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CONVERTIBLE BOND

(with conversion right into shares)

Solid Clouds hf., corporation registration number 600913-2550, a public limited liability company organized under the laws of Iceland with registered office at Vegmúli 2, 108 Reykjavík, Iceland (the “**Issuer**”), hereby acknowledges to be indebted to [*Creditor (name, id. address)*] (the “**Creditor**”) in the principal amount specified here below (the “**Debt**”):

ISK [amount in numbers]

1. Background and Definitions

1.1. This Convertible Bond constitutes a convertible bond issued under and according to Tranche 1 (Initial Tranche) of a convertible bond issuance by the Issuer, as authorized by the shareholders of the Issuer at a shareholders’ meeting held on 1 April 2026 (together with Tranche 2 and Tranche 3 the “**Convertible Bond Issuance**”).

1.2. The Convertible Bond Issuance is divided into three tranches as follows:

- (a) **Tranche 1 (Initial Tranche):** Aggregate principal amount of up to ISK 100,000,000, issued on the Issue Date.
- (b) **Tranche 2 (Performance-Linked Tranche):** Aggregate principal amount of up to ISK 100,000,000, issuable upon satisfaction of the conditions set forth in Section 7 of the Subscription Agreement.
- (c) **Tranche 3 (Optional Tranche):** Aggregate principal amount of up to ISK 200,000,000, issuable upon satisfaction of the conditions set forth in Section 8 of the Subscription Agreement (the “**Tranche 3 Conditions**”). A decision of the board of directors of the Issuer to issue convertible bonds according to Tranche 3 constitutes a Capital Raise Event and is not Permitted Follow-on Financing.

The total aggregate principal amount of the Convertible Bonds Issuance shall not exceed **ISK 400,000,000**.

1.3. In this Convertible Bond, the following terms shall have the meaning set out below. All other capitalised terms shall have the meaning given to them where they first appear.

“**Business Day**” means a day (other than a Saturday or Sunday) on which banks are open for general business in Reykjavík, Iceland.

“**Capital Raise Event**” has the meaning given to it in Clause 5.



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“**Contractual Interest**” means the fixed interest rate of 25% per annum, annually compounded, calculated on the basis of 30E/360, as further described in Clause 3.

“**Conversion Event**” means a Capital Raise Event or a Subsequent Event.

“**Conversion Notice**” means a written notice delivered by the Creditor to the Issuer exercising its right to convert the Debt and accrued interest into New Shares in accordance with the terms and conditions of this Convertible Bond.

“**Conversion Price**” means ISK 1.00 per share (nominal value).

“**Conversion Notice Date**” means the date on which the Issuer receives a Conversion Notice from the Creditor. For the avoidance of doubt, interest shall cease to accrue on the Debt from and after the Conversion Notice Date.

“**Default Interest**” means interest accruing upon the occurrence of an Event of Default at a margin of 5% on the Contractual Interest, cf. paragraph 2 of Article 6(2) of Act No. 38/2001 on Interest and Indexation, until such Event of Default is cured, waived, or the Debt and accrued interest are otherwise satisfied and paid in full.

“**Issue Date**” means the date of issue of this Convertible Bond.

“**New Shares**” means new shares issued in the Issuer due to conversion of the Convertible Bond in accordance with the terms and conditions herein.

“**Permitted Follow-on Financing**” means (i) the issuance of convertible bonds issued according to Tranche 2 (Performance-Linked Tranche), or (ii) financing from a bank on more favourable terms than described in this Convertible Bond and secured with a security interest in the Tax Refund.

“**Tax Refund**” means any tax credit, refund, rebate or reimbursement capable of being claimed by application to the Icelandic Research Fund (Rannís) pursuant to Icelandic Act no. 152/2009 on Support for Innovation Companies.

“**Voluntary Acceleration**” has the meaning given to it in the Subscription Agreement.

“**Voluntary Conversion**” has the meaning given to it in Clause 9.1.

- 1.4. The terms and conditions of this Convertible Bond and the Creditor’s commitment to subscribe and purchase convertible bonds issued under Tranche 2 and option to subscribe and purchase convertible bonds issued under Tranche 3, are set forth in the Subscription Agreement dated 1 April 2026 between the Issuer and the Creditor (the “**Subscription Agreement**”). Defined terms used herein, but not defined, shall have the meaning given to them in the Subscription Agreement.



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- 1.5. The issued share capital of the Issuer is, at the Issue Date of this Convertible Bond, ISK 143,408,778.

2. Payment

- 2.1. The Debt under this Convertible Bond (Tranche 1) shall fall due for repayment on 30 November 2027 (the “**Maturity Date**”), unless earlier converted into New Shares in accordance with Clauses 4, 5, 6, 7 or 9.
- 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 permitted to prepay the Debt or accrued interest before the Maturity Date.

3. Interest and Default Interest

- 3.1. The Debt shall bear 25% fixed interest, annually compounded, calculated on the basis of 30E/360 from the Issue Date of the Convertible Bond, on the Debt from time to time.
- 3.2. Interest shall accrue from the Issue Date until the Debt has been repaid in full or converted into New Shares, unless otherwise stated in this Convertible Bond, cf. Clause 7.2. and Clause 8.
- 3.3. Accrued interest shall be payable on the Maturity Date, or upon conversion of the Debt into New Shares, whichever occurs first. If the Creditor has exercised its Conversion Right and the conversion has not been completed by the Issuer within the respective time limits prescribed in Clause 5, 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, 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 (each event or date a “**Conversion Right**”). Furthermore, the Creditor has a right to exercise its option to convert the Debt and accrued interest into New Shares in accordance with Clause 9 (“**Voluntary Conversion**”).

5. Capital Raise Event

- 5.1. A Capital Raise Event is the issue of share capital, convertible bonds 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 convertible bond under the



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Convertible Bond Issuance but before four weeks before the Maturity Date, under which the Issuer raises not less than ISK 200,000,000, excluding however any Permitted Follow-on Financing, and the Issuer's board of directors and its shareholders confirm such equity funding on behalf of the Issuer.

- 5.2. A Capital Raise Event shall also be deemed to occur upon the issuance of convertible bonds under **Tranche 3 (Optional Tranche)**, provided that the Tranche 3 Conditions have been satisfied in accordance with the Subscription Agreement.
- 5.3. The Issuer's existing shareholders have waived their priority rights to subscribe for the New Shares to be issued upon conversion of the Convertible Bond.
- 5.4. The Creditor shall have the right to convert the Debt, as well as accrued interest, into New Shares 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 New Shares based on the exchange rate of 1 ISK for one share (nominal value).
- 5.5. The conversion of the Debt is completed by way of a share capital increase and issuance of New Shares to the Creditor (the "**Capital Increase**").
- 5.6. The Creditor can exercise his Conversion Rights from the date that the Creditor 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.
- 5.7. The Capital Increase shall be effected no later than fifteen days after the board of directors of the Issuer 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. If a Capital Raise Event occurs, the Issuer may, at its sole discretion, demand the Creditor to convert the outstanding Debt and all accrued interest into New Shares in accordance with Clause 4 (a "**Conversion Obligation**"). The Issuer shall notify the Creditor of its decision to exercise its right to demand the Conversion Obligation no later than 15 business days prior to the completion of the Capital Raise Event.
- 6.2. For the avoidance of doubt, the issuance of Tranche 3 Bonds constitutes a Capital Raise Event and the Issuer **may** (but is not obligated to) exercise its right to demand Conversion Obligation under this Clause 6 in connection therewith.
- 6.3. Upon exercise of the Conversion Obligation, the Creditor shall convert the Debt and accrued interest into New Shares at the Conversion Price, and the Issuer shall issue the corresponding New Shares to the Creditor.



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- 6.4. The Creditor hereby irrevocably waives his rights as a creditor to demand payment of the Debt and accrued interest upon fulfilment of the conditions in Clause 6.1, including to tolerate a demand for conversion of the Debt and all accrued interest into New Shares.
- 6.5. The conversion of the Debt, as well as accrued interest, shall be effected, *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 New Shares, in the event of
- (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,
 - (ii) a sale, lease or transfer of all or substantially all of the assets of the Issuer, or
 - (iii) a voluntary or mandatory public takeover bid which is made by a third party to all shareholders of the Issuer to acquire all outstanding shares of the Issuer (a “**Takeover Bid**”),
- (with (i), (ii) and (iii) together defined as a “**Subsequent Event**”).

For the avoidance of doubt, a **Permitted Follow-on Financing** (i.e. Tranche 2 bond) shall not constitute a Subsequent Event or a Capital Raise Event. The issuance of Convertible Bonds under **Tranche 3** constitutes a **Capital Raise Event** but not a Subsequent Event.

- 7.2. The Debt, as well as accrued interest, up to and including the effective date of completion of the Subsequent Event (the “**Conversion Date**”), shall be converted into New Shares at the exchange rate of 1 ISK of the Debt (as well as accrued interest) for one share of nominal value in the Issuer. From and after the Conversion Date, the Debt shall cease to bear interest. For the purposes of this Clause 7, “effective date of completion” means (i) in the case of a merger or demerger, the date of registration thereof with the relevant Companies Register, and (ii) in the case of a sale or transfer of assets, the closing date of such transaction, and (iii) in the case of a Takeover Bid, a date determined by the Board of Directors which shall be no later than ten (10) business days prior to the expiration of the initial offer period of such Takeover Bid.
- 7.3. The conversion of the Debt as well as accrued interest to New Shares 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 and applicable law.
- 7.4. The board of directors of the Issuer shall notify the Creditor without undue delay and in any event within five Business Days of (a) the board of directors of the Issuer resolving to enter into a transaction constituting a Subsequent Event under items (i) or (ii) of Clause 7.1, or (b) the Issuer receiving formal notification of, or it



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otherwise becoming publicly announced, that a Takeover Bid under item (iii) of Clause 7.1 has been made or will be made for the shares in the Issuer.

- 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 of the Issuer 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 this Convertible Bond and until four weeks before the Maturity Date, the Creditor may decide in its sole discretion to convert the Debt as well as 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 Debt as well as any accrued interest up to and including the date on which the Issuer receives the relevant conversion notice (the "**Conversion Notice Date**") shall be converted into New Shares in the Issuer at a price of ISK 1 per share of nominal value. From and after the Conversion Notice Date, the Debt shall cease to bear interest.
- 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 before or 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. Voluntary Conversion

- 9.1. At any time following the Issue Date of this Convertible Bond, the Creditor may, at its sole discretion and for any reason, convert the principal amount, as well as accrued interest, into New Shares in the Issuer by delivering a Conversion Notice to the Issuer (a "**Voluntary Conversion**"), without the requirement for any Capital Raise Event, Subsequent Event, or Maturity Date to have occurred.
- 9.2. Upon receipt of a Conversion Notice pursuant to Clause 9.1:
 - (a) Debt as well as any accrued interest up to and including the Conversion Notice Date shall be converted into New Shares at the Conversion Price;



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- (b) the Issuer shall convene a meeting of the Issuer's board of directors within five (5) business days to resolve on the increase of share capital and the issuance of New Shares to the Creditor;
- (c) the Issuer shall register the increase in share capital with the Icelandic Companies Registry within ten (10) business days of receipt of the Conversion Notice; and
- (d) upon registration of the share capital increase, the Debt and accrued interest shall be deemed repaid in full and this Convertible Bond shall be cancelled (in whole).

9.3. The Creditor's right to demand a Voluntary Conversion under this Clause 9 is in addition to, and does not limit or prejudice, the Creditor's rights under Clauses 5 (Capital Raise Event), 7 (Subsequent Event) and 8 (Maturity Date Conversion Right).

10. Security

10.1. As security for the full and prompt payment of all present and future obligations and liabilities under this Convertible Bond, the Issuer shall grant the Creditor security interest over:

- (a) its intellectual property, according to a general bond dated on or about the date hereof, perfected by registration in the book of chattels with the District Commissioner in the Capital Region (Icel. *Sýslumaðurinn á höfuðborgarsvæðinu*);
- (b) a bank deposit in a specified account, as it stands from time to time, according to a pledge agreement dated on or about the date hereof, perfected by a notice to the possessor of the deposit (the bank) on the security; and
- (c) a claim against the Icelandic tax authorities for the Tax Refund, according to a declaration dated on or about the date hereof, perfected by a notice to the tax authorities as the debtor of the claim.

11. General Provisions

11.1. Nothing contained in this Convertible 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.

11.2. Following conversion, the New 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 registration of New Shares.

12. Event of Default

12.1. If one or more of the following events occur, and such event is neither waived nor cured following a written notice from the Creditor notifying about the Event of



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Default and given fourteen (14) calendar days after receipt of such notice to cure the Event, then such an event shall constitute an “**Event of Default**” of each Convertible Bond:

- 12.1.1. The Issuer fails to pay any amount payable by it under this Convertible Bond when due;
- 12.1.2. The Issuer commits any material breach of its obligation under this Convertible Bond, and if remediable, fails to remedy such breach within fourteen days from the service of written notice by any Creditor notifying the Issuer of such a breach;
- 12.1.3. 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 thirty days, unless such steps or proceedings are being contested in good faith by appropriate proceedings or
- 12.1.4. 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, the planned share capital reduction as authorized by the Shareholders’ Meeting on 1 April 2026 (or any adjourned meeting thereof), 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.
- 12.1.5. Any financial indebtedness of the Issuer in an aggregate amount exceeding ISK 10,000,000 (or its equivalent in any other currency) (i) is not paid when due or within any applicable grace period, (ii) is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described), or (iii) any commitment for any such financial indebtedness is cancelled or suspended by a creditor as a result of an event of default (however described).
- 12.1.6. Any of the Key Personnel ceases to be employed by, or engaged as a consultant or contractor to, the Issuer on a full-time basis (or on such other basis as the Creditor has approved in writing), or any of the Key Personnel gives or receives notice of termination of such employment or engagement, in each case without the prior written consent of the Creditor and prior to the issuance of Tranche 2 bonds.
- 12.1.7. Any event or series of events occurs which, in the reasonable opinion of the Creditor, has or is reasonably likely to have a material adverse effect



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on (i) the business, operations, assets, condition (financial or otherwise) or prospects of the Issuer, (ii) the ability of the Issuer to perform or comply with its obligations under this Convertible Bond, or (iii) the validity or enforceability of this Convertible Bond or the rights and remedies of the Creditor hereunder or thereunder.

12.1.8. The Issuer's shares cease to be admitted to trading on Nasdaq First North Growth Market Iceland (or any successor market), whether voluntarily or involuntarily, unless such shares are simultaneously admitted to trading on another regulated market or multilateral trading facility acceptable to the Creditor in its sole discretion.

12.1.9. It becomes unlawful for the Issuer to perform any of its material obligations under this Convertible Bond, or any material obligation of the Issuer under this Convertible Bond is not, or ceases to be, legal, valid, binding or enforceable.

12.2. The Issuer shall notify the Creditor without delay should any Event of Default occur as described in Clauses 12.1.1 to 12.1.9 above.

12.3. Upon the occurrence of an Event of Default which has not been remedied or waived in writing, the Creditor may, by written notice to the Issuer: (a) declare the Debt, including interest, Default Interest and costs, to be immediately due and payable, whereupon the same shall become immediately due and payable without further notice, demand or presentment of any kind; or (b) at its sole discretion, elect to convert all or any of the outstanding Convertible Bonds into New Shares at the applicable Conversion Price by delivering a Conversion Notice to the Issuer. For the avoidance of doubt, the Creditor's right to accelerate or convert under this clause is in addition to, and without prejudice to, any other rights or remedies available to the Creditor under this Convertible Bond or at law.

12.4. Upon any acceleration of the Convertible Bond, the Creditor shall be entitled to pursue all remedies at law and to enforce its rights hereunder. The occurrence of an Event of Default shall not modify any of the Creditor's conversion rights as set forth in this Convertible Bond.

12.5. The Issuer shall indemnify the Creditor on demand for all reasonable costs, expenses, liabilities and losses incurred by the Creditor as a result of or in connection with any default by the Issuer in the payment of any sum due hereunder and/or the occurrence and/or continuance of any Event of Default.

13. Ranking

13.1. This Convertible Bond will rank *pari passu* with other Convertible Bonds issued under the Convertible Bond Issuance and any other existing and future secured and unsubordinated financial indebtedness of the Issuer that is secured on the same or equivalent assets. The Convertible Bonds will rank ahead of all unsecured and unsubordinated financial indebtedness of the Issuer.



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14. Enforcement

14.1. In case of default of payment of this Convertible 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.

14.2. Enforcement may be effected 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.

15. Costs

15.1. The Issuer shall pay all costs associated with the preparation and issuance of this Convertible Bond provided that the Issuer shall not be responsible for any costs or expenses incurred by the Creditor, including without limitation the Creditor's legal or advisory fees.

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

16. Governing law and jurisdiction

16.1. Icelandic law shall govern this Convertible Bond. In case a lawsuit arises on account of indebtedness, this shall be proceeded with before first the District Court of Reykjavík for disputes on the district court level, then the Court of Appeal and finally the Supreme Court.

This Convertible Bond is issued in accordance with a resolution of the Issuer's Shareholder's Meeting, held on 1 April 2026, as described in Article 4 of the articles of association of the Issuer.

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

This Convertible 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.

[SIGNATURE PAGE FOLLOWS]



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Reykjavik, [xx] April 2026

On behalf of Solid Clouds hf.

Egill Þór Sigurjónsson

Witnesses:

Name, Id.

Name, Id.

[SIGNATURE PAGE TO TRANCHE 1 CONVERTIBLE BOND]