



*Press release
October 31, 2017*

IMPACT COATINGS INTENDS TO EXECUTE FULLY GUARANTEED RIGHT ISSUE AND DIRECTED SHARE ISSUE

Impact Coatings intends to execute a fully guaranteed rights issue of approximately SEK 84.4 million and a directed share issue of approximately SEK 25 million – in total approximately SEK 109.4 million – to finance the company’s expansion.

The Board of Directors of Impact Coatings AB (publ) (“Impact Coatings” or “the Company”) has decided to call an extraordinary general meeting of shareholders on 23 November 2017 (“the EGM”) in order to decide on (i) a rights issue of maximum 8,034,191 new shares (“the Rights Issue”), (ii) an equity issuance of 2,380,953 new shares directed to Accendo Capital SICAV SIF (“Accendo Capital”) (“the Directed Issue”) and (iii) a new issue of 800,000 warrants, entitling the holder to the subscription of 800,000 new shares in the Company, directed to Accendo Capital (“the Warrants”).

The background to the Board of Directors’ proposal above is that the Company needs capital to finance its expansion in the fuel cells market segment. The Company has therefore entered an agreement with Accendo Capital through which Accendo Capital has committed to subscribe all shares in the Directed Issue and to, without subscription rights, subscribe all shares in the Rights Issue that are not subscribed by other parties, i.e., fully underwrite the Rights Issue. Accendo Capital’s commitments are conditional upon the EGM deciding in accordance with the Board of Directors’ proposal as above. The commitment to subscribe shares in the Directed Issue is further conditional upon Accendo Capital being offered to subscribe for the Warrants. As compensation for Accendo Capital’s underwriting commitment with respect to the Rights Issue, Accendo Capital shall receive an underwriting fee of SEK 6,748,720 corresponding to eight (8.0) per cent of the underwritten amount.

A summary of the proposed conditions for the share issues is provided below. The principal conditions are further described in the call to the EGM and the complete conditions shall be presented on the Company’s homepage for a minimum two (2) weeks before the EGM.

Summary

- Accendo Capital has committed to subscribe all shares in the Directed Issue and, without subscription rights, subscribe all shares in the Rights Issue that are not subscribed by other parties.
- The proposed subscription price for the Directed Issue and the Rights Issue is SEK 10.50 per share.
- Four (4) existing Company shares qualify shareholders for subscription of one (1) new share with a subscription right in the Rights Issue.
- Through the Directed Issue, approximately SEK 25 million will be provided to the company, before transaction costs.
- Through the Rights Issue, approximately SEK 84.4 million will be provided to the company, before transaction costs.

- Upon full exercise of the Warrants, SEK 14 million will be provided to the company, before transaction costs.

Henri Österlund, founder of Accendo Capital, said:

"In our view, Impact Coatings is, after 20 years as a development venture, beginning a transformation into a financially self-sufficient company in the industrial coatings segment, with good growth opportunities. Accendo Capital is a long-term and active investor with a history since 2008 of investing in listed small cap Nordic companies, for example Okmetic Oyj and Hexatronic Group AB. Accendo Capital and Impact Coatings share an entrepreneurial energy that drives change and progress. We look forward to working together with CEO Dr. Henrik Ljungcrantz, the Board of Directors, and the company to help Impact Coatings reach its full potential."

Background and rationale

There is a global focus on reduced emissions of environmentally dangerous gases, which implies that fuel cell-powered vehicles – and therefore use of the Company's coating solutions – are increasingly in demand. A vehicle fuel cell comprises of a "stack" of bipolar plates and other components. In order to extend the life of the fuel cell it is of paramount importance for the bipolar plates to be coated with corrosion-resistant material, which is why gold has long been considered an appropriate coating material. Gold is expensive, however, with the Company's solutions offering a cost-effective alternative whose corrosion resistance, weight and volume are considered comparable or better than gold with improved conductivity. For these reasons, demand from especially Chinese producers has increased sharply since 2016. The company delivers world-leading technology for physical vapor deposition (PVD) coatings of fuel cells and vehicle reflectors and will now expand its offering with a strategic focus on China.

Proceeds from the proposed equity issuances will be allocated as follows:

	(%)
- Market investments	40
- Development of production and after-market	10
- Liquidity for operations	20
- Repayment of short-term financing	15
- Transaction costs	15

"It is extremely satisfying and important that ahead of the expected rapid development of the fuel cell market to get a stable, experienced, and active main shareholder. Accendo Capital has a good track record as an active owner in listed companies, with a goal of creating long-term shareholder value."

Accendo Capital has done a very good job as owner in both Hexatronic and Okmetic, and we are convinced that having Accendo Capital as the clearly largest shareholder of Impact Coatings will strengthen the company. They will be an important support for Impact Coatings in our intensified investment primarily in China but also in greater Asia, Europe, the U.S. and Canada. In our work to meet the expected demand, we will make the production process industrially scalable," said Impact Coatings CEO Dr. Henrik Ljungcrantz.

Proposed equity issuances

The Board of Directors proposes that the EGM decide to complete the Rights Issue, through which the Company's shareholders will have subscription rights to subscribe for new shares, in proportion to the numbers of shares owned on the day of record and at a subscription price of SEK 10.50 per share. In the Rights Issue, four (4) existing shares qualify the holder to the subscription of one (1) new share. Through the Rights Issue, the Company's share capital will increase with maximum SEK 1,004,273.875 and the number of shares with maximum 8,034,191 shares and the Company will receive total subscription proceeds of SEK 84,359,005.50 before transaction costs.

The proposed subscription period for the Rights Issue is from 5 December 2017 up to and including 19 December 2017. The Board of Directors proposes to maintain the right to extend the subscription period and the payment period. Trading with subscription rights will take place on the Nasdaq Stockholm First North market from 5 December 2017. Subscription rights not used for subscription as of 19 December 2017 or sold at the latest 15 December 2017 shall become void and therefore will have zero value.

The Rights Issue is conditional upon approval, before the start of the subscription period, by the Swedish Financial Services Authority (*Finansinspektionen*) of the prospectus that the Company will publish. If such approval has not been granted by 30 November 2017, the subscription period and the period for trading of subscription rights will be postponed.

The Board of Directors proposes further that the EGM decide to execute the Directed Issue through which Accendo Capital qualifies to subscribe for 2,380,953 Company shares at a subscription price of SEK 10.50 per share, corresponding to the subscription price of the Rights Issue. Through the Directed Issue, the company's share capital will increase by SEK 297,619.125 and the number of shares will increase by 2,380,953 shares and the Company will receive proceeds of SEK 25,000,006.50 before transaction costs.

The Board of Directors proposes further that the EGM decide to issue Warrants that qualify Accendo Capital to subscribe for 800,000 new Company shares, at a subscription price of SEK 17.50 per share. The Warrants are proposed to be exercisable from the date of registration by *Bolagsverket* and for a period of two (2) years. If the Warrants are fully exercised the Company's share capital will increase by SEK 100,000 and the number of shares will increase by 800,000 shares and the Company will receive proceeds of SEK 14,000,000 excluding transaction costs.

Through the agreement with Accendo Capital, the Company has ensured that the Rights Issue and the Directed Issue will be fully subscribed, provided that the EGM decides in favor of the issuances and the issuing of the Warrants.

Accendo Capital reaches, through the Directed Issue and the Warrants, an ownership corresponding to approximately 7.3 percent of the shares and votes in the Company after the Rights Issue (and excluding any potential shares received through the underwriting of the Rights Issue).

The reason for the divergence from shareholders' subscription rights with respect to the Directed Issue and the issuance of Warrants is in part to secure the Company's capital-raising to make possible the Company's expansion, and in part to increase the Company's shareholder base with a strong and long-term main owner that works actively in the company's and shareholders' best interests, which Accendo Capital is deemed to be.

Dilution

The total dilution for the shareholders not participating in the Rights Issue is approximately 25.9 percent, assuming the Warrants are exercised in full.

Preliminary timeline for the Issuances (all dates refer to 2017)

23 November: Extraordinary general meeting of shareholders to decide on the proposed issuances

29 November: Last day for trading of Company shares including subscription rights

30 November: First day for trading of Company shares excluding subscription rights

30 November: Estimated publication of the prospectus

1 December: Date of record for assignment of subscription rights

5 December: Trading in BTA begins, continues until the Issuance is registered with *Bolagsverket*

5 December to 15 December: Trading of subscription rights on First North

5 December to 19 December: Subscription period (subscription via payment)

Shareholders' meeting

The proposed issuances are conditional upon decisions of the EGM. The EGM will be held Thursday, 23 November 2017 at 3:00pm at Westmansgatan 29, 582 16 Linköping. The call to the EGM will be published via a separate press release today and will be made available on the Company's homepage.

Advisors

Stockholm Corporate Finance is the financial advisor. The law firm Glimstedt is the legal advisor.

For further information contact:

Henrik Ljungcrantz, CEO

Tel: +46 706 63 55 80

E-mail: henrik.ljungcrantz@impactcoatings.se

This information is such that Impact Coatings is required to disclose pursuant to the EU's market abuse regulations. The information was given, under the responsibility of the above named contact person, for publication on 31 October 2017.

About Impact Coatings AB

Impact Coatings delivers world-leading technology for PVD coating of fuel cell plates and vehicle reflectors. PVD is a method of, in a vacuum, producing thin films of metals and ceramics, i.e., surface coatings that maximize performance and durability. Impact Coatings' patented technology increases, among other things, the efficiency of a fuel cell by 25-30 percent compared to other solutions. The Company is strategically positioned in the international market for hydrogen-fueled vehicles, which are now on the verge of a significant breakthrough.

The Company has developed a portfolio of coating processes for plastics and metals that are marketed, among others, under the umbrella name MaxPhase™. Included are coatings with unique performance properties for, among others, fuel cells, electrical contacts and reflectors. Impact Coatings offers in addition to contract processing also the coating systems InlineCoater™, PlastiCoater™ and ReelCoater™ for customers with Lean-organized component production that includes PVD.

The Company's shares are traded since 2004 on Nasdaq First North. The Company's Certified Adviser is Remium Nordic AB.

About Accendo Capital

Accendo Capital is a Luxembourg-based fund that invests in listed small cap companies in northern Europe and is an active owner. The fund is open to qualified professional investors only. The fund has achieved an average annual net return of 34% since 2014 and 14% annually since its 2008 launch. The fund has a particular focus on companies that are driving, or benefitting from, technological innovation.

About Stockholm Corporate Finance AB

Stockholm Corporate Finance is an independent privately held financial advisor that offers services within qualified advisory regarding capital raising, ownership changes, acquisitions, mergers and divestments (M&A) to listed and privately owned companies and their owners. Stockholm Corporate Finance is the exclusive Swedish partner in the global network M&A Worldwide, which comprises 44 M&A advisors and investment banks in 38 countries. Stockholm Corporate Finance is a securities dealer regulated by the Swedish Financial Services Authority and is a member of the industry organization SwedSec Licensiering AB. For more information, visit: www.stockholmcorp.se

Important information

The information in this press release does not constitute an offer to acquire, subscribe or by other means trade shares, subscription rights or other securities in Impact Coatings. The invitation to applicable individuals to subscribe for shares in Impact Coatings shall only occur through the prospectus that the Company estimates it can publish around 30 November 2017.

This press release may not be disclosed, published, or distributed, neither directly nor indirectly, in or to the USA, Canada, Japan, Australia, Hong Kong, New Zealand, Singapore, South Africa, or any other jurisdiction where such an action wholly or partly is subject to legal restrictions, or would require additional prospectus, registration or other actions apart from what follows from Swedish law. The information in this press release may not be forwarded or reproduced in such a way as to contravene such restrictions or otherwise trigger such requirements. Actions in conflict with this directive can constitute a violation of applicable securities law.

No subscription rights, paid subscribed shares or shares have been registered, or will be registered, according to the U.S. Securities Act of 1933, in its current form, ("Securities Act") nor according to comparable law in another jurisdiction in the USA and may therefore not be offered or sold, directly or indirectly, in or to the USA, except in accordance with an applied exception from, or transaction not encompassed by, registration requirements of the Securities Act and in accordance with securities law in the relevant state or other USA jurisdiction.

This press release can contain certain forward-looking information that reflects Impact Coatings' current view of future occurrences and financial and operational development. Words such as "refers to", "expects", "deems", "can", "plans", "estimates" and other expressions that imply indications or predictions with regard to future development or trends, and that are grounded in historical fact, comprise forward-looking information. Forward-

looking information is by its nature associated with known and unknown risks and uncertainties since it is dependent upon future events and circumstances. Forward-looking information does not comprise any guarantee of future results or development and actual events can substantially vary from that which is given as forward-looking information.

This is an English translation of the original press release issued in Swedish by Impact Coatings on 31 October 2017. This translation is for informational purposes only. In any cases of doubt or discrepancy, material or immaterial, the Swedish original version shall supersede this English translation.