



Press release 2018-07-24

FORMER CEO TERMINATED BASED ON PRELIMINARY FINDINGS OF INDEPENDENT ACCOUNTING INVESTIGATION, AUDITOR TO BE REPLACED

Co-founder and former CEO Henrik Ljungcrantz's employment with Impact Coatings has been terminated today with immediate effect and without further severance payments. As announced on 27 May 2018, Henrik Ljungcrantz was replaced as CEO for commercial reasons. An ongoing accounting investigation by PWC, at the request of the board of directors, indicates that Henrik Ljungcrantz violated regulations related to expense reimbursement over several years. The board will submit the final investigation report, expected during September 2018, to the Swedish Economic Crime Authority and will call an extraordinary general meeting of shareholders to replace the company's auditor.

An independent accounting investigation of the period January 2016-June 2018, conducted by PWC at the request of the Impact Coatings board of directors, has reached the preliminary conclusion that a substantial portion of travel-related and out-of-pocket expense reimbursement claims by former CEO Henrik Ljungcrantz are not business-related and/or lack required supporting documentation.

An analysis by a separate and independent firm has found similar improper handling of expenses during 2012-2015. Periods prior to 2012 have not been considered. Henrik Ljungcrantz was CEO of Impact Coatings during the period 2002-2014, and again during the period May 2017-May 2018.

Pending further investigation and based on preliminary data, it is reasonable to expect approximately SEK 1-3 million in improper expense reimbursements to be confirmed for the period 2012-2018, plus approximately SEK 1 million in costs for the investigation itself, all of which the company will seek to recover.

The board of directors has, after meeting with Henrik Ljungcrantz today, resolved to terminate his employment with immediate effect. He will after today not receive further severance payments described in the company's 27 May 2018 announcement.

The board of directors will submit the final investigation report with supporting documentation to the Swedish Economic Crime Authority.

The board of directors will during the coming weeks call shareholders to an extraordinary general meeting whose purpose will be the replacement of the company auditor.

The company will file corrective documentation with the Swedish Tax Agency to adjust value added tax (VAT) amounts and corporate expenses for the relevant time periods. Relevant income statement and balance sheet adjustments will be communicated in conjunction with Q3 2018 financial reporting or as soon as is practical.

"Impact Coatings employees and company leadership must adhere to the highest ethical standards and abide by company expense reporting and reimbursement policies, as well as

applicable law. The board of directors is following the ongoing investigation closely and will do its utmost to recover on behalf of shareholders any capital that has been improperly paid out, as well as the costs associated with the investigation and necessary corrective actions. The board and management are now fully focused on continuing Impact Coatings' journey toward industrialization and sustainable commercial success," said Mark Shay, Chairman.

For more information, contact:

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Chairman of the Board

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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 24 July 2018, 12:20 pm.

About Impact Coatings

Impact Coatings develops and delivers world-leading technology for PVD-coatings of fuel cell plates for hydrogen-fuelled vehicles and of vehicle reflectors. PVD is a method of, under vacuum, producing thin layers of metals and ceramics – surface coatings that maximize performance and durability. The company's customers are predominantly found in the automotive industry and the company is strategically present in the fast growing international market for hydrogen-fuelled vehicles. Impact Coatings markets coating equipment under the trade name INLINECOATER™ and coatings under MAXPHASE™.

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