

# **TERMS AND CONDITIONS OF THE CONVERTIBLE BONDS**

Injeq Oyj

23rd of March 2022

# **INVESDOR**

## Basic Information Table on the Convertible Bond (the “Bonds”)

<b>Issuer</b>	<b>Injeq Oyj</b> , a Finnish public limited liability company with business identity code 2367283-8, having its registered domicile in Tampere (the “ <b>Company</b> ”)
<b>Principal Amount</b>	The total maximum principal amount issued is <b>EUR 2,000,000</b> with a possibility to increase the principal amount issued to <b>EUR 3,000,000</b> .
<b>Subscription Period</b>	<b>23<sup>rd</sup> of March 2022 – 27<sup>th</sup> of April 2022</b>
<b>Minimum Subscription</b>	The minimum subscription amount is <b>EUR 1,000</b> , i.e. two (2) bonds, á EUR 500 per bond.
<b>Issue of Bond</b>	The Bonds are issued on 23 <sup>rd</sup> March 2022 by the Board based on an authorization from the General Meeting.
<b>Status and Security</b>	The Bonds shall constitute unsecured obligations of the Company and shall in all respects be construed as capital loans (in Finnish: pääomalaina), within the meaning of Chapter 12 of the Companies Act.
<b>Interest Rate</b>	<b>8.0 %</b> per annum, fully accruing
<b>Maturity Date and Term</b>	<b>31<sup>st</sup> of March 2024</b> . Unless the principal amount of the Bonds has been repaid or converted, the outstanding principal amount and any unpaid accrued interest on the principal amount will be due and payable on the Maturity Date.
<b>Conversion Price</b>	<b>20.0% discount</b> to the respective price of the shares determined based on the conversion event.
<b>Conversion Period</b>	The conversion period commences on issuance date of the Bond and ends on 30 <sup>th</sup> April 2024, or when the principal amount of the Bonds together with accrued interest is repaid or converted into New Shares in full prior to the Maturity Date (“ <b>Conversion Period</b> ”). The conversion takes place only in case of Voluntary Conversion event or Mandatory Conversion event (as defined below).
<b>Conversion Shares</b>	The class of shares in the Company’s capital having the most preferential economic rights (whether existing or newly created class of shares) (“ <b>New Shares</b> ”).
<b>Voluntary Conversion</b>	The Bondholder will have the right to convert the full outstanding sum of the principal amount together with accrued interest of the Bonds at the respective Conversion Price into New Shares of the Company (“ <b>Voluntary Conversion</b> ”) in any of the following events:  <b>(1)</b> At the Maturity Date, <b>(2)</b> if the Company arranges a share issue against consideration where the Company obtains equity investment of less than EUR 2,000,000 from new investor(s) or existing shareholders of the Company (not including potential employee share issues or other remuneration related share issues) (“ <b>Non-Qualified Investment Round</b> ”), or <b>(3)</b> in case of an Event of Default.
<b>Mandatory Conversion</b>	The Company requires that the full outstanding sum of the principal amount together with accrued interest of the Bonds shall be converted at the respective Conversion Price into New Shares of the Company (“ <b>Mandatory Conversion</b> ”) in any of the following events:  <b>(1)</b> If the Company undergoes a listing on a stock exchange, a multilateral trading facility or other official trading venue, or <b>(2)</b> if the Company arranges a share issue where the Company obtains equity investment of at least EUR 2,000,000 from new investor(s) or existing shareholders of the Company (the “ <b>Qualified Investment Round</b> ”).

<b>Shareholders' Agreement</b>	Upon a conversion, the Bondholder undertakes to adhere to the Minority Shareholders' Agreement of the Company.
--------------------------------	--

## 1 Issuance of the Convertible Bonds

The Company has decided to issue convertible bonds (the “**Bonds**”), as described in more detail in the Basic Information Table on page 1 and in the terms and conditions below, for subscription to potential investors in deviation from the pre-emptive subscription right of the shareholders of the Company. The Bonds and the associated special rights entitling for shares are issued in order to strengthen the Company’s working capital. Hence, there are weighty financial reasons for issuing the Bonds. The issuing price and the subscription price on the basis of the special rights entitling for shares have been defined by the Company and in the Company’s view represent fair terms in respect with other comparable arrangements.

The Bonds issued under these terms and conditions will be issued in dematerialised form and registered in the register of Bondholders (as defined below in Section 4 *Invesdor’s Ownersportal Service*) held by the Company, or a third party appointed thereto by the Company from time to time and cannot be physically delivered. The Bonds shall further be registered in the Securityholder Register (“**Ownersportal**”) of Invesdor, in accordance with Invesdor’s Investment Terms and the Ownersportal Service. The paying agent of the Bonds (the “**Paying Agent**”) is the party appointed thereto by the Company, or the Company itself from time to time.

The Bonds are offered for subscription in a minimum amount of EUR 1,000. The principal amount of each Bond is EUR 500. The subscription price of a Bond is 100 per cent (%) of its nominal value. The subscriptions are made on Invesdor’s digital platform during the subscription period set out in the Basic Information Table above. The subscription price shall be paid at the subscription in accordance with the instruction given by Invesdor. Each Bond will be freely transferable after it has been registered into the register of Bondholders. All transfers of Bonds must be notified by the Bondholders to the Company and Invesdor and shall be updated in the Ownersportal.

If any legal requirements arise from applicable laws, rules and regulations that obligate the Company to prepare a prospectus, it is the responsibility of the Company to ensure that such legal requirements are met. A basic information sheet is prepared and filed to the Finnish Financial Supervisory Authority (FIN-FSA) by Invesdor, in accordance with the Finnish Securities Markets Act, when necessary. If a Key Information Document (KID) is required, Invesdor will fill in the document and file it to FIN-FSA.

## 2 Status and Security

The Bonds constitute direct, unsecured and unguaranteed obligations of the Company and are subordinated to all other indebtedness of the Company, except for other capital loans, and shall in the event of the dissolution or bankruptcy of the Company be repayable only after the full repayment of all other indebtedness of the Company, except for other capital loans. Unless otherwise agreed between the Company and any other capital loan lenders, the Bonds shall rank *pari passu* with any other capital loan issued by the Company. Whether there is a deviation to this clause, it will be clearly stated in the offering materials.

## 3 Validity of terms and conditions

By subscribing for Bonds, each initial holder of Bonds, and, by acquiring Bonds, each subsequent holder of Bonds (each such holder of Bonds, a “**Bondholder**”) agrees to be

bound by these terms and conditions, Invesdor's general Terms of Use ("**Terms of Use**") as well as Invesdor's Investment Terms as applicable during the time of subscription.

#### 4 Invesdor's Ownersportal Service

The Bonds shall be registered and maintained in Invesdor's Ownersportal Service in accordance with Invesdor's Terms of Use and the special Ownersportal Terms of Use.

#### 5 Interest

The principal amount of each Bond shall accrue interest at the rate of 8.0% per annum. The interest period ends when the Bonds are paid back, on the date the Bonds are converted into New Shares of the Company, or on the date of Voluntary Prepayment. Interest shall be calculated on the basis of a 365 day per year calculation for the interest period.

For the avoidance of doubt, the Bonds shall accrue 8.0% interest on the initial principal amount in the first year, and 8.0% interest on the initial principle amount in each following year, while the interest is only accrued and not paid out until the interest period ends as described above.

#### 6 Repayment

##### 6.1 Repayment at the end of the term

The Bonds shall be repaid in full at their principal amount together with accrued interest on the Maturity Date, unless the Bonds have been converted into New Shares of the Company in accordance with Section 7 (*Terms of Conversion into Shares*) or the Company has prepaid the Bonds in accordance with Section 6.2 (*Voluntary Prepayment*) or Section 10 (*Events of Default*) below.

##### 6.2 Voluntary Prepayment

The Company may repay all the Bonds in full at their principal amount together with accrued interest on the 23<sup>rd</sup> of March of every year during the term ("**Voluntary Prepayment**"). In addition, the Company will pay 50.0% of all remaining scheduled interests at the event of Voluntary Prepayment as an early repayment fee. The Company will give the Bondholders at least twenty (20) Business Days' prior notice in accordance with Section 13 (*Notices and Right to Information*). "**Business Day**" shall mean a day on which banks in Helsinki are open for general business.

#### 7 Terms of Conversion into Shares

The outstanding principal amount of the Bonds together with accrued interest, or any part thereof that is outstanding, may be converted into New Shares of the Company pursuant to the following conditions:

##### 7.1 Conversion Shares

Upon a conversion event, the outstanding Bonds together with accrued interest may in case of Voluntary Conversion (as defined below) or are required to in case of Mandatory Conversion (as defined below) be converted into the class of shares in the Company's capital having the most preferential economic rights (whether existing or newly created class of shares). Such shares shall be "**New Shares**" issued by the Company. New Shares

will, for the first time, entitle their holder to dividends from the accounting year during which the conversion has taken place. The other shareholder's rights shall commence at the moment the New Shares have been entered into the Trade Register. The maximum number of New Shares equals the invested sum divided by EUR 4. For the sake of clarity it is stated that if the total maximum principal amount issued is EUR 2,000,000, the maximum amount of New Shares is 500,000 New Shares.

## 7.2 Conversion Period

The conversion period commences on issuance date of the Bond and ends on 30<sup>th</sup> April 2024, or when the principal amount of the Bonds together with accrued interest is repaid or converted into New Shares in full prior to the Maturity Date ("**Conversion Period**"). The conversion takes place only in case of Voluntary Conversion event or Mandatory Conversion event (as defined below).

## 7.3 Voluntary Conversion

The Bondholder will have the right to convert the full outstanding sum of the principal amount together with accrued interest of the Bonds at the respective Conversion Price into New Shares of the Company ("**Voluntary Conversion**") in any of the following events:

- (1) At the Maturity Date,
- (2) if the Company arranges a share issue against consideration where the Company obtains equity investment of less than EUR 2,000,000 from new investor(s) or existing shareholders of the Company (not including potential employee share issues or other remuneration related share issues) ("**Non-Qualified Investment Round**"), or
- (3) in an Event of Default (according to Section 10 *Events of Default*).

## 7.4 Mandatory Conversion

The Company requires that the full outstanding sum of the principal amount together with accrued interest of the Bonds shall be converted at the respective Conversion Price into New Shares of the Company ("**Mandatory Conversion**") in any of the following events:

- (1) If the Company undergoes a listing on a stock exchange, a multilateral trading facility or other official trading venue ("**Trading Venue**"), or
- (2) if the Company arranges a share issue where the Company obtains equity investment of at least EUR 2,000,000 from new investor(s) or existing shareholders of the Company (the "**Qualified Investment Round**").

## 7.5 Conversion Price

The New Shares arising upon the conversion shall be issued for the subscription price determined as follows (in each case the price per New Share so determined, the "**Conversion Price**"):

**Conversion at Qualified or Non-Qualified Investment Round (including potential Qualified or Non-Qualified Investment Round to be executed in connection with listing on a Trading Venue):**

20.0% discount to the reference new issuance share price (determined based on the pre-money valuation of the Company in connection with this new round)

**Conversion at technical listing on a Trading Venue:**

20.0% discount to the reference new issuance share price (determined based on the volume-weighted average price of the first 30 trading days after the technical listing)

**Conversion at Maturity Date or in case of an Event of Default:**

20.0% discount to the reference issuance price (determined based on the pre-money valuation of the Company in connection with the previous round)

The subscription price of the New Shares shall be credited entirely in the reserve for invested unrestricted equity of the Company. To the extent a Bond together with accrued interests cannot otherwise be converted into New Shares in its entirety due to the reason that partial New Shares cannot be issued, the number of New Shares that would otherwise be issued to the Bondholder shall be rounded up to the nearest full number, and the Conversion Price shall be adjusted accordingly.

## 7.6 Conversion Procedure

In case a Voluntary Conversion event or a Mandatory Conversion event takes place, the Company shall notify the Bondholders in accordance with Section 13 (*Notices and Right to Information*).

In case a Voluntary Conversion event takes place, a Bondholder may use its right to conversion during the Conversion Period (or in case of a Non-Qualified Investment Round, during a shorter period of time notified by the Board of Directors for the relevant Non-Qualified Investment Round) by delivering a request to convert (“**Request to Convert**”) to the Company. The Request to Convert shall be in writing and delivered by email or by other measures appointed by the Company.

Delivered Request to Convert cannot be cancelled.

In case Mandatory Conversion event takes place, the Company shall convert the Bonds into New Shares automatically.

The conversion date of the Bond is the banking day on which the Company receives the Request to Convert (Voluntary Conversion) or when the Board of Directors of the Company makes resolution on conversion (Mandatory Conversion) (“**Conversion Date**”). When the Bond is converted into New Shares, the Bondholder is not entitled to receive interest on the principle of the Bond accrued after the Conversion Date for the capital converted into New Shares.

## 7.7 Rights of the Bondholder in Certain Special Situations

The following terms and conditions shall apply to the following events after the subscription of the Bond and prior to conversion:

(i) Should the Company issue shares without consideration in accordance with the pre-emptive subscription right of shareholders, the Bondholder shall have the same or equal rights with the shareholders. Equality is reached in the manner determined by the Board of Directors of the Company by adjusting the number of shares available for subscription in the conversion, the share subscription price or both of these. Notwithstanding the aforementioned, should the new issue be implemented, the Bondholder shall have no subscription right, but conversion may be initiated.

(ii) The issue of option rights or other special rights entitling to shares pursuant to Chapter 10 of the Companies Act shall not entitle the Bondholder to subscribe to the issued option rights or other special rights entitling to shares pursuant to Chapter 10 of the Companies Act.

(iii) Should the Company distribute assets in accordance with Chapter 13 Section 1 of the Companies Act (for example by distribution of dividends), such distribution shall not have affect in the Bondholder's subscription rights. The New Shares will, for the first time, entitle their holder to dividends from the accounting year during which the conversion has taken place. The other shareholder's rights shall commence at the moment the New Shares have been entered into Trade Register.

(iv) Should the Company acquire or redeem shares, option rights or other special rights entitling to shares pursuant to Chapter 10 of the Companies Act, the Bondholder's rights related to the subscription rights remain unchanged.

(v) Should the Company decide to merge into another existing company or into a company to be formed in a combination merger or if the Company resolves to be demerged in a complete demerger, the Bondholders will loose their conversion right.

(vi) Should any shareholder obtain a right to redeem all the shares of the Company's other shareholders pursuant to the Companies Act, the Bondholders will loose their conversion right.

(vii) Should the Company be entered into liquidation, the Bondholders will loose their conversion right.

## 8 Technical amendments

The Board of Directors of the Company is entitled to change the technical procedures related to payment as well as the conversion of shares or other similar matters related to the Bonds without the Bondholders' approval, provided that such changes do not weaken the Bondholders' financial position.

## 9 Extension

If on the Maturity Date the Bonds have not been (and are not being) converted into New Shares and the Company cannot, pursuant to mandatory provisions of the Companies Act regulating the repayment of the capital loans, repay the Bonds, the maturity of the Bonds shall be automatically extended until the earlier of:

- a) 12 months as from the Maturity Date (or a later date of maturity following as earlier extension pursuant to this Section 9); and
- b) the date when the repayment of the Bonds is no longer prevented by the mandatory provisions of the Companies Act regulating the repayment of the capital loans,

with the same terms and conditions preceding the Maturity Date (or a later date of maturity following as earlier extension pursuant to this Section 9).

## 10 Events of Default

If an Event of Default (as defined below) occurs, any Bondholder may, by a written notice to the Company, declare the outstanding principal amount of such Bond, together with the interest and any other amounts then accrued on such Bond, to be prematurely due and payable at the earliest on the tenth (10) day from the date such claim was presented, provided that an Event of Default is continuing on the date of receipt of the notice and on the specified early repayment date. An Event of Default is continuing if it has not been remedied or waived.

Each of the following events shall constitute an **Event of Default**:



- (a) any amount of interest on or principal of the Bonds has not been paid within ten (10) Business Days from the relevant due date, unless the failure to pay is caused by a reason referred to in Section 14 (*Force Majeure*) below; or
- (b) the Company ceases to carry on its current business in its entirety; or
- (c) an order is made, or an effective resolution is passed for the winding-up, liquidation or dissolution of the Company, except for actions which are (i) frivolous or (ii) vexatious or;
- (d) the Company becomes insolvent or is unable to pay its debts as they fall due and such insolvency or inability is more than temporary; or
- (e) an application is filed for (i) bankruptcy or (ii) re-organization proceedings, or (iii) for the appointment of an administrator or liquidator of any of the Company's assets, save for any such applications that are contested in good faith and discharged, stayed or dismissed within forty-five (45) days.

## 11 Taxation

All payments related to the Bonds and to be made by the Company or on behalf of it shall be made without the deduction of any withholding tax, tax, customs duties or any other authoritative payments regulated or collected by the state of Finland, any municipality or any authority entitled tax, unless any deduction or withholding of such tax, customs duties or any other authoritative payments is required by a law or statute. The Company will not be responsible for making any additional or extra payments due to such withholding.

## 12 Bondholders' Meeting and Written Procedure

The Company may convene a meeting of the Bondholders (a "**Bondholders' Meeting**") or initiate a written procedure (a "**Written Procedure**") to bring about decisions upon conversions, amendments of these terms and conditions or other matters as specified below.

The Bondholders may authorise a delegate to represent them in the Bondholders' Meeting (an "**Agent**"). The authorisation shall be given in writing, separately by each Bondholder. The Agent may represent one or multiple Bondholders at the Bondholders' Meeting. The Agent shall be considered proficient and suitable for the appointed assignment and continuously act in the best interest of the Bondholders

### 12.1 Bondholders' Meeting

- (a) Notice of a Bondholders' Meeting shall be published in accordance with Section 13 (*Notices and Right to Information*) no later than ten (10) days prior to the meeting. The notice shall specify the time, place and agenda of the meeting as well as any action required on the part of a Bondholder to attend the meeting. Hereby, the Bondholders' Meeting can be duly organised as a virtual meeting.
- (b) Only those who, according to the register of Bondholders, were registered as Bondholders on the fifth (5th) Business Day prior to the Bondholders' Meeting, or proxies authorised by such Bondholders, shall, if holding any of the principal amount of the Bonds at the time of the meeting, be entitled to vote at the meeting and shall be recorded in the list of the Bondholders present in the Bondholders' Meeting.
- (c) Bondholders' Meeting shall be held in the domicile city of the Company and its chairman shall be appointed by the Company. The Meeting can also be held remotely.
- (d) Bondholders' Meeting shall constitute a quorum only if two (2) or more Bondholders holding thirty (30) per cent or more of the principal amount of the Bonds outstanding are present in the meeting.

- (e) If, within thirty (30) minutes after the time specified for the start of the Bondholders' Meeting, a quorum is not present, any consideration of the matters to be dealt with at the meeting may, at the request of the Company, be adjourned for consideration at a meeting to be convened on a date no earlier than fourteen (14) days and no later than twenty-eight (28) days after the original meeting at a place to be determined by the Company. The adjourned Bondholders' Meeting shall constitute a quorum if two (2) or more Bondholders holding ten (10) per cent or more of the principal amount of the Bonds outstanding are present.
- (f) Notice of an adjourned Bondholders' Meeting shall be given in the same manner as notice of the original meeting. The notice shall also state the conditions for the constitution of a quorum.
- (g) Voting rights of Bondholders shall be determined according to the principal of the Bonds held. The Company and any companies belonging to its group shall not hold voting rights at the Bondholders' Meeting.
- (h) Resolutions shall be carried by a majority of two-thirds (2/3) of the votes cast. In the event of a tied vote, the chairman of the meeting shall have the casting vote.
- (i) A representative of the Company and a person authorised to act for the Company may attend and speak at a Bondholders' Meeting.
- (j) A Bondholders' Meeting is entitled to make the following decisions that are binding on all the Bondholders:
  - (i) to change the terms and conditions of the Bonds;
  - (ii) to grant a temporary waiver on the terms and conditions of the Bonds;
- (k) However, consent of ninety (90) per cent of the aggregate principal amount of the outstanding Bonds is required to:
  - (i) decrease the principal of or interest on the Bonds;
  - (ii) extend the maturity of the Bonds;
  - (iii) amend the conditions for the constitution of a quorum at a Bondholders' Meeting; or
  - (iv) amend the majority requirements of the Bondholders' Meeting.

The consents can be given at a Bondholders' Meeting or by other verifiable means.
- (l) Resolutions passed at a Bondholders' Meeting shall be binding on all Bondholders irrespective of whether they have been present at the Bondholders' Meeting.
- (m) For the sake of clarity, any resolution at a Bondholders' Meeting, which extends or increases the obligations of the Company, or limits, reduces or extinguishes the rights or benefits of the Company, shall be subject to the consent of the Company.
- (n) Resolutions passed at a Bondholders' Meeting shall be deemed to have been notified to the Bondholders once they have been published in accordance with Section 13 (*Notices and Right to Information*).

## 12.2 Written Procedure

- (a) Notice of a Written Procedure shall be published in accordance with Section 13 (*Notices and Right to Information*). The notice shall specify:
  - (i) each request for a decision by the Bondholders,
  - (ii) a description of the reasons for each request,
  - (iii) a specification of the Business Day at the end of which a person must be registered as a Bondholder in order to be entitled to vote,

- (iv) instructions and directions on how to reply to the request and vote, and
- (v) the stipulated time period within which the Bondholder must reply to the request and vote (such time period to last at least fifteen (15) Business Days from the date of the notice).

(b) The provisions regarding a Bondholders' Meeting shall, in all applicable parts, apply to the Written Procedure.

### **13 Notices and Right to Information**

Bondholders shall be advised of matters relating to the Bonds by a notice on the website of the Company. If a notice relating to the Bonds requires actions from the Bondholders, the Company will deliver these notices in writing directly to Bondholders at the e-mail address appearing on the register of Bondholders.

### **14 Force Majeure**

The Company shall not be responsible for any damage caused by force majeure or any other unreasonable obstacle of their operations caused by any similar reason.

### **15 Information**

Copies of the documents relating to the issuance of the Bonds shall be available for inspection on Invesdor's website.

### **16 Applicable Law and Jurisdiction**

The Bonds shall be governed by Finnish law. Any disputes relating to the Bonds shall be settled in the first instance at the District Court of Helsinki (in Finnish "Helsingin käräjäoikeus").