

The English text is an unofficial translation. In case of any discrepancies between the Swedish text and the English translation, the Swedish text shall prevail.

The board of directors' report in accordance with the Swedish Securities Council's (Sw. Aktie-marknadsnämnden) statement in AMN 2019:25 regarding certain related party transactions and proposal for resolution on approval of loan agreement with Saugatuck Invest AB

Below follows the board of directors' of InCoax Networks AB, Reg. No. 556794-1363 (the "**Company**") report in accordance with the Swedish Securities Council's statement in AMN 2019:25 and the board of directors' proposal for resolution (see section 2).

- 1. The board of directors' report in accordance with the Swedish Securities Council's statement in AMN 2019:25 regarding certain related party transactions**
- 1.1 As stated in the Company's press release as of 15 May 2020, the Company has on 15 May 2020 entered into loan agreements with its three largest shareholders, including Saugatuck Invest AB ("**Saugatuck**"), regarding a bridge financing amounting to in total SEK 15,000,000. The loan agreement entered into with Saugatuck (the "**Loan Agreement**") comprise a SEK 5,000,000 loan.
- 1.2 According to the Loan Agreement, interest on outstanding loan amounts is paid at an annual interest rate of 8 per cent. The loan together with accrued interest shall be repaid by 15 September 2020 at the latest
- 1.3 The purpose of the bridge financing is to ensure the Company's short-term need for working capital. The bridge financing gives the Company the opportunity to continue to develop the business according to plan, and to find long-term financing solutions.
- 1.4 Saugatuck is wholly owned by Peter Agardh, who is a board member of the Company and, therefore, Saugatuck is considered a related party to the Company in accordance with the Swedish Securities Council's statement in AMN 2019:25. The payment of the loan in accordance with the Loan Agreement is hence conditional upon the approval of the annual shareholders' meeting of the Company on 30 June 2020. Should such approval be obtained, payment of the loan will be made to the Company promptly after the annual shareholders' meeting.
- 1.5 The terms of the bridge financing is (with exception on the condition regarding approval by the annual shareholders' meeting) identical for all parties participating in the bridge financing and the board of directors considers that the terms are market-based.

2. **Proposal for resolution**

The board of directors proposes that the annual shareholders' meeting on 30 June 2020 resolves to approve the Loan Agreement on the terms set forth in section 1 above.

For a valid resolution, the proposal has to be supported by more than half of the votes cast at the meeting. In accordance with AMN 2019:25, shares held either directly or indirectly by Saugatuck, shall not be considered at the meeting's resolution on approval of the Loan Agreement.

Gävle in May 2020

The board of directors¹ of InCoax Networks AB (publ)

¹ Peter Agardh has not participated in the board of directors' handling of this report and proposal for resolution.