

I. TERMS OF THE CONVERTIBLE BOND

The Board of Directors of Norrhydro Group Oyj (hereinafter referred to as the “**Company**”) has decided to take out a loan in connection with which the Company grants special rights entitling to shares referred to in Chapter 10 of the Finnish Companies Act to the lender so that the lender has the right to subscribe for shares in the Company on the basis of these special rights and to pay the subscription price of the shares by offsetting it against a loan receivable referred to in these terms and conditions (hereinafter referred to as the “**Convertible Bond**”).

1 **Convertible Bond amount**

The maximum total amount of the Convertible Bond is EUR 1,500,000.00.

2 **Subscription rights for Convertible Bond and loan shares**

The Company will take out the Convertible Bond and simultaneously issue fifteen (15) bonds free of charge for loan shares of EUR 100,000.00.

In deviation from the shareholders’ pre-emptive subscription right, the Convertible Bond with its special rights will be offered for subscription by investors (each individually a “**Noteholder**” and jointly the “**Noteholders**”).

In addition to the above, the Noteholder shall also mean the person to whom the Notes defined below have been transferred from time to time in accordance with the consent of the Company.

The shareholders’ pre-emptive subscription right is deviated from because the Company acquires capital to finance growth and the commercialisation of new products, so there is a weighty financial reason for granting special rights from the Company’s point of view. Deviations from the pre-emptive subscription right are also affected by the possibility to carry out the arrangement on an accelerated basis and low transaction costs.

3 **Date and place of subscription of the Convertible Bond**

The Convertible Bond will be subscribed for simultaneously with the decision on the issuance of the Convertible Bond by signing and submitting to the Company the subscription form attached to this Convertible Bond as Annex 1 in accordance with the instructions included in the form. The Board of Directors of the Company has the right to extend the subscription period of the Convertible Bond. The Company’s Board of Directors has the right to approve or reject the subscription and to accept the subscription conditionally.

4 **Maturity and repayment of the Convertible Bond**

The loan shares of the convertible bond are payable upon subscription, but no later than [●] January 2024. Acceptance of the subscription is conditional upon the full payment of the subscription price no later than [●] January 2024.

The Loan Period begins when the Convertible Bond is paid to the Company (the “**Withdrawal Date**”) and ends on 31 December 2026 (the “**Maturity Date**”), at which time the Convertible Bond matures in full for repayment in accordance with these terms and conditions.

The Company shall also have the right to repay all or part of the Convertible Bond to the Noteholders signed in accordance with Section I.6 below at any time prior to the Maturity Date, but not earlier than 24 months after the subscription of the Convertible Bond.

The Company shall notify the Noteholder of the repayment of the Note thirty (30) days prior to the intended repayment, in which case the Noteholder has the opportunity, within that thirty (30) day period, to notify the Board of Directors of the Company that he/she will exercise his/her right to subscribe for shares in the Company in accordance with Section II prior to repayment, provided that the subscription takes place during the share subscription period specified in Section II.2.

The repayment of the Convertible Bond shall be effected against the assignment of the Notes and, in the case of partial repayment, against an entry for repayment in the Note.

5 Convertible Bond interest rate

The Convertible Bond shall bear an annual interest rate of ten (10) per cent for the loan period.

The annual interest is due and payable annually every 6 months from the date of withdrawal. The last interest period ends on the date on which the Convertible Notes are repaid in full.

If the interest payment date is not a business day, the interest can be paid on the following business day.

6 Convertible Bond Note

The Company will issue to the Noteholders notes in accordance with Annex 2 (each individually a “**Note**” and jointly the “**Notes**”), numbered 1–15 according to the loan shares.

The Notes are denominated in euros and each Notes are made up of these terms.

7 Transferability of the Note

The Note and related special rights may only be transferred with the consent of the Company. Special rights attaching to the Convertible Bond may not be transferred without simultaneously transferring the claim under the Convertible Bond to the same assignee.

8 Ranking of the Convertible Bond

The Convertible Bond entitles the Noteholder to payment from the Company’s assets after the Company’s preferential obligations and on an equal footing with other non-preferential obligations.

9 Repayment of the Convertible Bond

The Noteholder has the right to repay the entire principal amount and interest immediately after notifying the Company in writing if:

- 1) the Company has failed to pay the interest due in accordance with the terms of the notes and the Company has not paid the payment within 30 days of the Noteholder’s written notice;
- 2) The Company has been placed in restructuring proceedings or declared bankrupt.

10 Other terms

The Noteholder shall provide the Company with his/her contact information valid from time to time in order to submit notifications in accordance with and related to this Convertible Bond. The Noteholder shall, upon request, also provide the Company with other information required by the Company in connection with the Note and its management.

II. TERMS AND CONDITIONS OF SHARE SUBSCRIPTION AND CONVERSION RIGHTS

Right of exchange and exchange ratio

The Noteholder has the right, subject to the terms and conditions described below, to exchange the Convertible Bond for shares in the Company in accordance with these terms and conditions.

The Noteholder will be granted special rights entitling them to subscribe for new shares in the Company as follows:

- Loan share 1, a total of 48,000 special rights, each entitling to subscribe for one (1) new share in the Company;
- Loan share 2, a total of 48,000 special rights, each entitling to subscribe for one (1) new share in the Company;
- Loan share 3, a total of 48,000 special rights, each entitling to subscribe for one (1) new share in the Company;
- Loan share 4, a total of 48,000 special rights, each entitling to subscribe for one (1) new share in the Company;
- Loan share 5, a total of 48,000 special rights, each entitling to subscribe for one (1) new share in the Company;
- Loan share 6, a total of 48,000 special rights, each entitling to subscribe for one (1) new share in the Company;
- Loan share 7, a total of 48,000 special rights, each entitling to subscribe for one (1) new share in the Company;
- Loan share 8, a total of 48,000 special rights, each entitling to subscribe for one (1) new share in the Company;
- Loan share 9, a total of 48,000 special rights, each entitling to subscribe for one (1) new share in the Company;
- Loan share 10, a total of 48,000 special rights, each entitling to subscribe for one (1) new share in the Company;
- Loan share 11, a total of 48,000 special rights, each entitling to subscribe for one (1) new share in the Company;
- Loan share 12, a total of 48,000 special rights, each entitling to subscribe for one (1) new share in the Company;
- Loan share 13, a total of 48,000 special rights, each entitling to subscribe for one (1) new share in the Company;
- Loan share 14, a total of 48,000 special rights, each entitling to subscribe for one (1) new share in the Company; and
- Loan share 15, a total of 48,000 special rights, each entitling to subscribe for one (1) new share in the Company.

The subscription price of the shares subscribed based on the special rights is EUR 2.08333 per share (the “**Subscription Price**”). Each Note can be used to exchange for a maximum of 48,000 new shares in the Company, unless the Subscription Price has been changed as described in Section II.4 below. The conversion of all the Notes would therefore result in the issuance of a maximum of

720,000 shares in the Company, unless the Subscription Price is amended in accordance with Section II.4. The maximum number of shares will be deviated from if the subscription price changes based on Section II.4.

The Subscription Price of the shares subscribed on the basis of special rights corresponds to the Board of Directors' understanding of the fair value of the Company's shares and is based on the stock exchange price development of the Company's shares prior to the decision date.

When exercising the Conversion Right, the portion corresponding to the Subscription Price of the share will be set off against the loan capital of the Convertible Bond. The share subscription price will be recorded in full to the reserve for invested unrestricted equity.

2 Conversion period and procedure for exercising the conversion right

The Noteholder shall have the right, at any time at its option, subject to the terms and conditions set forth herein, to convert the Note for shares in the Company during the share subscription period, which begins when the Noteholder has paid the loan capital in full to the Company in accordance with the Notes and continues until the principal has been repaid in full.

However, the subscription period ends no later than 30 December 2026. After this, the special rights will automatically lapse and no longer confer the right to subscribe for shares.

The exercise of the conversion right is possible by converting the loan capital under the Notes that is currently unpaid into new shares in the Company. The Noteholder shall submit to the Board of Directors of the Company a written conversion demand in accordance with Annex 3, which constitutes a subscription for new shares.

The Subscription Price for the Shares is paid by setting off unpaid loan capital under the Convertible Bond. The offsetting shall be deemed to take place at the same time as the subscription of the shares.

Any unused special rights shall automatically lapse and shall no longer confer any right to subscribe for shares.

For the sake of clarity, it is stated that in connection with the exercise of the conversion right, the accrued interest will not be converted into shares in the Company. Interest shall be due and payable in the manner referred to in Section I.5 above.

Once the Board of Directors of the Company has received a written exchange request and the Noteholder has transferred the Notes to the Company, the Board of Directors of the Company shall approve the subscription of new shares in the Company based on the special rights under the Convertible Bond. At the latest within 30 (thirty) days from the presentation of the conversion request the Company shall file with the Trade Register notification with regard to entering the new shares to the Trade Register.

Subscribed and fully paid shares are recorded in the subscriber's book-entry account.

3 Shareholder rights

The Company's shares are traded on the Nasdaq First North Growth Market ("**First North**") and entered into the book-entry securities system maintained by Euroclear Finland Ltd. The new shares in the Company subscribed on the basis of the Convertible Bond carry the right to dividend and other shareholder rights equally with the shares previously issued by the Company after they have been entered in the Trade Register.

The Company undertakes to apply for admission to trading on First North as soon as possible after the shares have been registered with the Trade Register, provided that the Company's shares are admitted to trading on an MTF at the time of exercising the conversion right.

4 **Rights of Noteholders in certain specific cases**

The status of the Noteholders in certain situations referred to in the Finnish Companies Act during the conversion period before exercising the right of conversion is as follows:

Share issue or granting of rights pursuant to Chapter 10 of the Finnish Companies Act in accordance with some other decision: The Noteholder does not have rights based on special rights in the share issue or in the granting of rights pursuant to Chapter 10 of the Finnish Companies Act in accordance with some other decision, and the issuance of rights pursuant to Chapter 10 of the Finnish Companies Act in accordance with some other decision does not affect the rights conferred by special rights. Notwithstanding the foregoing, the Subscription Price of the shares may be changed in the following situations:

- a. If the Company issues new shares pursuant to the shareholders' pre-emptive subscription right pursuant to Chapter 9, Section 3 of the Finnish Companies Act, the Subscription Price may be reduced immediately prior to the Completion of the Share Issue by multiplying the Subscription Price by the following fraction, which shall not, however, exceed 1/1:

$$(A+B)/(A+C),$$

where (i) A is the total number of the Company's shares listed on First North immediately prior to the publication of the terms and conditions of the share issue, (ii) B is the number of shares in the Company that could be purchased at the total consideration received by the Company for the share issue if the closing price of the last trading day preceding the publication of the terms and conditions of the share issue were used as the price per share, and (iii) C is the number of shares issued. Costs arising from or related to the share issue shall not be deducted in calculating the total consideration referred to above. If the consideration is paid in a non-cash form, the total consideration shall be calculated on the basis of the market value of that consideration at the time of transfer.

If the Subscription Price decreases, the Note will be converted so that the relative proportion of the new shares in the Company that can be subscribed on the basis of the conversion right to the total number of all shares in the Company remains the same.

- b. If the Company carries out a share split, i.e. decides on a gratuitous share issue to its shareholders in proportion to their shares already held, or a reverse share split, i.e. decides on combining the shares in the same proportion as the shareholders own shares by redeeming shares without consideration, the Subscription Price will be reduced (in the case of a share split) or increased (in the case of a reverse share split) so that the proportional share of new shares in the Company that can be subscribed for on the basis of the conversion right of the total number of all shares in the Company and the aggregate subscription price of the new shares in the Company that can be subscribed for on the basis of the conversion right remain the same.

“Completion of the Share Issue” means the later of (i) the date of issuance of the shares and (ii) the first date on which the amended Subscription Price may be determined as set forth above.

However, no changes will be made to the subscription price when shares, options or other special rights entitling to shares referred to in Chapter 10 of the Finnish Limited Liability Companies Act are granted to current or former employees of the Company, members of the Board of Directors, members of the Board of Directors independent of the Company or managers who have been or are in a managerial position, or managers, consultants or former consultants independent of the Company, or to the personal to the Company or their spouses or relatives, or for the benefit of such persons, in all cases within the framework of an existing share or option plan or incentive scheme for employees, directors or managers.

Restoration of rights pursuant to Chapter 10 of the Finnish Companies Act to the Company: The Noteholder has no rights under special rights when the Company acquires rights under Chapter 10 of the Finnish Companies Act back to the Company, and the acquisition of rights pursuant to Chapter 10 of the Finnish Companies Act does not affect the rights conferred by special rights.

Repurchase or redemption of the Company’s own shares: The Noteholder has no rights under special rights in connection with the acquisition or redemption of the Company’s own shares, and the repurchase or redemption of the Company’s own shares does not affect the rights conferred by the special rights, except for the reverse share split mentioned above.

Notwithstanding the foregoing, if the Company decides to acquire or redeem shares from all its shareholders during the loan period before exercising the conversion right, the Noteholder shall have equal rights with the shareholders. Equality is implemented in a manner decided by the Company’s Board of Directors.

Distribution of funds: The Noteholder has no rights based on special rights when distributing the Company’s assets in a manner referred to in Chapter 13, Section 1, Subsection 1 of the Finnish Companies Act, and the distribution of assets does not affect the rights conferred by special rights.

Liquidation: If, during the loan period, the Company is wound up, dissolves otherwise than as a result of a demerger, merger or transfer of domicile, or is removed from the register, the Noteholder shall have the opportunity to exercise his/her right of conversion within a period set by the Board of Directors or by a liquidator replacing the Board of Directors. After this, the right of conversion no longer exists.

Merger, demerger, change into a European Company or transfer of domicile: If, during the loan period, the Company decides to merge as a merging company with another company or with a company formed in a combination merger or decides to demerge in whole or in part as a demerging company, the Noteholders shall have the right to exercise the right of conversion within a period set by the Board of Directors prior to the registration of the execution of the merger or demerger. Alternatively, the Board of Directors may grant the Noteholder the right to exchange special rights to option rights issued by another company pursuant to Chapter 10 of the Finnish Companies Act in the manner prescribed in the merger or demerger plan or otherwise determined by the Board of Directors, or give the Company’s consent required in Section I.7 to transfer the Notes and special rights based thereon to a third party prior to the completion of the registration of the merger or demerger. After this, the right of conversion no longer exists.

The same procedure applies to a cross-border merger or demerger, or if, after becoming a European Company (*Societas Europae*) or otherwise, the Company transfers its domicile from Finland to another Member State of the European Economic Area.

If the Company is the acquiring company in the merger or demerger, the rights conferred by the special rights shall not be affected by the merger or demerger.

The Noteholder does not have the right to demand redemption of special rights pursuant to Chapter 16, Section 13, Chapter 17, Section 13 or Chapter 17a, Section 18 of the European Company Act (742/2004, as amended).

Redemption of minority shares pursuant to Chapter 18 of the Finnish Companies Act: If a redemption right or redemption obligation of the minority shares as referred to in Chapter 18, Section 1 of the Finnish Companies Act arises in the Company based on the shareholder holding more than 90% of all shares and votes in the Company, the Board of Directors of the Company reserves without delay after the Company has been notified of the existence of the redemption right and obligation to the Noteholder the right to exercise the conversion right into shares within a period set by the Board of Directors. After the deadline set for exercising the right of exchange as mentioned above, the right of exchange no longer exists.

5 Applicable law

The Convertible Bond shall be governed by Finnish law without regard to its principles and rules on conflict of laws.

6 Disputes

Any disputes arising from this Convertible Bond shall be finally settled by arbitration in accordance with the Arbitration Rules of Finland Chamber of Commerce. The arbitral tribunal shall consist of one member. The place of arbitration shall be Helsinki, Finland. The language of the arbitration shall be Finnish. However, evidence may be filed and witnesses may also be heard in English if the arbitral tribunal deems it appropriate.

7 Other issues

Other matters related to the Convertible Bond and the exercise of the Conversion Right and technical matters related to the Convertible Bond shall be decided by the Board of Directors of the Company. Notices to the Noteholder shall be delivered by letter to the postal address provided by the Noteholder to the Company or by e-mail. The notification shall be deemed to have been notified on the working day following that on which it was sent.