

PowerFilm, Inc.

\$2.2 Million Army Development Contract

12 September 2012, LONDON, UK and AMES, IOWA – PowerFilm, Inc. (AIM: PFLM), (“PowerFilm” or “the Company”), the developer and manufacturer of thin flexible solar panels and developer of roll to roll flexible electronics, today announces it has been awarded a \$2.2 million development contract from the US Army.

This new development contract from the US Army is for research and development to reduce the cost and to increase the power output from PowerFilm’s PowerShade solar field shelter.

Included in the program are efforts to improve performance and reduce costs of the basic solar modules as well as modifications of the tent design to allow use of new methods for manufacturing cost reduction. The overall goal of the program is to improve the price/performance ratio of the structure enough to make widespread implementation cost effective.

A small amount of revenue is expected from this contract in the second half of 2012, with the majority in 2013.

The \$2.2 million development contract is in addition to the recently announced purchases of approximately \$3 million of PowerFilm’s foldable solar panel chargers to be supplied to the Army.

“We’re pleased to have the opportunity to make refinements to the next generation of our PowerShade solar field shelter for the Army,” said Frank Jeffrey, PowerFilm’s Co-Founder and CEO.

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A copy of this announcement will be available on the PowerFilm website at <http://www.powerfilmsolar.com>. The common shares of PowerFilm, Inc. are traded on the AIM Market of the London Stock Exchange and are not registered under the US Securities Act 1933, as amended. Such shares may not be offered or sold to residents of the United States or to persons acting on their behalf, or to other persons who are “United States Persons” within the meaning of Regulation S as promulgated under the Securities Act of 1933, unless such shares have been registered under the Securities Act or there is an available exemption from registration.

Forward-looking Statements

This release includes forward-looking statements which are based on certain assumptions and reflect management’s current expectations as contemplated under the Safe Harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations. Some of these factors include: uncertainty as to whether our strategies, partnerships and business plans will yield the expected benefits; general global economic conditions; general industry and market conditions and growth rates; increasing competition; the ability to identify, develop and achieve commercial success for new products, services and technologies; changes in technology; changes in laws and regulations, including government incentive programs; intellectual property rights; our ability to secure and

maintain strategic relationships, including key supply relationships; the availability and cost of capital; the availability of, and our ability to retain, key personnel; and the failure of the Company to effectively integrate acquisitions. Additional factors are discussed in our public disclosure materials from time to time. We disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.