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HUAQING POWER TECHNOLOGY DELAYS FIRST DELIVERY OF COATING MACHINES

- **Delivery of the first two coating machines to Chinese company Huaqing Power Technology is pushed forward from Q1 2018 to later in the year**
- **Huaqing is not ready with other portions of the production line**
- **The delay does not affect profit or revenues for 2017**
- **Revenue of SEK 15.2M will be recognized for the machines during 2017 according to plan**
- **The 2017 balance sheet will show a corresponding entry of SEK 15.2M under accrued revenue**
- **There is a negative liquidity effect during Q4 2017 of SEK 7.8M due to outstanding prepayment invoices**
- **Impact Coatings' liquidity remains good**

Impact Coatings, which develops and sells world-leading technology for PVD-coatings of fuel cell plates and vehicle reflectors, signed during autumn 2017 an agreement with the Chinese fuel cell producer Huaqing Power Technology for delivery of six coating machines during 2018 and 2019. Impact Coatings has now been informed by Huaqing that the delivery plan for the first two coating machines is delayed. The reason is that other portions of the production line for fuel cells are not yet ready.

"The first coating machine that, according to the forecast, should have been delivered during January, is complete and ready for delivery while the second machine will be complete during March. Huaqing is not able to accept delivery of the machines until the production issues for the relevant production line are resolved. The updated forecast is for delivery later during 2018," said Impact Coatings CEO Henrik Ljungcrantz.

The delay does not affect profit or revenues for 2017. Revenue of SEK 15.2M will be recognized for the machines during 2017 according to plan. The 2017 balance sheet will show a corresponding entry of SEK 15.2M under accrued revenue.

There is a negative liquidity effect during Q4 2017 of SEK 7.8M due to outstanding prepayment invoices. Impact Coatings' liquidity remains strong, however. The prepayment invoices will be paid when the production line is complete.

The coating machines in question are under Impact Coatings' ownership until they are delivered and paid for in full. The machines can therefore be sold and delivered to other customers on short notice should further delays materialize.

The agreement with Huaqing is for delivery of six coating machines - InlineCoater™- during 2018 and 2019. Production and delivery of the machines occurs in three phases of two machines each. It is the first delivery that is now delayed. Huaqing confirms that the delay is not due to lack of financing but exclusively related to other components in the production line not being completely ready.

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Impact Coatings AB (publ) is required to disclose this information in accordance with EU market abuse regulations. The information was delivered, via the contact person named above, for publication on 31 January 2018, 18:00 CET.

About Impact Coatings

Impact Coatings delivers world-leading technology for PVD-coatings of fuel cell plates and vehicle reflectors. PVD is a method of, under vacuum, producing thin layers of metals and ceramics – surface coatings that maximize performance and durability. Impact Coatings' patented technology, for example, increases the efficiency of fuel cells 25-30 percent compared to other solutions. The company is strategically present in the international market for hydrogen-fueled vehicles, which is approaching a significant breakthrough.

The company's shares trade since 2004 on the Nasdaq First North exchange (Nasdaq OMX Nordic). The company's Certified Adviser is Remium Nordic Holding AB.