

February 26, 2019

To: The shareholders of Zound Industries International AB (the "**Shareholders**")

Contemplated sale of Zound Industries International AB

Dear Shareholders,

As you may be aware, the Board of Directors of Zound Industries International AB (the "**Company**") has initiated an exit process of Zound Industries, that may lead to the sale of the shares (the "**Shares**") of the Company (the "**Sale**"), or an initial public offering of the shares on NASDAQ Stockholm (the "**IPO**"). Carnegie Investment Bank AB ("**Carnegie**") has been appointed by the Board of Directors as exit advisor. The exit process is supported by shareholders jointly holding a majority of the Shares including Zenith Venture Capital, Varenne, Telia Company and TIME Investors SAS (the "**Principal Owners**").

You are hereby invited to participate in the potential Sale and to sell your Shares to the selected buyer at the same price as the Principal Owners. If you opt not to sell your Shares, please note that an ultimate buyer may (subject to obtaining control over 90% of the Shares), initiate a squeeze out process, in which your Shares may be acquired by such buyer on the terms (incl. e.g. purchase price to be paid to you) prescribed by law.

If you are willing to sell your Shares at the same price as the Principal Owners in the Sale, we have outlined below the steps that you need to take in order to ensure a smooth process and closing of the sale.

Transfer of Shares and Power of Attorney ("PoA")

All shareholders whose Shares are directly registered with Euroclear Sweden AB (about 30 shareholders) will receive an acceptance form and PoA by mail to their address registered in the share register kept by Euroclear Sweden AB.

All shareholders whose Shares are registered with a nominee (about 365 shareholders) will receive information from their bank or nominee, with an acceptance form and PoA and must follow the instructions given by the respective nominee or bank.

It is proposed that each Shareholder issues a PoA to the Principal Owners, who will be authorised to represent such Shareholders in relation to the Sale. At the closing of the Sale, the Shares will need to be transferred from each seller's securities or custody account (Sw. *VP- eller depåkonto*) directly to the buyer's account. To facilitate this process, the Shares offered for sale will be transferred to a newly opened, blocked VP-account (a non-cash transfer account, (Sw. *apportkonto*)) in the name of the shareholder.

We are asking you to sign the PoA and acceptance form in preparation for the Sale, and not as a consequence of the Principal Shareholders and Board of Directors having received an offer for the Company. Should we not receive acceptance and PoA from shareholders representing more than 90% of the Shares, we believe we significantly reduce the likelihood of receiving serious and competitive offers for the Company. Furthermore, the number of potential buyers for the Company is likely to be increased if we can show to potential bidders, already before potential bidders initiate due diligence and prepare final offers for the Company, that we can deliver more than 90% of the Shares to the eventual buyer by closing of the Sale.

If the Sale is completed, each selling Shareholder will receive its portion of the proceeds (in. the corresponding SEK amount, if applicable, and after deduction of transaction costs) into its account shortly after closing of the Sale has taken place. If the Sale is not carried out, the Shares may be returned

to the Shareholders' respective securities or custody accounts in order to facilitate an IPO. Please note that by signing the acceptance form, the Shares will be transferred to a blocked VP-account. The Shares will be blocked, meaning that the Shares will not be available for sale or transfer by the shareholder until December 31, 2019 (provided a Sale or IPO has not been completed by such date).

Please note that...

- (a) the Sale process is not expected to be a public process, and as such, the offer price for the Shares may not be presented to all shareholders before the closing of the Sale.
- (b) in the PoA to be received by shareholders (see below), there is no offer price or valuation of the Shares. No offers or valuations have been presented to the Principal Shareholder and / or the Board of Directors.
- (c) signing of the PoA and acceptance form is needed in order to prepare for a Sale process that is intended to maximize shareholder value.
- (d) the Board of Directors and the Principal Owners will inform all shareholders at a later stage, should actions needed to be taken by shareholders in order to prepare for an IPO.

Next Steps

For shareholders with directly registered Shares (about 30 shareholders)

You have received, or soon will receive, an acceptance form and PoA by mail from a distributor appointed by Carnegie. Please follow the instructions set out therein. If you have not received such documents, please contact the contact persons set out below.

For shareholders with Shares held with a nominee or bank (about 365 shareholders)

You have received, or soon will receive, an acceptance form and PoA from your nominee or bank. Please follow their instructions.

Further information

Please do not hesitate to contact us should you have any questions regarding the process. Contact details are as follows:

Patrik Linzenbold
Head of Investor Relations
IR@zoundindustries.com
+46 708 25 26 30

Yours sincerely,

The Board of Directors of Zound Industries International AB

Zenith Venture Capital

Varenne

Telia Company

TIME Investors SAS