

# IMPACT COATINGS AB (PUBL), YEAR-END REPORT 2019

## FINANCIAL RESULTS FULL YEAR 2019

- Net revenue amounted to SEK 49 084 thousand (20 194)
- Total income amounted to SEK 39 366 thousand (30 609)
- Operating profit amounted to SEK -26 368 thousand (-37 568)
- Operating profit after financial items amounted to SEK -26 387 thousand (-37 593)
- Cash flow amounted to SEK 32 116 thousand (-18 717)
- Equity-to-assets ratio amounted to 666% (159)
- Order backlog at period end amounted to EUR 289 thousand
- No dividend is proposed

## FINANCIAL RESULTS FOURTH QUARTER 2019

- Net revenue amounted to SEK 20 574 thousand (7 570)
- Total income amounted to SEK 8 069 thousand (14 140)
- Operating profit amounted to SEK -3 986 thousand (-9 183)
- Operating profit after financial items amounted to SEK -3 990 thousand (-9 187)
- Cash flow amounted to SEK 59 693 thousand (-10 290)

## SIGNIFICANT EVENTS FOURTH QUARTER 2019

- Joint Development Agreement (JDA) signed with Hyundai Motor Company
- Resolution by the Board of Directors on directed new share issue to Hyundai Motor Company and Accendo Capital, and nomination of board member by Hyundai
- Extraordinary General Meeting approves the directed share issue, and appoints Sukhwan Yun as new board member
- 9,257,143 newly issued shares are registered with the Swedish Companies Registration Office
- Memorandum of Understanding (MoU) signed with Hyundai during the Swedish Prime Minister's visit to South Korea in December

## SIGNIFICANT EVENTS AFTER THE PERIOD

- Order for coating system from Zanini Auto Group

## CEO'S COMMENTARY

The company entered 2019 with the strategy to establish a position among leading companies in the fuel cell (FC) segment and to re-focus our efforts on the decorative, metallization and reflector (DMR) segments. We have executed well on this strategy and enter 2020 well-positioned for further success.

As the year progressed, partnering with Hyundai became our primary objective, requiring extraordinary efforts from the organization that were ultimately successful. One of the world's largest auto manufacturers investing in and partnering with Impact Coatings is a testament to our expertise and professionalism in the field of fuel cell coatings, but it also has relevance for other automotive industry applications. The relationship gives us immediate access to industrial competence and credibility vis á vis other automotive customers.

Interest among most potential customers in the DMR segments remains, despite system orders not reaching our expectations in 2019, which will have a negative effect on revenue during the first half of 2020. Our focus on DMR has resulted in a strategic order at the beginning of the new year: Zanini Auto Group ordered a coating system for radar-transparent automotive emblems, also called radomes. Radomes are one of several plastic components in new safety functions for vehicles, "Internet of Things" (IoT) and 5G that require cost-effective coating solutions. We are following these developments carefully and are working with customers in their development of effective production solutions.

The company has developed well financially, even if there is much left to do. Sales for the full year 2019 reached almost SEK 50 million, the highest in the company's history, while the operating profit is still negative – an indication that we have work yet to be done with sales and additional efficiency in production before we reach profitability. We have during the latter part of 2019 reduced our running costs and have clearly tightened working capital management. The whole team has a more financial mindset now in every work task.

We built and shipped four coating systems during 2019, of which one system was installed at the customer site during the first days

of the new year. Among the four delivered systems are the first delivery in the fuel cell segment. The Coating Services business grew and achieved good margins. With respect to both Coating Services and system sales, structuring and industrialization of the operations have created capacity for increased future production. The company was awarded ISO 9001 certification during the year and is working continuously with quality, efficiency, and reducing lead times.

Beyond the capital inflow of ca SEK 65 million, the directed share issue carried through in the fourth quarter gives Impact Coatings two stable owners: a global industrial owner in Hyundai Motor Company with just over 10% of shares and an active financial owner in Accendo Capital with 12%. The attention connected with the transaction has also contributed to the addition of approximately 1000 new shareholders. I would like to offer you all a warm welcome to Impact Coatings.

Finally, if 2018 was characterized by restructuring, cleaning up the business and a changed strategy, then our progress in 2019 is illustrated by implementing the strategy, strengthened commercial processes, and strict financial management and internal controls. Impact Coatings enters 2020 well-prepared for growth and for the next phase in our industrialization process together with our partner Hyundai.

Torbjörn Sandberg

The full year-end report is attached, and can be retrieved on the company's website at [www.impactcoatings.com/finansIELla-rapporter-arkiv/](http://www.impactcoatings.com/finansIELla-rapporter-arkiv/).

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About Impact Coatings AB

Impact Coatings develops and delivers world-leading technology for industrial PVD-coatings with a focus on fuel cell, decorative, metallization, and reflector applications. 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.