



## CONVERTIBLE BOND

*(with conversion right into shares)*

Solid Clouds hf., corporation registration number 6009132550, a public limited liability company organized under the laws of Iceland with registered office at Eiðistorg 17, 170 Seltjarnarnes, Iceland (the “**Issuer**”), hereby acknowledges to be indebted to [Creditor (name, id. address if individual)] (the “**Creditor**”), [if company: a limited company organized under the laws of Iceland, with registration number [kennitala] and with its registered office at [address] in the principal amount specified here below (the “**Debt**”):

**ISK [amount in numbers] (\*\*[amount in letters]\*\*)**

Each capitalized term herein shall have the meaning as defined.

### **1. Background**

- 1.1. This Convertible Bond is issued to the Creditor in accordance with a decision of the Issuer’s shareholders’ meeting held on 10 January 2025.
- 1.2. The total aggregated principal amount of the Bonds issued is up to ISK 175,000,000 (“**Convertible Bond Issuance**”).
- 1.3. The Issued Share Capital of the Issuer is 331,799,571 shares, each share of 1 ISK in nominal value.

### **2. Payment**

- 2.1. The Issuer undertakes to repay the Debt in full in one payment on 15 September 2025 (the “**Maturity Date**”).
- 2.2. The payment shall be made by wire transfer to a bank account designated by the Creditor.
- 2.3. The Creditor shall provide the Issuer with the original of this Convertible Bond for payment, unless otherwise agreed.
- 2.4. The Issuer is not authorized to prepay the Debt or accrued interest before the Maturity Date.

### **3. Interest and Default Interest**

- 3.1. The Debt shall bear 15% fixed interest, annually compounded, calculated on the basis of a 365-day year and the actual number of days elapsed from the date of Issue of the Convertible Bond, on the outstanding Debt from time to time.
- 3.2. The Issuer shall pay the Creditor the accrued interest on the Maturity Date.
- 3.3. If the Creditor has exercised its Conversion Right and the conversion has not been completed by the Issuer within the respective time limits prescribed herein the



Debt shall bear Default Interest as of 20 days from the date when the conversion should have been completed.

#### **4. Conversion Price and Conversion Right**

- 4.1. The Creditor has the right to exercise its option to convert the Debt and accrued interest into new shares in the Issuer, at the exchange rate of 1 ISK for 1 share (of nominal value) (the “**Conversion Price**”), in the event of (i) a Capital Raise Event, cf. clause 5, (ii) a Subsequent Event, cf. clause 7, or (iii) on Maturity Date, cf. clause 8 (the “**Conversion Right**”).

#### **5. Capital Raise Event**

- 5.1. A Capital Raise Event is the issue of share capital or other equity funding by the Issuer, on the basis of an authorization in the Issuer’s Articles of Association, after the date of issue of the first Bond under the Convertible Bond Issuance but before four weeks before the Maturity Date, under which the Issuer raises not less than ISK 225,000,000 and the Issuer’s board of directors and its shareholders confirm such equity funding on behalf of the Issuer.
- 5.2. The Creditor shall have the right to convert the Debt, as well as accrued interest, into shares in the Issuer upon a Capital Raise Event. The Debt, together with accrued interest, based on the date on which the Capital Raise Event occurs shall be converted into shares in the Issuer based on the exchange rate of 1 ISK for one share (nominal value).
- 5.3. The conversion of the Debt is completed by way of a share capital increase and issuance of shares to the Creditor (the “**Capital Increase**”). The Issuer’s existing shareholders have waived their priority rights in respect of the Capital Increase, in accordance with the Issuer’s Articles of Association.
- 5.4. The Creditor can exercise his Conversion Rights from the date that he receives a notice from the board of directors of the Issuer about the Capital Raise Event and until 4 weeks have passed since the Creditor receives the notice.
- 5.5. The Capital Increase shall be affected no later than fifteen days after the board of directors receives a notice of conversion from the Creditor or on the next business day if that date is not a business day in Iceland.

#### **6. Conversion Obligation due to Capital Raise Event**

- 6.1. The Issuer shall have a unilateral right to demand that each Creditor accepts that the Debt, as well as accrued interest, is converted into shares in the Issuer upon a Capital Raise Event (the “**Conversion Obligation**”). The Debt, together with accrued interest, based on the date on which the Capital Raise Event occurs shall be converted into shares in the Issuer based on the exchange rate of 1 ISK for one share (nominal value).
- 6.2. Each Creditor thereby irrevocably waives his rights as a creditor to demand payment of the Debt upon fulfillment of certain conditions and rights as the owner



of the Bond, including to tolerate a demand for conversion of the Debt, including any accrued interest, under the Bond into shares in the Issuer.

- 6.3. The conversion of the Debt shall be affected, *mutatis mutandis*, in accordance with clauses 5.3. – 5.5.

## **7. Subsequent Event**

- 7.1. The Creditor shall have the right to convert the Debt, as well as accrued interest, into shares in the Issuer, in the event of a
- (i) a merger, demerger, reorganization, or other similar events, relating to the shares and affecting the number of the issued share capital of the Issuer, or
  - (ii) a sale, lease or transfer of all or substantially all of the assets of the Issuer
- (with (i) and (ii) together defined as a “**Subsequent Event**”).

- 7.2. The Debt, together with accrued interest, based on the date on which the Subsequent Event occurs shall be converted into shares in the Issuer based on the exchange rate of 1 ISK for one share (of nominal value).

- 7.3. The conversion of the Debt shall be completed by way of a Capital Increase. The Issuer’s existing shareholders have waived their priority rights in respect of the Capital Increase, in accordance with the Issuer’s Articles of Association.

- 7.4. The Board of Directors shall notify the Creditor within two weeks of receiving information about a Subsequent Event.

- 7.5. The Creditor can exercise his Conversion Right from the date that he receives a notice from the board of directors of the Issuer about the Subsequent Event and until 4 weeks have passed since the Creditor receives the notice.

- 7.6. The Capital Increase shall be completed no later than fifteen days after the board of directors receives a notice from the Creditor of conversion, or on the next business day if that date is not a business day in Iceland.

## **8. Maturity Date, Conversion Right**

- 8.1. In the event of no Capital Raise Event and no Subsequent Event from the date of issuance of the Bond and until four weeks before the Maturity Date, the Creditor may decide in its sole discretion to convert the Debt amount with any accrued interest into new shares in the Issuer, credited as fully paid on the Maturity Date.

- 8.2. The Creditor can exercise his Conversion Right by notifying the Issuer’s board of directors during the period from four weeks before and up to two weeks before the Maturity Date.

- 8.3. Upon exercising the conversion right pursuant to this clause 8, the principal of the Debt, together with accrued interest, based on the date on which the notice is



received by the Issuer's board of directors, shall be converted into shares in the Issuer at a price of ISK 1 per share of nominal value.

- 8.4. The conversion of the Debt, as well as accrued interest, shall be completed by way of a Capital Increase. The Capital Increase shall be completed on the Maturity Date.
- 8.5. The Issuer's existing shareholders have waived their priority rights in respect of the Capital Increase, in accordance with the Issuer's Articles of Association.

## **9. General Provisions**

- 9.1. Nothing contained in this Bond shall be construed as conferring upon the Creditor prior to the conversion of the Debt, the right to vote or to receive dividends or to consent or to receive notice as a shareholder of the Issuer in respect of any meeting of shareholders for the election of directors of the Issuer or of any other matter, or any other rights as a shareholder of the Issuer.
- 9.2. Following conversion, the shares shall give the Creditor the same rights in the Issuer as the existing shares. The rights accrue to the shareholder at the time of conversion.

## **10. Event of default**

- 10.1. The Bond shall be immediately due and payable if ("Event of Default"):
  - 10.1.1. The Issuer fails to pay any amount payable by it under the Bond when due;
  - 10.1.2. The Issuer commits any material breach of its obligation under this Bond, and if remediable, fails to remedy such breach within fourteen days from the service of written notice by any Creditor notifying such breach;
  - 10.1.3. The Issuer takes any action or any legal proceedings are commenced by Issuer or other steps are taken by the Issuer for (i) the Issuer to be found bankrupt or insolvent, (ii) the winding-up or dissolution of the Issuer or (iii) the appointment of a liquidator, administrator or a similar officer over the Issuer or the whole or any part of its assets, rights and revenues, and such steps or proceedings are not stayed within fifteen days, unless such steps or proceedings are being contested in good faith by appropriate proceedings or
  - 10.1.4. The Issuer, prior to the Maturity Date, decides on any changes in the issued share capital of the Issuer, excluding any changes due to the Convertible Bond Issuance or any Capital Raise Event, but including through a statutory merger (in accordance with prevailing legislation from time to time) in which the Issuer is the acquired company and thus becomes wound up and/or dissolved in the process.
- 10.2. The Issuer shall notify the Creditor should the Bond become immediately due and payable prior to the Maturity Date as described in clauses 10.1.1. to 10.1.4 above.



10.3. After an Event of Default the Issuer shall be entitled to written notice from Creditor of such Event of Default, and shall be given thirty (30) calendar days after receipt of such notice to cure the Event of Default.

Icelandic law shall govern this Convertible Bond. In case a lawsuit arises on account of indebtedness, this shall be proceeded with before the District Court of Reykjavík.

In case of default of payment of this Bond, the Creditor is authorized to call in the unpaid outstanding balance of the entire Debt, as well as interest, default interest and legal costs.

Enforcement may be affected to secure the indebtedness without prior judgment or settlement before the District Court of Reykjavík in accordance with Article 1 of the Act No. 90/1989 on Direct Enforcement.

This Bond is issued in accordance with a resolution of the Board of Directors, held on [18] January 2025, and Article 4 of the Articles of Association of the Issuer.

The Issuer shall pay all costs associated with the preparation and issuance of this Bond.

Each party shall bear its own costs and expenses in connection with this transaction (including expenses of accountants and legal counsel).

In confirmation hereof, the Issuer signs his name to the present Bond in the presence of two witnesses called for the purpose.

The present Bond is drawn up in one original that shall be kept by the Creditor, or as otherwise agreed. A copy hereof shall be given to the Issuer.

Reykjavik, [30] January 2025

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On behalf of Solid Cloud hf.

Stefán Gunnarsson

Witnesses:

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Name, Id.

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Name, Id.