b>-188</b>	<b>-5,246</b>	<b>-32,092</b>	<b>-22,975</b>
Earnings per share (kr)	0.00	-0.10	-1	0
Average shares outstanding during the period	56,609,051	51,809,051	55,809,051 <sup>1</sup>	51,809,051
Shares outstanding at period end	56,609,051	51,809,051	56,609,051 <sup>1</sup>	51,809,051

<sup>1</sup> 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>	2021-12-31	2020-12-31
<b>ASSETS</b>		
<b>Long term assets</b>		
Capitalized development expenditures	1,373	2,195
Machines and technical equipment	7,912	8,779
Assets under construction	1,604	0
<b>Total long term assets</b>	<b>10,890</b>	<b>10,974</b>
<b>Short term assets</b>		
Raw materials	9,534	12,528
Work in progress	8,978	14,335
Finished goods	0	500
Other short term receivables	14,580	7,785
Cash and liquid assets		
Unrestricted cash	129,467	49,632
<b>Total short term assets</b>	<b>162,559</b>	<b>84,780</b>
<b>TOTAL ASSETS</b>	<b>173,449</b>	<b>95,754</b>
<b>SHAREHOLDER EQUITY AND LIABILITIES</b>		
Shareholder equity	160,638	79,030
Pre-payment from customers		
Paid	0	5,621
Short term liabilities	12,810	11,102
<b>TOTAL SHAREHOLDER EQUITY AND LIABILITIES</b>	<b>173,449</b>	<b>95,754</b>

## CHANGES IN SHAREHOLDER EQUITY

<i>(All amounts in SEK 000)</i>	2021-12-31	2020-12-31
Opening balance	79,030	102,006
Share issuance / warrants (after emission costs)	113,700	0
Period result	-32,092	-22,975
<b>Closing Balance</b>	<b>160,638</b>	<b>79,030</b>
Average shares outstanding during the period	55,809,051 <sup>1</sup>	51,809,051
Shares outstanding at period end	56,609,051 <sup>1</sup>	51,809,051

<sup>1</sup> 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>	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
	2021	2020	2021	2020
Operating profit after depreciation	-188	-5,243	-32,083	-22,970
Financial items (net)	-1	-3	-8	-6
Adjustments for non cash items	1,148	6,013	5,120	8,627
<b>Cash flow from operations before change in working capital</b>	<b>960</b>	<b>768</b>	<b>-26,971</b>	<b>-14,349</b>
Change in working capital	-7,524	-7,383	-4,793	-14,905
<b>Cash flow from operations</b>	<b>-6,564</b>	<b>-6,615</b>	<b>-31,764</b>	<b>-29,254</b>
Cash flow from investments	-2,038	62	-2,100	101
Cash flow from financing activities	0	0	113,700	0
<b>Cash flow for the period</b>	<b>-8,602</b>	<b>-6,553</b>	<b>79,835</b>	<b>-29,153</b>
Liquid assets, opening balance	138,069	56,185	49,632	78,785
<b>Liquid assets ending balance</b>	<b>129,467</b>	<b>49,632</b>	<b>129,467</b>	<b>49,632</b>
<b>Liquidity ratio, %</b>	<b>1,124</b>	<b>343</b>	<b>1,124</b>	<b>343</b>

## SUMMARY OF FINANCIAL DEVELOPMENT

The financial development of Impact Coatings AB for the period January-December 2021 and for 2017-2020 is summarized below.

All figures related to the operating years 2017-2020 are based on material from previously published annual reports.

<i>(All amounts in SEK 000)</i>		2021	2020	2019	2018	2017
		Jan-Dec				
Net sales		57,198	39,515	49,084	20,194	25,014
Revenue		54,549	54,355	39,366	30,609	30,418
Operating profit		-32,083	-22,970	-26,368	-37,568	-30,111
Result after financial items (net)		-32,092	-22,975	-26,387	-37,593	-29,887
Operating margin	%	Neg	Neg	Neg	Neg	Neg
Intangible assets		1,373	2,195	3,440	4,686	5,931
Tangible assets		9,516	8,779	17,034	19,118	7,235
Financial assets		0	0	100	100	100
Inventory		18,512	27,363	12,372	21,229	9,895
Pre payment from customers		0	5,621	2,350	22,004	0
Short term assets		14,580	7,785	2,483	5,308	24,390
Cash and liquid assets		129,467	49,632	78,785	46,669	65,386
Shareholder equity		160,638	79,030	102,006	64,324	101,987
Long term liabilities		0	0	0	0	0
Short term liabilities		12,810	11,102	9,858	10,783	20,317
Total assets		173,449	95,754	114,213	97,111	122,304
Return on assets	%	Neg	Neg	Neg	Neg	Neg
Return on equity		Neg	Neg	Neg	Neg	Neg
Equity/asset ratio		92.6%	82.5%	89.3%	66.2%	83.4%
Debt ratio	times	0	0	0	0	0.02
Interest coverage ratio		Neg	Neg	Neg	Neg	Neg
Liquidity ratio	%	1124	343	666	159	442
Employees		37	30	32	31	21
Investments						
Intangible assets		424 <sup>5</sup>	0	0	0	4 151 <sup>1</sup>
Tangible assets		1,676	-101	172	12 902 <sup>3</sup>	3477
Financial assets		0	0	0	0	0
Earnings per share	SEK	-0.58	-0.44	-0.61	-0.88	-0.92
Average shares outstanding during the period		55,809,051	51,809,051	43,008,425	42,551,908	32,479,180
Shares outstanding at period end		56,609,051 <sup>6</sup>	51,809,051	51,809,051 <sup>4</sup>	42,551,908	42,551,908 <sup>2</sup>

<sup>1</sup> Investment of SEK 4,151 thousand represents a re-classification from development expenses to intangible assets

<sup>2</sup> Share issuance of 10,415,144 subscribed December 19, 2017, and registered January 15, 2018

<sup>3</sup> The annual investment includes a reclassification of SEK 7,575 thousand from working capital to machines and technical equipment.

<sup>4</sup> Share issuance of 9,257,143 shares, subscribed October 29, 2019, and registered December 13, 2019.

<sup>5</sup> Investment of SEK 424 thousand represents a re-classification from development expenses to intangible assets

<sup>6</sup> Share issuance of 4,800,000 shares, subscribed February 24, 2021, and registered February 26, 2021.

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