



*Press release  
October 30, 2019*

## **Impact Coatings announces directed share issue to Hyundai Motor Company and Accendo Capital at a price premium and Hyundai nominates board member, both subject to EGM approval**

The board of directors of Impact Coatings AB (Sweden) has today resolved on a directed issue of 5 400 000 new shares to Hyundai Motor Company (South Korea) and 3 857 143 new shares to Accendo Capital (Luxembourg). Hyundai has nominated Sukhwan Yun to the Impact Coatings board of directors. The share issue and board election are subject to approval by an extraordinary general meeting of shareholders to be convened on November 22, 2019.

The issue has a subscription price of SEK 7.00 per share, which corresponds to a pre-agreed 30 per cent premium to the five-day volume-weighted average share price as of October 11, 2019. Gross proceeds from the issue amount to approximately SEK 65 million and the total number of new shares issued amounts to 9 257 143. The post-transaction shares of total outstanding equity capital and votes of Hyundai and Accendo Capital will be 10.4 per cent and 12.0 per cent, respectively. The purpose of the directed share issue is to increase the capitalization of the company in order to realize potential growth opportunities and to forge a long-term industrial relationship with Hyundai, a global leader in the automotive sector and recognized pioneer in fuel cell technology.

### The transaction

The board of directors of Impact Coatings AB (publ) ("Impact Coatings") has today resolved on, subject to approval by an extraordinary meeting of shareholders ("EGM"), a directed issue of 5 400 000 new shares to Hyundai Motor Company ("Hyundai") and 3 857 143 new shares to Accendo Capital SICAV SIF ("Accendo Capital") at a subscription price of SEK 7.00 per share, which corresponds to a pre-agreed 30 per cent premium to the five-day volume-weighted average share price (VWAP) as of October 11, 2019. The subscription price also corresponds to a 30 per cent premium to the 30-day VWAP as of October 11, 2019, and a 11 per cent premium to the 30-day VWAP as of the pre-announcement market closing on October 29, 2019. The total number of new shares issued amounts to 9 257 143. Upon registration with Euroclear, the new shares will be entitled to any future dividends.

Total gross proceeds from the issue amount to EUR 6 million (approximately SEK 65 million), of which gross proceeds from Hyundai amount to EUR 3.5 million (approximately SEK 38 million) and gross proceeds from Accendo Capital amount to EUR 2.5 million (approximately SEK 27 million). The post-transaction shares of total outstanding equity capital and votes of Hyundai and Accendo Capital will be 10.4 per cent and 12.0 per cent, respectively.

Hyundai and Accendo Capital have been allocated the new shares in the quantities described above, and the shares have been formally subscribed. Payment will be executed subject to EGM approval of the directed issues.

The transaction between Impact Coatings and the two parties, Hyundai and Accendo Capital, will be regulated by standard market practice and the rules of the Nasdaq First North Growth Market. There is no separate Shareholder's Agreement between or among any parties to the transaction.

#### Deviation from shareholders' preferential subscription rights

The transaction deviates from shareholders' preferential subscription rights and, as such, is strictly limited to new shares issued to Hyundai, which currently owns 0 shares in Impact Coatings, and Accendo Capital, which currently owns 2 380 953 shares.

The reasons for the deviation from shareholders' preferential subscription rights are to carry out the capital increase in a timely and cost-efficient manner and diversify the shareholder base with an industrial owner that is one of the world's leading automotive companies.

The board of directors views Accendo Capital's continued active engagement and capital contribution to Impact Coatings as necessary for the future success of the company and its association with industrial owner Hyundai. The board views the combined ownership of Hyundai and Accendo Capital as providing stability, longevity, and complementary expertise to Impact Coatings.

The issue price has been set based on publicly disclosed reference transactions and negotiations with Hyundai. According to the board of directors, the existing shareholders are compensated for potential ownership dilution through the pricing of the directed share issue at a premium to the volume-weighted average share price.

Mark H. Shay, Chairman of the Impact Coatings board of directors and Senior Partner at Accendo Capital, has not participated in the board's discussion and decision with respect to the share issuance to Accendo Capital.

#### Use of proceeds

Issue proceeds of EUR 6 million (approximately SEK 65 million), less transaction costs of approximately SEK 800 000, are anticipated to be allocated to the following primary company initiatives:

- Establishment of an office in South Korea to expedite product development efforts
- Development of a new generation of coating systems and solutions
- Sales team expansion
- General corporate purposes.

#### Nomination to the board of directors

Hyundai has nominated Sukhwan Yun to the Impact Coatings board of directors. The nomination is formally conveyed in the notice convening the EGM, published separately today.

Sukhwan Yun is a Senior Manager in the Corporate Venture Capital (CVC) Team of Hyundai Motor Company. Previously, he was a Senior Research Engineer at Hyundai's Fuel Cell

Research Lab and was in charge of developing fuel cell electric vehicles (Tucson ix35 and NEXO). Dr. Yun earned B.Sc. and Ph.D. degrees in Chemical Engineering from the Illinois Institute of Technology in Chicago. His doctoral research focused on polymer electrolyte membranes for energy conversion in fuel cell and battery applications. As Senior Manager of CVC, Dr. Yun is responsible for sourcing and executing high-potential investments in the automotive and ancillary industries on behalf of Hyundai and its subsidiary companies. Dr. Yun currently has no corporate board assignments and owns no shares in Impact Coatings.

#### Shareholder approval

The directed share issue and board member election are subject to approval by an EGM to be convened at 09:00 a.m. on November 22, 2019 at the Company's Certified Adviser, Redeye AB, located at Mäster Samuelsgatan 42 in Stockholm.

The directed share issue is subject to approval by a qualified majority of shareholders represented at the EGM, i.e., at least two thirds of the shares and votes represented at the meeting.

The proposed board member election is conditional on the EGM resolving to approve the directed share issue.

#### Irrevocable undertakings

Accendo Capital (owning 2 380 953 shares and 5.6% of outstanding shares and votes) and Torsten Rosell (owning 1 041 282 shares and 2.4% of outstanding shares and votes) have each entered into an irrevocable undertaking, with counterparty Hyundai Motor Company, to vote in favor of approving the directed share issue and in favor of the board candidate nominated by Hyundai at the forthcoming EGM. They have both committed to support Hyundai's future nominated board candidate provided Hyundai retains more than 10 per cent of the shares and votes in the Company. Accendo Capital has also undertaken to support a potential future investment from Hyundai, provided such investment is approved by the Impact Coatings board of directors.

Members of the Impact Coatings board of directors and management team who collectively own 145 464 shares (0.3% of outstanding shares and votes) have individually indicated to Impact Coatings their intentions to vote in favor of approving the directed share issue and in favor of the board candidate nominated by Hyundai at the forthcoming EGM.

#### Joint development agreement with Hyundai

To be announced and described separately today, Impact Coatings has entered into a joint development agreement with Hyundai whose purpose is cooperation in the development of coating technology for metal bipolar plates, a key component of hydrogen fuel cell electric vehicles.

"Impact Coatings welcomes Hyundai as a new shareholder and views the additional financial commitment from Accendo Capital as positive for all shareholders. Accendo Capital continues to demonstrate its long-term commitment to Impact Coatings and is instrumental in the company's strategic progress and strong governance. In Hyundai, the company gains an industrial owner that adds credibility, industrial know-how, and distribution channels that reach the rapidly evolving global markets for fuel cells and automotive technologies. We also

look forward to welcoming Dr. Sukhwan Yun to the board of directors,” said Torbjörn Sandberg, CEO of Impact Coatings.

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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 persons named above, for publication on October 30, 2019, at 00:29 a.m. CET.*

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Advisers

In connection with the transaction, financial adviser to Hyundai is Deloitte and legal adviser is Linklaters LLP; legal adviser to Impact Coatings is KANTER.

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.