

IMPACT COATINGS AB (PUBL), INTERIM REPORT JANUARY-MARCH 2020

FINANCIAL RESULTS FIRST QUARTER 2020

- Net revenue amounted to SEK 5 023 thousand (2 947)
- Total income amounted to SEK 6 574 thousand (6 452)
- Operating profit amounted to SEK -5 883 thousand (-10 320)
- Operating profit after financial items amounted to SEK -5 885 thousand (-10 323)
- Cash flow amounted to SEK -4 851 thousand (-8 685)
- Equity-to-assets ratio amounted to 523% (113)
- Coating system order backlog at period end amounted to EUR 2 120 thousand

SIGNIFICANT EVENTS FIRST QUARTER 2020

- Coating system order for radomes received from Zanini Auto Group
- Coating system order for R&D received from German provider of precision tools for the textile industry

SIGNIFICANT EVENTS AFTER THE PERIOD

- No significant events have occurred after the end of the period

CEO'S COMMENTARY

Impact Coatings had a good first quarter. We signed two agreements for system deliveries, one with Zanini Auto Group in Spain and one with a German supplier of precision tools to the global textile industry.

The order from Zanini is the company's first in a new, exciting area with strong expected growth: radomes – radar-transparent emblems that cover vehicle radar. The application is driven by the autonomous vehicle trend, with many components requiring cost-effective technology for metallization of plastic. A related area is plastic antennas for vehicles, IoT and 5G, where several manufacturers are developing new solutions. Radomes and antennas comprise a new business opportunity within the segment metallization on plastic, a stable pillar and complement to our unique offerings in fuel cells.

The order from the German textile industry supplier shows the breadth of our application areas, while at the same time the interest in our technology is always based on quality, flexibility and cost efficiency.

The global outbreak of COVID-19 during the first quarter affects everything and everyone, including Impact Coatings. We are following the recommendations of the Swedish Public Health Authority and the Ministry of Foreign Affairs, which affect how we interact with customers, suppliers and other partners. We have strict rules that stipulate, among other things, that employees with symptoms may not come to the office, restrictions on internal and external travel, and are very restrictive when it comes to external visits. We encourage employees to work from home when possible. The Annual General Meeting on May 14 will take place as planned, but in a very limited form and with an expected low attendance to minimize the risk of spread of infection.

Our overall view is that Impact Coatings' business continues relatively unhindered. The two mentioned system orders give us a satisfactory utilization in system manufacturing. We also do not see any current disruption in material flows from our suppliers. On the other hand, aftermarket sales to system customers and the coating services operation are somewhat affected by closed factories in some European countries.

Sales and development work with customers continues with some delay. East Asian companies, both in China and our development partner Hyundai in South Korea, have opened their operations after several weeks of closure. As we await travel restrictions to be lifted, the collaboration with Hyundai continues at a distance. Many companies in Europe are still completely closed and sales focus is on those that are still running. We are now seeing signs towards the end of April that some European companies are slowly resuming production and commercial activity, which is positive, but we expect travel restrictions within Europe for a while still.

The situation with COVID-19 is a challenge for our world and all industrial companies. I am proud of how Impact Coatings continues to deliver for our customers and shareholders during this difficult time, while also protecting our employees and business partners.

Torbjörn Sandberg

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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 or +46 8 121 576 90.