



zoundindustries

Dear Investor,

You are hereby warmly invited to an extraordinary general meeting

WHEN: Friday, December 14, 2018 at 4 p.m.

WHERE: Zound Industries Office, Centralplan 15, 111 20 Stockholm

RSVP: invest@zoundindustries.com in good time

We sincerely look forward to your attendance, as you are an important member of the Zound Industries family.

NOTICE TO EXTRAORDINARY GENERAL MEETING IN ZOUND INDUSTRIES INTERNATIONAL AB (PUBL)

The shareholders in Zound Industries International AB (publ), corp reg no 556757-4610, are hereby summoned to the extraordinary general meeting on 14 December 2018 at 4 p.m. at the company's office, Centralplan 15, 111 20 Stockholm. Shareholders who intend to participate at the extraordinary general meeting are asked to announce their participation to the company by email to invest@zoundindustries.com in good time before the meeting by stating their name, personal or corporate identity number and number of shares.

A. THE RIGHT TO ATTEND THE EXTRAORDINARY GENERAL MEETING

Shareholders who wish to attend the extraordinary general meeting must be registered in the share register held by Euroclear Sweden AB on 8 December 2018.

Shareholders who have registered their shares in a trustee must temporarily allow reregistration of the shares in their own name in order to be entitled to attend the meeting. The shareholder must notify the trustee in good time before the record date of 8 December 2018.

B. PROPOSED AGENDA AT THE MEETING

1. Opening of the meeting
2. Election of a chairman of the meeting
3. Preparation and approval of the voting register
4. Election of one or two person(s) to attest the minutes
5. Authority of the meeting

6. Approval of the agenda
7. Resolution on new shares issue
8. Resolution on issue of warrants to senior management
9. Resolution on number of board of directors and election of board of director
10. Authorisation of the board of directors
11. Closing of the meeting

PROPOSAL FOR RESOLUTION

Paragraph 7 – Resolution on new shares issue

The board of directors proposes that the general meeting resolves to carry out a new issue of not more than 430,700 shares (the “Shares”), increasing the share capital of not more than SEK 43,070. The resolution shall otherwise be governed by the following terms and conditions.

1. The right to subscribe for the new shares shall vest in Marshall Amplification Plc. The background is that the company has entered into a license agreement and a distribution agreement with Marshall Amplification Plc in exchange for the Shares.
2. A subscription price of SEK 158,50 shall be paid for each share subscribed for. Payment shall be made by way of contribution of the non-cash consideration in accordance with the board’s report.
3. Subscription for the newly-issued shares shall take place within two weeks of the date of the resolution to issue new shares. Payment for the shares subscribed for shall be made at the time of subscription.
4. The board of directors shall be entitled to extend the subscription period and the time for payment.
5. The new shares entitle the holder to dividend as from the next record date for dividends which occurs after registration of the shares with the Companies Registration Office and the shares being registered in the share register held by Euroclear.

Paragraph 8 – Issue of warrants to senior management

The board of directors proposes that the general meeting resolves to – disapplying the shareholders preferential rights – issue warrants in accordance with the terms and conditions below (“TO 2018/2021”).

1. Not more than four hundred and sixty thousand (460,000) warrants will be issued. The right to subscribe for the warrants will, disapplying the shareholders preferential rights, vest in senior executives comprising 9 individuals. Allotment will be made in accordance with the following:

The managing director of the company: 120,000 warrants

Others in the management team: in total 340,000 warrants by individual allotment on 10,000-80,000 warrants per person (depending on the subscriber's position)

2. Subscription of the warrants is to take place on a certain subscription list no later than 28 December 2018, with a right for the board of directors to prolong the subscription period. The warrants will be issued against payment of an amount equaling the warrants market value calculated in accordance with the Black & Scholes model by an independent valuation institute or a registered accounting firm. Payment for the warrants is to be made no later than 11 January 2019. Each warrant is to confer a right to subscribe for one (1) share in the company. The warrant may be exercised to subscribe for new shares during 1 November 2021 to 31 December 2021. The subscription price for each share shall correspond to 130 percent of the volume weighted average price according to registered transactions completed for shares in the company from 1 August 2018 to 30 November 2018. Registered transaction means transactions through, as the case may be, Pareto Securities and Quesada Kapitalförvaltning and Euroclear Sweden registered transactions including the company's main owners during the period mentioned above. However, the subscription price is not to be less than the share quotient value. The shares issued after subscription entitles a right to distribution of profits for the first time on the first record date for dividends that occur after the shares have been subscribed for by exercise of warrants.
3. A reason for the disapplication of the shareholders preferential rights, is that the company wishes to offer senior executives in the company the opportunity to take part in the company's future value development. A long-term financial interest in the company is expected to stimulate senior executives' interest in the company's operations, increase motivation and strengthen the company's commitment. Thus, the board of directors consider is beneficial for the company and the shareholders that senior executives in this way are offered to subscribe for warrants in the company.
4. At full exercise of the warrants, the share capital may increase by no more than SEK 46,000 by issuing no more than 460,000 shares, each with a quotient value of SEK 0,1. Conversion may, however, be made in the way set forth in the full terms of the option program. At full utilization of the proposed warrants the dilution effect will correspond to 5,1 percent of the total amount of shares and votes. The dilution effect has been calculated as the number of additional shares and votes at full exercise in relation to the sum of the current number of shares and votes and the number of additional shares and votes at full exercise. Oversubscription is not permitted. Since the transfer of the warrants is to take place at market value, the company does not suffer any social security costs. The issue does therefore not entail any other costs except for the administrative costs for the company. Thus, there is no need to take any such measures. This proposal has been prepared by the board of directors in consultation with legal and financial advisors.

Paragraph 9 – Resolution on number of board of directors and election of board of director

The meeting is proposed to remove the deputy board members Peter Andreas Bladh and Jean-Luc Joel Cyrot, to resolve that the board of directors shall comprise six directors without any deputy board members and that Monika Elling is elected as a new board member for the period until the close of the next annual general meeting.

Paragraph 10 – Authorisation for the board of directors

It is proposed that the board of directors, or a person appointed by the board of directors shall be authorized to make any minor adjustments required to register the resolutions in accordance with paragraph 7, 8 and 9 with the Swedish Companies Registration Office and Euroclear Sweden AB.

C. INFORMATION, DOCUMENTS AND NUMBER OF SHARES AND VOTES

For a valid resolution in accordance with paragraph 7 it is required that the resolution is supported by shareholders with at least two thirds of the votes cast and the shares represented at the meeting.

For a valid resolution in accordance with paragraph 8 it is required that the board of director's resolution is supported by shareholders with at least nine tenths of both the votes cast and the shares represented at the meeting.

Complete proposal for resolution in accordance with the above and proxy forms will be made available for the meeting as well as other documents in accordance with the Companies Act at the company's office at Centralplan 15, 111 20 Stockholm and at the company's website www.zoundindustries.com no later than two weeks before the extraordinary general meeting. The documents will also be sent free of charge to the shareholders who request it and who provide their postal address or email address. The documents will be kept available at the meeting.

Shareholders may request information at the meeting about circumstances that may affect the assessment of a matter on the agenda.

Stockholm November 2018
Zound Industries International AB