Impact Coatings AB (publ)

Interim Report April-June 2025

SEK million	2025 Q2	2024 Q2	2025 Jan-Jun	2024 Jan-Jun	2024 Jan-Dec
Net sales	6.5	31.7	16.0	35.7	109.9
Net sales, excluding metals for electrolysis [1]	6.5	31.7	16.0	35.7	109.6
Total revenue	14.7	24.7	34.4	32.2	102.4
Operating profit	-15.8	-4.6	-30.1	-20.5	-31.3
Operating profit after financial items	-15.8	-3.8	-30.0	-19.7	-30.1
Cash flow	2.8	-11.5	-2.8	-34.0	-89.7
Net cash, end of period	30.8	85.7	30.8	85.7	32.5
Liquidity ratio	70%	136%	70%	136%	95%
Liquidity ratio, adjusted [2]	107%	198%	107%		155%
Order backlog coating systems at period end	0.0 [3]	0.0	0.0 [3]	0.0	0.0
Order backlog Coating Services at period end	1.7 [3]	2.3	1.7 [3]	2.3	4.2

Business Highlights During the Second Quarter 2025

- Letter of Intent from FTXT (China) about continued volume supply of coating services for automotive fuel cells from Coating Service Center China
- Coating services supply agreement with European PEM electrolyzer manufacturer for production at Coating Service Center Sweden

Business Highlights After the Period

- Doubled volume forecast for coating services during 2025 from FTXT
- 24 hours a day production, 6 days per week, at Coating Service Center China to meet the increasing order volumes

1) Metals for electrolysis are for certain customers invoiced in a cost-neutral manner not affecting operating profit.
2) Includes the part of the inventory that has been financed by customer pre-payments.
3) Future agreed leasing revenue of SEK 10.6 million over 45 months for a production line leased out by the subsidiary in China is not included in the backlog figures.

CEO's Commentary

Commercial Progress and Reduced Costs to Meet a Cautious Market

The second quarter was characterized by commercial achievements, but also by continued uncertainty globally and postponed investment decisions by our customers. That the quarter did not contain any system deliveries is disappointing, but in line with an expected challenging market environment – and above all a result of extended decision-making processes rather than a lack of demand. Against this background, we have proactively implemented a savings program. We are simultaneously preparing for increased activity within Coating Services, where customers are moving from sampling to initial production and we continue to work with new and existing customers ahead of substantial investment decisions.

Net sales

Jonas Nilsson, CEO

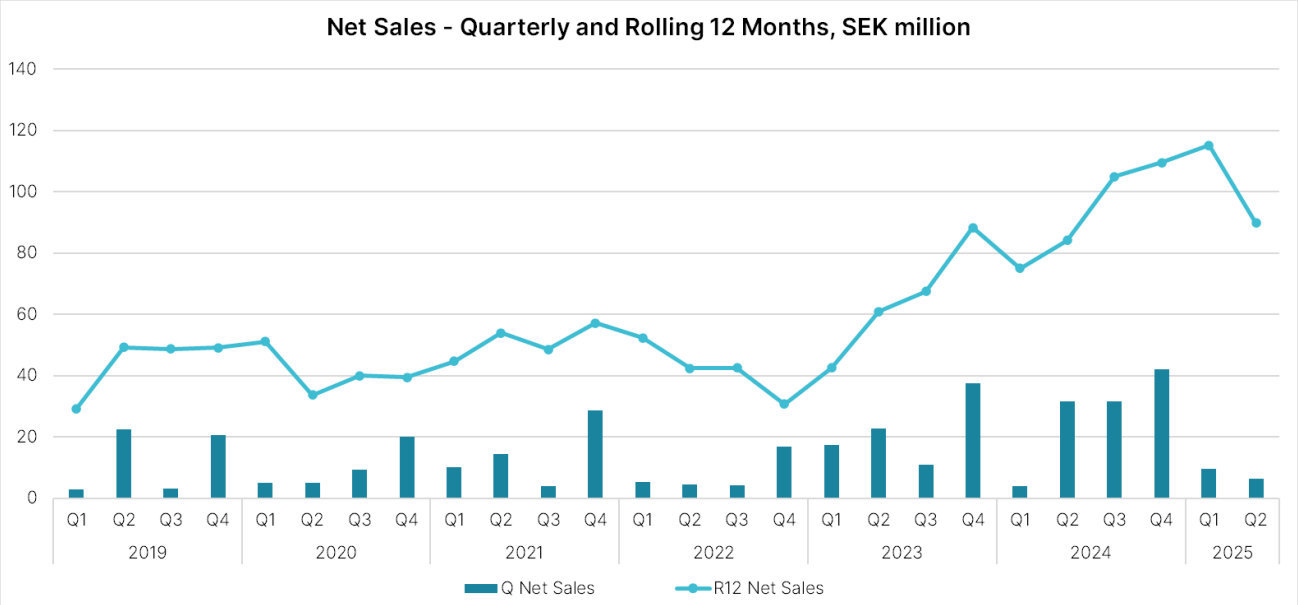
Net sales for the second quarter amounted to SEK 6.5 million (31.7). The decrease is mainly explained by the lack of system deliveries in the quarter. Adjusted for this, net sales from other activities were in line with the comparable quarter last year. We are in a clearly cautious market situation, but at the same time we see that interest in our solutions remains, and that several customers are advancing in their evaluations.

Coating Services activity gradually increased during the quarter with more sampling activities within the hydrogen business area and key customers' start or restart of production. In China, partly due to a doubled volume forecast by FTXT for 2025 confirmed after the period end, we have since July returned to two shifts, which means two 10-hour shifts and four hours for preparations. An upgraded INLINECOATER™ IC2000, together with increased automation and improved quality control, have strengthened our operational efficiency and enabled higher production throughput with existing staffing. This improves our readiness to meet increased volumes.

Net sales for the rolling 12-month period amounted to SEK 90 million, which is a departure from the upward trend we saw in the previous year. The development illustrates how dependence on individual larger orders can create volatility in the growth curve. Our long-term growth ambition remains firm, and we are actively working to broaden the revenue base and increase the stability of the business over time.

Cost-cutting program and measures to increase liquidity implemented

Cash flow from operating activities amounted to SEK -15.9 million (-12.1) during the second quarter. While working capital management actions – including the



transition to a generic precious metals inventory – have had a positive effect, a strained liquidity situation remains. The low business activity during the quarter underlines the need for continued financial discipline.

Against this backdrop, we implemented a cost-cutting program during the quarter. A total of ten roles have been affected through a combination of staff reductions, reduced use of consultants, and adjustments in staffing and working hours. In addition, we introduced a temporary freeze on salary adjustments. Overall, the measures are expected to reduce our personnel costs in the parent company (excluding the Chinese operations) by approximately 20 percent. The effect is gradual, with some initiatives having an immediate impact while others gain full effect over time. The program has been implemented while maintaining technical and delivery capacity.

During the quarter, we raised capital through loans of just over SEK 20 million connected to our Chinese operations. The loans have favorable terms and provide financing for the local operations, reducing the need for liquidity from the parent company. Together with other measures, this strengthens our financial flexibility. Increased sales remain the strongest lever for achieving positive cash flow. With several operational and financial initiatives in place, we are well-equipped to meet a challenging market situation and are prepared to act proactively when required.

Continued strong sales pipeline

We continue to see a strong sales pipeline with a wide geographical spread. We added new paying customers during the quarter, and we received several significant sampling orders from customers in Europe and North America. During the second quarter, we received one of our largest sampling orders to date from a leading player in the aerospace industry – a segment where the technical advantages of hydrogen are particularly clear.

These developments reflect how customers are stepwise approaching investment decisions. Sampling orders are often the first step in a longer qualification process, where the technology is verified before a decision on larger volume production. A clear example is the recently signed supply agreement with a European manufacturer of PEM electrolyzers, which was announced on June 24. After a year of recurring sample orders, the agreement marks a shift from the test phase to production preparations, an important milestone that confirms that we are technically relevant when customers industrialize.

While many investment decisions are delayed, we see tangible progress in existing customer relationships. During the quarter, for example, Waveland in China decided to increase the capacity of its leased INLINECOATER™ equipment. The upgrade means an increased contract value of approximately SEK 2.5 million, distributed over the remaining four years of the contract period. The deal generates stable, recurring revenue and has an attractive gross margin, which underlines the profitability of the service business.

Market development

The hydrogen market is developing at different speeds in different parts of the world. Over the past six months, we have seen both uncertainty and progress, depending on the application and on the geographical context. Our global presence allows us to follow developments closely and to act where the opportunities are the most compelling.

In the United States, the investment climate has been characterized by political uncertainty, which has temporarily slowed down decision-making. With the July 4 adoption of new Congressional tax and spending legislation, there are now clear rules of the game for hydrogen, which after the final hearing in the US Senate became better than the industry had feared. Tax reductions for fossil-free hydrogen production and fuel cell investments were consolidated, albeit with new end dates. This gives our customers new time windows to act within and creates a clear driving force to move forward with their plans.

In China, we are seeing a recalibration of the government support systems, from an exclusive focus on fuel cell vehicles to also include production via electrolysis and industrial consumption of green hydrogen. Impact Coatings has grown its business in China in recent years, despite an overall market downturn. This demonstrates the value of our local presence and our ability to meet clear industrial needs.

Korea also continues to be a relevant market. Investments in fuel cells and electrolysis are largely driven by energy supply and industrial needs rather than climate ambitions. We see the market for fuel cells broadening to a wider variety of energy carriers and fuels, such as methanol, ammonia and natural gas. This creates demand for reliable technology in applications where our coatings have strong relevance, regardless of the hydrogen classification. Korea, together with China, the US and Europe, is one of our strategically prioritized markets, where we see many opportunities for long-term business development.

Overall, the commercial basis for hydrogen technologies applied in both green and non-green areas remains strong. We see that customers continue to prepare for future expansion, which is leading to a clear shift in the hydrogen market, from symbolic projects to deals based on industrial needs and verified technology. Investment decisions take longer, but the discussions are more

focused and concrete. The demands on technical reliability, business logic and delivery capacity are increasing. This benefits players with a strong offering, industrial presence and technological leadership, and Impact Coatings is well positioned there.

Outlook

During the first half of the year, we have taken measures to reduce costs and increase our financial sustainability. The savings program has been implemented and initiatives to reduce working capital have had an effect. At the same time, we continue to act proactively to adapt to market conditions and secure long-term liquidity.

We also continue to develop technologies that broaden and deepen our relevance in hydrogen-based energy applications. Our coating for iridium oxide has shown strong technical results. It forms the basis for an expanded offering in electrolysis, where we combine internal development with partnerships. We are currently working with several players in the area, who complement each other technically and strategically, and where our coatings play a central role in various types of system solutions.

In parallel, we are driving development in solid oxide applications (SOFC/SOEC), where our coatings have shown good performance in development tests with potential customers. This positions us in a commercially driven growing segment with broad industrial relevance, for example for supplying data centers with energy.

In summary, we are well positioned to meet the next phase of market development. With coating systems in inventory, increased technical relevance and a global infrastructure in place, we are ready to deliver when customers ultimately decide to invest. 2025 is a challenging year, but it is also a year in which the foundation is laid for the next phase of our growth. We are convinced that hard work and customer focus will continue to contribute to long-term relationships and a growing pipeline of new customers, which form the foundation of our path to profitable growth.

Jonas Nilsson, CEO

Financial Result

SECOND QUARTER 2025

Group net sales for the quarter amounted to SEK 6.5 million (31.7), including revenues from Coating Services of SEK 4.4 million (2.8) and aftermarket sales of SEK 2.1 million (3.2). No coating system revenue was recognized during the period (25.7).

During the quarter, no Coating Services revenues where metals for electrolysis are invoiced on a cost-neutral basis were recognized (0).

The subsidiary in China generated SEK 1.2 million (1.4) of Coating Services revenue and SEK 0.7 million (1.3) of aftermarket sales.

Total revenue amounted to SEK 14.7 million (24.7). The difference between net sales and total revenue is mainly explained by capitalized work for own account of SEK 1.0 million (5.7) and changes in work in progress, amounting to SEK 6.8 million (-12.9).

Operating costs excluding raw materials and supplies amounted to SEK -22.9 million (-22.4) with mainly higher facility leasing costs and some increase in personnel costs compared to Q2 2024. The increased personnel costs include an increased headcount mainly in China after Q2 2024. The work on efficiency improvements and cost savings that began in Q4 2024 has continued.

The foreign exchange loss was SEK 0 million (-0.7) and the financial net was SEK 0 million (0).

Net income after financial items was SEK -15.8 million (-3.8).

Net income for the quarter was positively affected by the capitalization of development costs amounting to SEK 1.0 million (0).

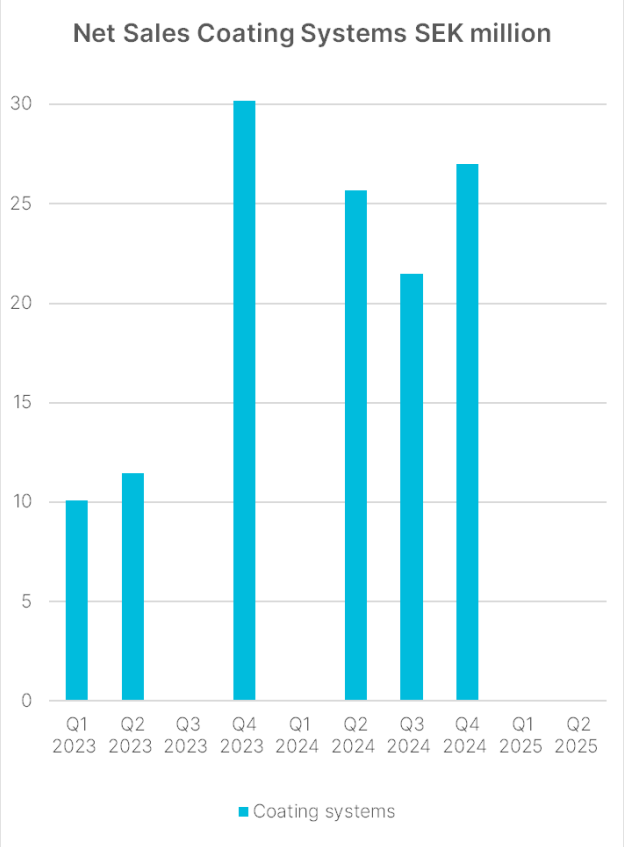
FIRST HALF OF 2025

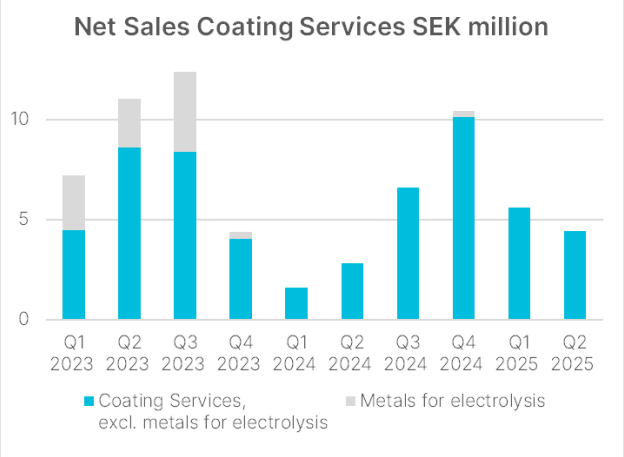
Group net sales for the quarter amounted to SEK 16.0 million (35.7), including revenues from Coating Services of SEK 10.0 million (4.4) and aftermarket sales of SEK 6.0 million (5.6). No coating system revenue was recognized during the period (25.7).

During the first half of 2025, no Coating Services revenues where metals for electrolysis are invoiced on a cost-neutral basis were recognized (0).

The subsidiary in China generated SEK 2.3 million (1.7) of Coating Services revenue and SEK 3.5 million (2.8) of aftermarket sales.

Total revenue amounted to SEK 34.4 million (32.2). The difference between net sales and total revenue is mainly





explained by capitalized work for own account of SEK 2.9 million (6.1) and changes in work in progress, amounting to SEK 14.9 million (-10.1).

Operating costs excluding raw materials and supplies amounted to SEK -46.5 million (-43.4) with higher facility leasing costs as well as higher personnel costs compared to the same period in 2024. The increased personnel costs include an increased headcount mainly in China after Q2 2024, and certain initiated cost reduction measures that have not yet had full impact during the first half of 2025. The work on efficiency improvements and cost savings that began in Q4 2024 has continued.

The foreign exchange loss was SEK -0.8 million (1.5), 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 0.0 million (0.8).

Net income after financial items was SEK -30.0 million (-19.7).

Net income for the first half of 2025 was positively affected by the capitalization of development costs amounting to SEK 2.7 million (0).

Financial position and liquidity

Cash and liquid assets at the end of the period amounted to SEK 30.8 million (85.7). The liquidity ratio that is adjusted to include the part of inventory that has been financed by customer pre-payments was 107% (198%). At the end of Q2, interest-bearing liabilities amounted to SEK 20.5 million.

Cash flow from operations for the period amounted to SEK -19.2 million (-25.8). Inventory decreased in raw material and supplies, including sales of parts of the noble metal inventory, but increased in work in progress. Short-term receivables, including customer receivables, decreased by SEK 28.2 million. The reduction in short-term liabilities resulted in a cash flow impact of SEK -30.9 million, primarily due to return of customer pre-payments and payment of supplier invoices.

Cash flow from investing activities amounted to SEK -4.1 million (-8.2). There were capitalized development costs in Sweden of SEK 2.7 million (0) and installations and other investments of SEK 1.4 million.

Cash flow from financing activities amounted to SEK 20.5 million (0), of which SEK 1.8 million was booked as a long-term loan. The company intends to renew the SEK 18.7 million currently classified as short-term loans upon the respective maturity of each loan agreement. The total cash flow for the period was SEK -2.8 million (-34.0).

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), corresponding to SEK 0 million (0) based on the period-end exchange rate.

The order backlog for Coating Services was at the end of the period SEK 1.7 million (2.3) based on the period-end exchange rate.

The order backlog for aftermarket sales is not reported.

In China there is a leasing agreement for a coating production line with a customer that covers 60 months starting from April 2024 and with an addition for an upgrade from July 2025. The remaining contract period amounts to 45 months and has a total value of SEK 10.6 million calculated with the exchange rate at the end of the period. This amount is not included in the above order backlogs.

Personnel

The average number of employees during the period was 62 (57). The number of full-time equivalents (FTE) at the end of the period was 57 (60).

Transactions with related parties

Of the parent company's total purchases and sales, SEK 0 million (0) of the purchases and SEK 4.3 million (4.2) of the sales refer to the subsidiary in China for the period. There are no interest-bearing receivables or liabilities between the parent company and the subsidiary. Transactions with related parties are priced according to market terms.

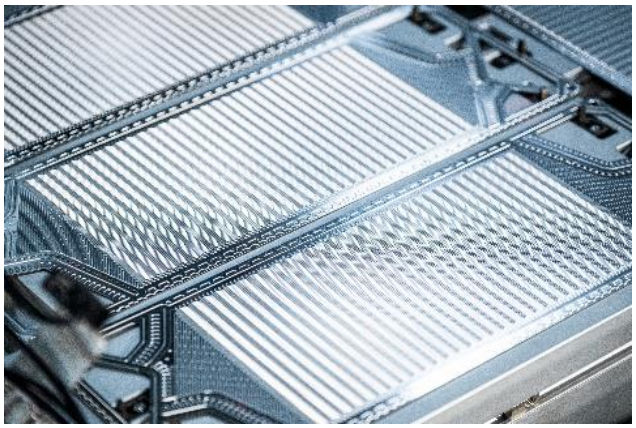
Business Highlights During the Second Quarter

In a press release on April 24, the company announced that it had received a Letter of Intent from FTXT Energy Technology Co., Ltd, regarding the customer's intention to continue purchasing coating services for bipolar plates for fuel cells. Subject to coming purchase orders, Impact Coatings would for the remainder of 2025 provide production capacity from its Coating Service Center in Shanghai, for a volume corresponding to at least CNY 4.5 million in revenue (approximately SEK 6 million).

FTXT Energy Technology Co., Ltd. was established in 2019 by Great Wall Holding Group. Coating service production for FTXT was initially ramped up at the Coating Service Center in Shanghai during 2024 following an official approval from the customer in April 2024 of Impact Coatings' Premium FC coating for heavy duty fuel cell applications. The companies in September 2024 also initiated a development collaboration concerning fuel cell coating technology.

In a press release on June 24, it was announced that Impact Coatings has signed a three-year supply agreement with a European manufacturer of PEM electrolyzers, where the company will provide coating services for separator plates and porous transport layer (PTL) plates. Work with customer samples leading up to the supply agreement started in 2024. The Coating Service Center in Linköping will be responsible for coating production. Initial production started during the summer and volumes and revenues are expected to grow in line with the customer's planned production ramp-up.

The Annual General Meeting (AGM) was held at the company's new premises in Linköping on 21 May. 20 shareholders representing 35.4% of the total votes participated in the meeting, which resolved in accordance with the board's and the nomination committee's proposals on all points. Among other decisions, Mark Shay (Chairman of the Board), Christian Sahlén and Sukhwan Yun were re-elected and Roland Fischer and Johanna Pynnä were newly elected to the company's board. The CEO's presentation and other documentation regarding the AGM can be found on the company's website.



Coating of bipolar plates for automotive fuel cells at the company's coating center in Shanghai, China.

Business Highlights After the Period

After the end of the period, FTXT updated its volume forecast with respect to the Letter of Intent received in April for coating services during 2025, corresponding to revenues of CNY 10 million for Impact Coatings (approximately SEK 13.2 million).

To meet FTXT's increased volume requirements, coating production at the Coating Service Center in Shanghai was expanded at the beginning of the third quarter to 24 hours a day, 6 days a week.

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 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 2024.

UPCOMING FINANCIAL EVENTS

Interim report for the third quarter 2025	October 17, 2025
Year-end report for 2025	February 13, 2026

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Consolidated Income Statement - Impact Coatings Group

(All amounts in SEK million)	Apr-Jun 2025	Apr-Jun 2024	Jan-Jun 2025	Jan-Jun 2024	Jan-Dec 2024
Net sales	6.5	31.7	16.0	35.7	109.9
Capitalized work for own account	1.0	5.7	2.9	6.1	10.7
Change of work in progress	6.8	-12.9	14.9	-10.1	-18.5
Other operating income	0.5	0.1	0.7	0.5	0.4
Total revenue	14.7	24.7	34.4	**32.2**	**102.4**
Raw materials	-7.6	-6.1	-17.1	-10.8	-39.4
Gross profit	7.1	18.6	17.3	21.4	63.0
Gross margin %	48%	75%	50%	67%	62%
Other external costs	-5.7	-6.0	-11.6	-11.5	-27.1
Personnel costs	-15.3	-15.0	-31.2	-28.8	-61.7
Write off and depreciation of tangible and intangible assets	-1.9	-1.4	-3.7	-3.1	-6.4
Exchange rate gain / loss	0.0	-0.7	-0.8	1.5	1.0
Other operating expenses	0.0	-0.1	0.0	-0.1	-0.2
Operating profit	-15.8	-4.6	-30.1	**-20.5**	**-31.3**
Interest income and similar items	0.0	0.8	0.0	0.8	1.2
Operating profit after financial items	-15.8	-3.8	-30.0	-19.7	-30.1
Taxes	0.0	0.0	0.0	0.0	0.5
Net income for the period	-15.8	-3.8	-30.0	**-19.7**	**-29.6**
Earnings per share (kr)	-0.18	-0.04	-0.34	-0.23	-0.34
Average shares outstanding during the period	87 486 713	87 486 713	87 486 713	87 486 713	87 486 713
Shares outstanding at period end	87 486 713	87 486 713	87 486 713	87 486 713	87 486 713

Consolidated Balance Sheet - Impact Coatings Group

(All amouts in SEK million)	2025-06-30	2024-06-30	2024-12-31
Assets			
Long term assets			
Intangible assets	6.5	2.0	4.2
Machines and technical equipment	53.9	41.1	43.4
Assets under construction	0.4	18.4	18.1
Deferred tax assets	0.5		0.5
Long-term receivables	16.3		16.3
Total fixed assets	**77.6**	**61.5**	**82.5**
Short term assets			
Raw materials	71.1	88.4	94.5
Work in progress	20.2	8.2	7.7
Short term receivables	23.8	31.5	52.0
Cash and liquid assets			
Unrestricted cash	28.1	85.7	29.8
Restricted cash	2.7		2.7
Total short term assets	**145.9**	**213.8**	**186.7**
Total assets	**223.5**	**275.3**	**269.2**
Shareholder equity and liabilities			
Shareholder equity	147.4	189.7	182.7
Long term liabilities	1.8	0.0	0.0
Pre-payment from customers			
Paid	39.6	57.8	57.2
Short-term liabilities	34.7	27.7	29.3
Total shareholder equity and liabilities	**223.5**	**275.3**	**269.2**

Consolidated Changes in Shareholder Equity - Impact Coatings Group

(All amouts in SEK million)	2025-06-30	2024-06-30	2024-12-31
Opening balance	182.7	209.5	209.5
Share issuance / warrants (after emission costs)	0.1	0.0	0.4
Period result	-30.0	-19.7	-29.6
Translation difference	-5.4	-0.1	2.4
Closing balance	147.4	**189.7**	**182.7**

Consolidated Statement of Cash Flows - Impact Coatings Group

(All amounts in SEK million)	Apr-Jun 2025	Apr-Jun 2024	Jan-Jun 2025	Jan-Jun 2024	Jan-Dec 2024
Operating profit after depreciation	-15.8	-4.6	-30.1	-20.5	-31.3
Financial items (net)	0.0	0.8	0.0	0.8	1.2
Adjustments for non cash items	0.1	1.8	2.6	3.5	7.9
Cash flow operations before change in working capital	-15.7	-2.0	-27.5	-16.2	**-22.2**
Change in working capital	-0.2	2.1	8.3	-9.6	-50.7
Cash flow from operations	-15.9	-12.1	-19.2	-25.8	**-72.9**
Cash flow from investments	-1.7	-10.4	-4.1	-8.2	-16.7
Cash flow from financing activities	20.5	0.0	20.5	0.0	0.0
Cash flow for the period	2.8	-22.5	-2.8	-34.0	**-89.7**
Liquid assets, opening balance	26.3	97.2	32.5	119.8	119.8
Translations differences	1.7	-0.1	1.1	-0.1	2.4
Liquid assets, ending balance	30.8	74.6	30.8	85.7	**32.5**
Liquidity ratio, %	70%	136%	70%	136%	**95%**
Liquidity ratio, adjusted, % [1)]	107%	198%	107%	198%	**155%**

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

Income Statement - Parent Company

(All amounts in SEK million)	Apr-Jun 2025	Apr-Jun 2024	Jan-Jun 2025	Jan-Jun 2024	Jan-Dec 2024
Net sales	6.8	32.2	14.9	35.4	112.8
Capitalized work for own account	0.5	6.2	2.7	6.2	10.7
Change of work in progress	6.0	-13.0	15.0	-10.2	-17.6
Other operating income	0.0	0.1	0.3	0.4	0.2
Total revenue	13.3	25.6	33.0	**31.8**	**106.2**
Raw materials	-6.4	-6.5	-16.8	-10.5	-43.4
Gross profit	6.9	19.0	16.2	21.4	62.8
Gross margin %	52%	74%	49%	67%	59%
Other external costs	-1.1	-5.0	-9.2	-9.4	-23.2
Personnel costs	-4.0	-12.8	-25.9	-24.6	-52.1
Write off and depreciation of tangible and intangible assets	-0.4	-0.8	-2.4	-2.0	-4.1
Exchange rate gain / loss	1.7	-0.7	3.2	1.6	0.4
Other operating expenses	0.0	-0.1	0.0	-0.1	-0.2
Operating profit	3.1	-0.5	-18.3	**-13.2**	**-16.4**
Impairment of shares in group companies	0.0	-2.2	0.0	-5.0	-5.0
Interest income and similar items	0.0	0.8	0.0	0.8	1.2
Operating profit after financial items	3.1	-1.9	-18.2	-17.3	-20.1
Taxes	0.0	0.0	0.0	0.0	0.0
Net income for the period	3.1	**-1.9**	-18.2	**-17.3**	**-20.1**

Balance Sheet - Parent Company

(All amouts in SEK million)	2025-06-30	2024-06-30	2024-12-31
Assets			
Long term assets			
Intangible assets	5.9	1.2	3.5
Machines and technical equipment	30.9	24.2	23.5
Assets under construction	0.0	6.2	0.9
Financial assets			
Shares in subsidiary	41.6	32.2	41.6
Total long term assets	78.4	**63.8**	**69.4**
Short term assets			
Raw materials	60.2	83.1	83.6
Work in progress	20.2	18.8	16.0
Other short term receivables	48.8	34.6	81.3
Cash and liquid assets			
Unrestricted cash	21.4	82.8	25.2
Restricted cash	2.7	0.0	2.7
Total short term assets	153.4	**219.3**	**208.9**
Total assets	231.8	**283.2**	**278.3**
Shareholder equity and liabilities			
Shareholder equity	179.4	199.8	197.5
Pre-payment from customers			
Paid	39.6	57.8	57.2
Short-term liabilities	12.8	25.5	23.6
Total shareholder equity and liabilities	231.8	**283.2**	**278.3**

Summary of Financial Development

The financial development of Impact Coatings AB (publ) for the full years 2021-2024 and the group's consolidated financial development for the period January-June 2025 are summarized below.

All figures related to the operating years 2021-2024 are based on material from previously published annual reports.

(All amounts in SEK million)		2025 Jan-Jun	2024 Jan-Dec	2023 Jan-Dec	2022 Jan-Dec	2021 Jan-Dec
Net sales		16.0	109.9	98.4	32.0	57.2
Revenue		34.4	102.4	89.0	57.0	54.5
Operating profit		-30.1	-31.3	-33.9	-47.0	-32.1
Result after financial items (net)		-30.0	-30.1	-32.0	-47.0	-32.1
Operating margin	%	Neg	Neg	Neg	Neg	Neg
Intangible assets		6.5	4.2	2.1	0.4	1.4
Tangible assets		54.3	61.5	54.3	33.5	9.5
Long term assets		16.8	16.8	0	0	0
Inventory		91.3	102.3	80.5	41.0	18.5
Pre payment from customers		39.6	57.2	52.4	20.1	0
Short term assets		23.8	52.0	25.8	16.2	14.6
Cash and liquid assets		30.8	32.5	119.8	61.4	129.5
Shareholder equity		147.4	182.7	209.5	113.9	160.6
Long term liabilities		2	0	0	0	0
Short term liabilities		34.7	29.3	20.5	18.6	12.8
Total assets		223.5	269.2	282.5	152.6	173.4
Return on assets	%	Neg	Neg	Neg	Neg	Neg
Return on equity		Neg	Neg	Neg	Neg	Neg
Equity/asset ratio	%	66	68	74	75	93
Debt ratio	times	0	0	0	0	0
Interest coverage ratio		Neg	Neg	Neg	Neg	Neg
Liquidity ratio	%	70	95	200	201	1 124
Liquidity ratio, adjusted	%	107	155	275		
Employees		62	61	56	45	37
Investments						
Intangible assets		2.7	2.4	1.8	0	0.4 [1)]
Tangible assets		1.4	14.5	25.4	25.9	1.7
Earnings per share	SEK	-0.34	-0.34	-0.41	-0.83	-0.57
Average shares outstanding during the period		87 486 713	87 486 713	78 857 887 [2)]	56 609 051	55 809 051 [3)]
Shares outstanding at period end		87 486 713	87 486 713	87 486 713	56 609 051	56 609 051

[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 almost three decades 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 systems 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 systems and the company's European Coating Service Center. The group has a subsidiary in China, where a second Coating Service Center was put into operation in 2023, as well as a subsidiary in the USA, where another Coating Service Center is planned. The company also has sales personnel in Germany and South Korea.

The INLINECOATER™ PVD system is available in three variants: IC500, IC500+ and IC2000, with different coating chamber sizes. The largest coating chamber is 650x550 mm.

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.

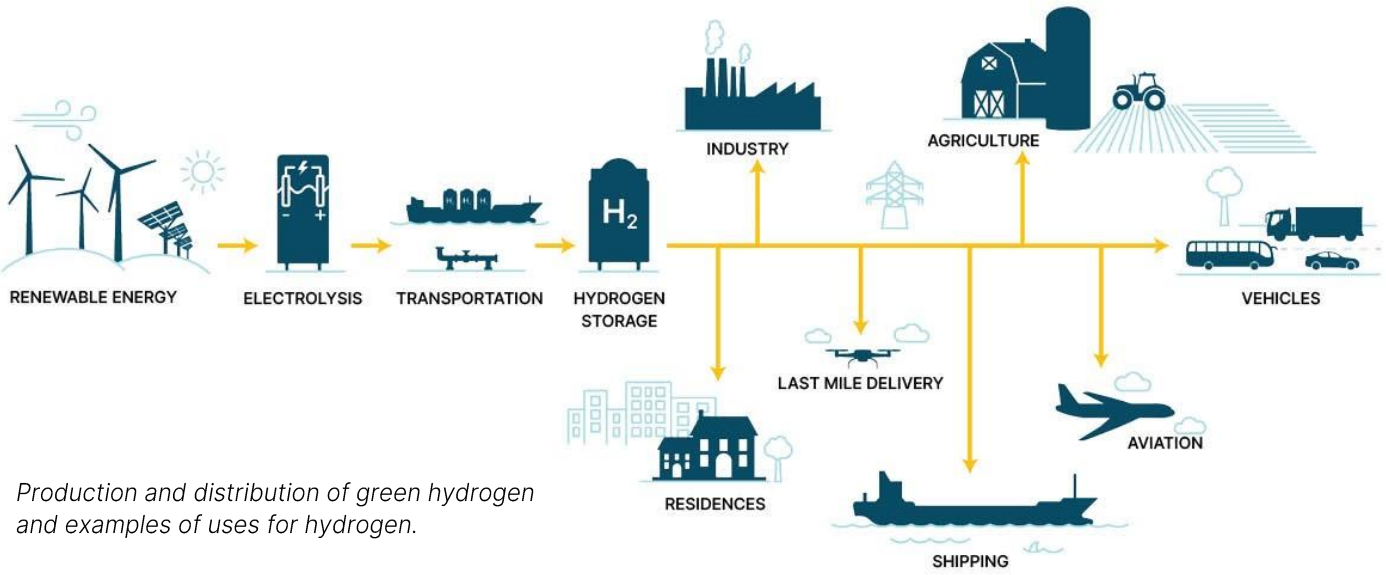
For electrolyzer metal plates, today's industry demands noble metal coatings. The INLINECOATER design with relatively small coating chambers and coating sources close to the objects provides more efficient utilization of noble metals than many other PVD systems.

Short cycle times and compact size also allow the systems to be integrated with other production steps, for example with plastic injection molding and an industrial robot 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,



Production and distribution of green hydrogen and examples of uses for hydrogen.

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.

For almost three decades, 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 also 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 with many commercial players and through government incentives 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 vehicles 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 applications and for customers who need integrated production solutions.