

InCoax carries out Rights Issue of approximately SEK 59 million

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InCoax Networks AB (publ) ("InCoax" or the "Company"), which is listed on Nasdaq First North, announces that the Company's Board of Directors proposes a new share issue of approximately SEK 59 million with preferential rights for existing shareholders (the "Rights Issue"). The terms of the Rights Issue mean that five (5) existing shares entitle the holder to subscribe for three (3) new shares at a subscription price of SEK 8 per share. The Rights Issue is covered to 80 percent of subscription and guarantee commitments from existing shareholders and external investors. In connection with the Rights Issue, bridge loans of approximately SEK 15 million are raised by the Company from two of the guarantors in the Rights Issue (the "Bridge Loans"). The Bridge Loans carry market interest rates.

The Rights Issue requires approval at the Extraordinary General Meeting on September 9, 2019. Notice of the Extraordinary General Meeting will be published through a separate press release.

Due to the Rights Issue, the Board of Directors of InCoax has decided to postpone the publication of the interim report for the third quarter to November 29, 2019.

Background and reason to the Rights Issue

InCoax is a Swedish tech-company that develops and sells products to enable broadband access over coaxial cables, the network that exists in most multi-family homes and which historically has been used primarily for cable TV. In April 2019, after many years of development, the Company launched its first commercial gigabit product aimed at a broader global market. The product, In:xtnd™, is now being evaluated by a number of potential customers and commercial orders are expected in the upcoming quarters.

The need for faster broadband connection has increased in recent years and is expected to continue to increase due to new demanding applications and IP services and its use in products such as TV, Video-on-demand, tablets, smart phones and online games, etc. Large investments are done to meet the increased need for bandwidth and speed, primarily through expansion of fiber networks, which many times are subsidized or otherwise initiated through government support. The fiber network that is installed in the streets in this manner have not been matched by cost-effective ways to extend and connect the connection to apartments. For example, 80 percent of German households are estimated to be within reach of "fiber in the street" while only about 3 percent of households are connected to the fiber network. The cost of connecting households to the fiber network is too high and the dominant solution is still to use the copper network for broadband access, i.e ADSL and VDSL, which devalues the fiber investment.

Technology that enables broadband over coaxial cables has been developed and has become a real and cost-effective way for connection. With its large distribution and the capacity to deliver broadband at up to 100 Gbps in the long term, coaxial cables are largely an unused resource in the broadband expansion in Europe. The Company and industry experts expect that technology to utilize coaxial cables will be used for decades to come.

The current standard for cable TV (DOCSIS 3.0) enables faster connection speed than ADSL and VDSL but not fast enough to meet the demands that will be set in the near future. For higher speeds, the equipment needs to be upgraded. The options are upgrading to the next generation of current standards or to supplement with the new standard, MoCA Access™ 2.5, where InCoax is a leading actor. Unlike the next generation DOCSIS, the MoCA standard

can co-exist with existing cable TV equipment and be installed at a significantly lower cost. In addition, the MoCA standard offers higher symmetric speeds (2.5 Gbps) and is less noise sensitive. InCoax product In:xtnd™ is the first product to enter the market based on the latest MoCA standard.

After many years of focus on research and development, the Company is entering a phase with focus on sales and delivery. During the second quarter, InCoax received its first commercial orders on In:xtnd™ from customers in both Sweden, Germany and Switzerland.

In addition, evaluations of InCoax solution have recently taken place with other customers in Germany, Spain, Switzerland, USA, the Middle East, the Netherlands and Sweden. In total, InCoax works actively to support about 20 potential customers in their evaluation and testing work. The fact that In:xtnd™ represents a new technology in the market means that the tests are time consuming. However, the Company expects that the work that is now carried out will result in incoming commercial customer orders and commissioning during the autumn. InCoax is now reorganizing to meet the expected demand and to become a credible and long-term partner for the Company's growing customer base.

In order to ensure financing of the Company until sales revenue covers the Company's running costs, the Board of Directors has decided on the present Rights Issue. In addition to repayment of the SEK 15 million Bridge Loans, the issue proceeds are intended to be used as follows:

- 60 percent for market and sales costs;
- 20 percent for support and delivery organization; and
- 20 percent for other working capital needs.

Terms and Conditions for the Rights Issue

The Rights Issue means that InCoax share capital will increase with a maximum of SEK 1,854,216 through an issue of a maximum of 7,416,864 shares. The right to subscribe for new shares with preferential rights shall vest in those who, on the record date for the Rights Issue, are registered as shareholders in the Company, whereby one (1) existing share entitles to one (1) subscription right and five (5) subscription rights entitle to subscription of three (3) new shares.

If not all shares are subscribed for by exercise of subscription rights, allotment of the remaining shares shall be made within the highest amount of the Rights Issue: firstly, to those who have subscribed for shares by exercise of subscription rights (regardless of whether they were shareholders on the record date or not) and who have applied for subscription of shares without exercise of subscription rights and if allotment to these cannot be made in full, allotment shall be made pro rata in relation to the number of subscription rights that each and every one of those, who have applied for subscription of shares without exercise of subscription rights, have exercised for subscription of shares; secondly, to those who have applied for subscription of shares without exercise of subscription rights and if allotment to these cannot be made in full, allotment shall be made pro rata in relation to the number of shares the subscriber in total has applied for subscription of shares; and thirdly, to those who have provided underwriting commitments with regard to subscription of shares, in proportion to such underwriting commitments. To the extent that allotment in any section above cannot be done pro rata, allotment shall be determined by drawing of lots.

The record date with Euroclear Sweden AB for right to participate in the Rights Issue with preferential rights is October 15, 2019. The subscription price is SEK 8 per new share, which means that the Rights Issue, if fully subscribed, will provide InCoax with approximately SEK 59 million before issue costs. The subscription period will run during the period from and including October 18, 2019 to and including November 1, 2019.

Subscription rights that are not exercised for subscription of shares during the subscription period will become invalid and lose their value. Trading in subscription rights is estimated to take place on Nasdaq First North during the period from and including October 18, 2019 to and including October 30, 2019.

¹ There is currently convertibles in series 2017/2020 outstanding in the Company which can be converted into a total of 174,975 shares at a subscription price of SEK 18.55 per share and where one of the conversion windows occurs during September, 2019. In addition, there is a series of warrants (2016/2019) outstanding in the Company which can be exercised for subscription of a total of 436,000 shares at a subscription price of SEK 20.75 per share and where the subscription window occurs during October, 2019. In light of the applicable conversion price and the subscription price, respectively, the Board of Directors does not consider that any convertibles or warrants will be exercised under

the relevant windows. However, if any convertibles or warrants would be exercised before the record date for right to participate in the Rights Issue, the Board of Directors' proposal for issue resolution stipulates, however, that the number of shares that entitle participation in the Rights Issue shall be increased with a corresponding number, meaning that the Company's share capital instead can be increased with a maximum of SEK 1,945,862.25 and the number of issued shares shall not exceed 7,783,449.

Subscription and guarantee commitments

The Company's largest shareholder Saugatuck Invest AB and the Company's third largest shareholder Norrlandsprövkarna AB, which together represent approximately 36 percent of the share capital, have undertaken to subscribe for their pro rata share in the Rights Issue. In addition, the Company has entered into agreements with a small number of external investors with undertakings to guarantee an amount of up to a total of SEK 26 million in the Rights Issue, corresponding to approximately 44 percent of the Rights Issue. The Rights Issue is thus covered to 80 percent of subscription and guarantee commitments. Subscription commitments and guarantee commitments have not been secured through advance transaction, bank guarantee or similar.

Preliminary timetable for the Rights Issue

September 9, 2019	Extraordinary General Meeting
October 11, 2019	Last day of trading in the share with the right to participate in the Rights Issue
October 15, 2019	Record date for participation in the Rights Issue
October 17, 2019	Publication of the prospectus (expected)
October 18 - November 1, 2019	Subscription period
October 18 – 30, 2019	Trading in subscription rights
November 6, 2019	Estimated date for publication of the outcome of the Rights Issue

Extraordinary General Meeting

An Extraordinary General Meeting for resolutions on the Board of Directors' proposal for the present Rights Issue as set out above will be held on September 9, 2019, at 1.00 p.m. in Gävle. Notice of the Extraordinary General Meeting will be published through a separate press release.

Bridge Loans

As part of the present Rights Issue, the Company has raised Bridge Loans totaling SEK 15 million from two of the external investors guaranteeing the Rights Issue. The Bridge Loans carry market interest rates. To the extent that the lenders are allotted shares in the Rights Issue in accordance with their respective guarantee commitments, the guarantee commitments will be fulfilled by offsetting the Bridge Loans. The remaining part of the Bridge Loans will be settled in cash once the Rights Issue has been completed.

Postponement of quarterly report for the third quarter of 2019

Due to the Rights Issue, the Board of Directors in InCoax has decided that the interim report for the third quarter of 2019 will be published on November 29, 2019 instead of November 14, 2019 as previously planned.

Prospectus

Full terms and conditions for the Rights Issue as well as other information about the Company will appear in the prospectus that is expected to be published by the Company on or around October 17, 2019.

Financial and legal advisors

Västra Hamnen Corporate Finance AB is a financial advisor and Setterwalls Advokatbyrå AB is legal advisor to InCoax in connection with the Rights Issue.

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This information is such information as InCoax Networks AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 8.00 CEST on August 22, 2019.

About InCoax Network AB (publ)

InCoax is innovating the future of broadband access. In:xtnd™ provides the next-generation smart and sustainable networking solutions to the world's leading telecom and broadband service providers. For additional information about how we are saving the world from complicated, visit www.incoax.com. Augment Partners AB, tel. +46 8-505 651 72, info@augment.se is acting as the Company's Certified Adviser

Important information

The information in this press release does not contain or constitute an offer to acquire, subscribe or otherwise trade in shares or other securities in InCoax. No action has been taken and measures will not be taken to permit a public offering in any jurisdictions other than Sweden. Any invitation to the persons concerned to subscribe for shares in InCoax will only be made through the prospectus that InCoax estimates to publish on or about October 17, 2019.

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