

TERMS FOR

TECNOTREE CORPORATION'S

UP TO EUR 50,000,000

COMPULSORILY CONVERTIBLE DEBENTURE

Date 22 June 2023

TABLE OF CONTENTS

I TERMS OF THE CONVERTIBLE DEBENTURE.....	3
1. DEFINITIONS.....	3
2. AMOUNT OF THE CONVERTIBLE DEBENTURE.....	4
3. THE SUBSCRIPTION RIGHT OF THE NOTES AND SPECIAL RIGHTS	4
4. SUBSCRIPTION PERIOD AND VENUE FOR SUBSCRIPTION OF THE NOTES.....	5
5. LOAN PERIOD OF THE CONVERTIBLE DEBENTURE AND REPAYMENT.....	5
6. RANKING OF THE NOTES	5
7. INTEREST OF THE CONVERTIBLE DEBENTURE	5
8. NOTEHOLDERS' REGISTER	6
9. TRANSFERABILITY OF THE NOTE.....	6
10. REDEMPTION OF THE NOTES.....	6
11. OTHER TERMS OF THE CONVERTIBLE DEBENTURE.....	6
II TERMS FOR CONVERSION OF THE CONVERTIBLE DEBENTURE.....	6
1. CONVERSION RIGHT AND CONVERSION PRICE	6
2. PROCESS REGARDING USE OF THE CONVERSION RIGHT	7
3. ACCELERATED CONVERSION	7
4. COMPULSORY CONVERSION.....	8
5. SHAREHOLDER RIGHTS	8
6. RIGHTS OF THE HOLDERS OF SPECIAL RIGHTS IN CERTAIN SPECIAL CASES	8
7. GOVERNING LAW AND DISPUTE RESOLUTION	9
8. MISCELLANEOUS.....	9

I TERMS OF THE CONVERTIBLE DEBENTURE

1. DEFINITIONS

In these terms and conditions (the “**Terms**”):

“**Acquisition**” means the publication of a binding public tender offer by any party for all of the Issuer’s shares not already owned by such party.

“**Conversion Notice**” has the meaning provided in Clause II.2.2.

“**Conversion Period**” means the period commencing on the third anniversary of the Issue Date and ending on the Maturity Date.

“**Conversion Price**” has the meaning provided in Clause II.1.4.

“**Conversion Right**” has the meaning provided in Clause II.1.1.

“**Interest**” means the interest on the Notes calculated in accordance with Clause I.7.1.

“**Interest Payment Date**” means January 5th of each year. The first Interest Payment Date for the Notes shall be 5 January 2024 and the last Interest Payment Date shall be the date of the relevant Conversion Notice or, if the Notes are redeemed, the Redemption Date.

“**Interest Period**” means (i) in respect of the first Interest Period, the period from (and including) the relevant date of payment of the subscription price of the Notes to 31 December 2023 and (ii) in respect of the subsequent Interest Periods, a calendar year. The last Interest Period shall end on the date of the relevant Conversion Notice, or if the Notes are redeemed, the Redemption Date.

“**Interest Rate**” means 0.01 per cent per annum.

“**Issue Date**” means 22 June 2023.

“**Issuer**” means Tecnotree Corporation, a public limited liability company incorporated under the laws of Finland with business identity code 1651577-0.

“**Loan**” means the compulsorily convertible debenture loan to the Company under these Terms as represented by the Notes.

“**Loan Period**” has the meaning provided in Clause I.5.1.

“**Maturity Date**” means the fifth anniversary of the Issue Date.

“**Nominal Amount**” means EUR 100,000.

“**Notes**” means debt instruments, each for the Nominal Amount and of the type referred to in Section 34 of the Act on Promissory Notes (FI: *Velkakirjalaki 622/1947*, as amended) (FI: *joukkovelkakirja*), and which are governed by and issued under these Terms. The Notes are convertible into Shares in the Issuer as stipulated in these Terms,

and the Issuer will issue one (1) Special Right for each Note to the Noteholders on the relevant Issue Date to establish such conversion right.

“**Noteholder**” means the Person who is registered in the register maintained by the Issuer as a registered owner with respect to a Note.

“**Shares**” means new shares of the Issuer.

“**Person**” means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, unincorporated organisation, government, or any agency or political subdivision thereof or any other entity, whether or not having a separate legal personality.

“**Redemption Date**” means the date on which the Issuer pays the redemption price to the Noteholder.

“**Special Rights**” means special rights entitling to shares as referred to in Chapter 10, Section 1 of the Finnish Companies Act (624/2006).

“**Subscription Period**” means the period during which the Issuer’s shareholders may subscribe to the Notes as specified in Clause I.4.1.

2. AMOUNT OF THE CONVERTIBLE DEBENTURE

- 2.1 The amount of the Convertible Debenture shall be EUR 50,000,000 at the most.
- 2.2 The Issuer offers for subscription up to a maximum of 500 Notes, each for the Nominal Amount of EUR 100,000.

3. THE SUBSCRIPTION RIGHT OF THE NOTES AND SPECIAL RIGHTS

- 3.1 The Notes are denominated in Euro and each Note is constituted by these Terms.
- 3.2 The Notes are offered for subscription during the Subscription Period for the Nominal Amount of each Note. The Notes are issued on a fully paid basis at an issue price of 100 per cent of the Nominal Amount.
- 3.3 The Notes are offered for subscription to the Persons who are shareholders of the Issuer at the close of trading on the Issue Date. In the case of over-subscription, the Notes shall be allocated to the shareholders in proportion to their shareholdings at the close of trading on the Issue Date as decided by the Board in good faith. Only full Notes will be allocated to the subscribers.
- 3.4 The minimum amount of subscription shall be one Note i.e. EUR 100,000.
- 3.5 The Issuer will issue one (1) Special Right for each Note. Thus, a maximum number of 500 Special Rights may be issued under these Terms. Each Special Right can be converted into a number of 175,747 Shares at the Conversion Price (or into such higher number of Shares as calculated based on Clause II.1.4 below).
- 3.6 The Loan will be used for general corporate purposes including but not limited to research and development, expansion of existing business lines, M&A activities and repurchase of Issuer’s outstanding shares for (i) general treasury purposes and (ii) cancellation of shares. The Special Rights which enable the conversion of the Loan into the Shares pursuant to these Terms are part of the terms of the Loan. Therefore, there is from the Issuer’s point of view a weighty financial reason to issue the Special Rights

to secure the full subscription of the Loan to meet the Issuer's financing needs.

4. SUBSCRIPTION PERIOD AND VENUE FOR SUBSCRIPTION OF THE NOTES

4.1 The Subscription Period for the Notes commences on the Issue Date and ends on 6 July 2023 at 18:00 Finnish time the ("**Subscription Period**").

4.2 The Board of Directors of the Issuer may extend the Subscription Period by a period not longer than 60 days.

4.3 The shareholders of the Issuer interested in subscribing for the Notes shall sign and submit the subscription form to the Issuer during the Subscription Period. The subscription form can be found on the Issuer's website at <https://www.tecnotree.com/releases/stock-release-downloads/> and it will be sent separately by email to each shareholder requesting for it by sending its request by email to investor.relations@tecnotree.com.

4.4 The Board of Directors of the Issuer has the right to approve or disapprove a subscription pursuant to these Terms.

4.5 The subscription price for the Notes shall be paid to the Issuer's bank account/ IBAN FI30 7130 7000 9021 33, BIC: CITIFIHX within 5 business days after the Issuer has approved the subscription and notified the subscriber of such approval. The subscription price can be paid also by setting it off against the subscriber's undisputed receivables from the Issuer. Should the subscriber not pay for the subscription price for the Notes within 5 business days after the Issuer has approved the subscription and notified the subscriber of such approval, the Board of Directors of the Issuer shall be entitled to cancel the respective subscription and allocate the respective Notes to the underwriters.

5. LOAN PERIOD OF THE CONVERTIBLE DEBENTURE AND REPAYMENT

5.1 The Loan Period shall commence on the payment of the subscription price of the Note to the Issuer and shall expire on the Maturity Date.

5.2 The Notes will be redeemed and the Loan become repayable in cash only upon

(i) bankruptcy of the Issuer, in which case the Loan will fall due for repayment at the moment when the Issuer is set into bankruptcy by a court; or

(ii) dissolution through liquidation (FI: *selvitystila*) of the Issuer, in which case the Loan shall fall due for repayment at the moment when placing into the liquidation has been entered into the Trade Register.

6. RANKING OF THE NOTES

6.1 Note(s) shall rank higher than the share capital of the Issuer, but lower than all other debt obligations of the Issuer.

6.2 The Notes shall be unsecured.

7. INTEREST OF THE CONVERTIBLE DEBENTURE

7.1 Each Note carries Interest at the Interest Rate. Interest accrues during an Interest Period.

7.2 Payment of Interest in respect of the Notes shall be made to the Noteholders on each Interest Payment Date for the preceding Interest Period, subject to tax withdrawals or other deductions that the Issuer is obligated to make under applicable laws.

7.3 Interest shall be calculated by using the actual days in a 365 day year.

8. NOTEHOLDERS' REGISTER

8.1 The Issuer shall keep a register of the Noteholders. The Noteholders' register shall include the name of each Noteholder, the number of Notes held by the Noteholder, the date of payment of the subscription price and the date of the Conversion Notice.

8.2 The Issuer may at its discretion issue to the Noteholders separate physical promissory notes representing the Notes.

9. TRANSFERABILITY OF THE NOTES

9.1 The Notes may be transferred between the shareholders of the Issuer. The Notes may also be used as a pledge. Otherwise, the Notes may not be transferred without the consent of the Issuer.

9.2 The Noteholder shall notify the Issuer of the transfer and the Issuer shall record the transfer in the Noteholders' register together with the relevant transfer date. If a physical promissory note has been issued in respect of the Notes, the transferor shall transfer the physical promissory note to the transferee in connection with a transfer.

10. REDEMPTION OF THE NOTES

10.1 Upon the occurrence of a situation referred to in Clause 5.2, the Issuer will redeem the then outstanding Notes by repaying the outstanding amount of the Loan to each Noteholder together with unpaid, accrued interest.

10.2 If the Issuer has issued physical promissory notes representing the Notes, the Noteholder shall deliver the physical promissory notes to the Issuer prior to the repayment of the Loan.

11. OTHER TERMS OF THE CONVERTIBLE DEBENTURE

11.1 For the delivery of the notifications regarding the Notes, the Noteholder shall inform the Issuer of its email address and its postal address as valid from time to time.

11.2 Each Noteholder shall submit to the Issuer all necessary information for the purposes of the administration of the Notes as requested by the Issuer. Such information shall include, but not be limited to, the Noteholder's KYC (know your client) information and bank account details. Should the Noteholder transfer the Notes, the transferee needs to provide the Issuer with the above information regarding the transferee.

II TERMS FOR CONVERSION OF THE CONVERTIBLE DEBENTURE

1. CONVERSION RIGHT AND CONVERSION PRICE

1.1 The Noteholder is entitled to convert each Note into Shares in accordance with the terms described below by exercising the Special Right issued to it in connection with the Note (the "**Conversion Right**").

- 1.2 One Note entitles the Noteholder to subscribe for a number of 175,747 Shares (or for such higher number of Shares as calculated based on Clause II.1.4 below).
- 1.3 Based on the maximum number of Notes and related Special Rights to be issued under these Terms, the Issuer shall issue a maximum number of 87,873,462 Shares (or such higher number of Shares as calculated based on Clause II.1.4 below) under the Notes and related Special Rights to be issued under these Terms.
- 1.4 When converting the Notes into Shares and exercising the related Special Rights, the subscription price of one (1) Share of the Issuer shall be the lower of: (i) 5% less than 10 day moving average of the Shares of the Issuer on the Helsinki NASDAQ stock exchange (or, in case of delisting from the Helsinki NASDAQ stock exchange and relisting into some other stock exchange, on such other stock exchange) on the date of the delivery of the Conversion Notice to the Issuer and (ii) EUR 0.569 (the “**Conversion Price**”). The Conversion Price has been set at the level which the Issuer believes to be fair both for the Noteholders and the Issuer’s other shareholders and to secure the full subscription of the Notes to meet the Issuer’s financing needs.
- 1.5 Upon using the Conversion Right, the subscription price of the Share shall be set off against the principal of the Notes. The subscription price of the Shares shall be entered in its entirety into the Issuer's invested non-restricted equity fund.

2. PROCESS REGARDING USE OF THE CONVERSION RIGHT

- 2.1 A Noteholder shall have the right to convert the Note into the Shares during the Conversion Period.
- 2.2 To convert the Note, the Noteholder shall submit to the Board of Directors of the Issuer a written conversion request (the “**Conversion Notice**”) by which it indicates its decision to exercise the Special Right related to the Note. Each Note can be converted into Shares only in its entirety and not partially.
- 2.3 The Board of Directors of the Issuer shall approve the subscription of the Shares upon the receipt of the Conversion Notice. The Issuer shall file with the Trade Register a notification regarding the issue of new Shares to the Noteholder without undue delay after such approval.

3. ACCELERATED CONVERSION

- 3.1 The Notes will be eligible for accelerated conversion at the election of the Noteholder before the start of the Conversion Period under the following circumstance:
 - (i) In case of Acquisition of the Issuer before the start of the Conversion Period, the Notes may be converted at the Conversion Price; or
 - (ii) In case of de-listing of the Company from the Helsinki NASDAQ stock exchange and failure to relist the Issuer in another stock exchange within 18 months of such de-listing, the conversion of the Notes to the unlisted entity will happen at the lower of (a) the last 10 day moving average of the share price on the Helsinki NASDAQ stock exchange or (b) an independent valuation conducted by either of E&Y, PwC, Deloitte or KPMG.
- 3.2 If a Noteholder wishes to convert its Notes upon the occurrence of (i) or (ii) above, such Noteholder shall submit a Conversion Notice regarding the accelerated conversion to the Board of Directors of the Issuer.

3.3 Upon receipt of a Conversion Notice regarding the accelerated conversion, the Board of Directors of the Issuer shall, subject to the occurrence of (i) or (ii) above, approve the subscription of the Shares. The Issuer shall file with the Trade Register a notification regarding the issue of new Shares to the Noteholder without undue delay after such approval.

4. COMPULSORY CONVERSION

4.1 If not converted (or redeemed in a situation specified under Clause I.5.2 above) earlier, the Noteholder shall be obligated to convert all Notes owned by it into Shares of the Issuer on the Maturity Date.

4.2 By subscribing to the Notes each Noteholder grants the Issuer an unconditional and irrevocable authorisation to submit a Conversion Notice on its behalf on the Maturity Date regarding all Notes held by such Noteholder.

4.3 The Board of Directors of the Issuer shall on the Maturity Date submit a Conversion Notice regarding all outstanding Notes and the Notes will be converted into Shares in accordance with these Terms.

5. SHAREHOLDER RIGHTS

5.1 New Shares that have been subscribed for by exercising the Special Rights relating to the Notes shall have similar rights than the Issuer's Shares issued previously from the moment the new Shares have been entered into the Trade Register.

6. RIGHTS OF THE HOLDERS OF SPECIAL RIGHTS IN CERTAIN SPECIAL CASES

6.1 If the Issuer during the Loan Period issues new shares free of charge, the conversion ratio of the Special Rights shall be adjusted so that the percentual portion of the Shares to be issued under these Terms compared to all shares of the Issuer shall remain unaltered except that the number of new shares to be issued under each Special Right cannot be a fraction. In the event that the above-mentioned calculation would result in a fraction, the number of shares will be rounded down to the highest whole figure. Otherwise, the issuance of new shares or stock options or other Special Rights shall not require any actions from the Issuer regarding the Special Rights.

6.2 If the Issuer during the Loan Period resolves to acquire or redeem its own shares or stock options or other Special Rights through an offer directed to all shareholders or all holders of the above-mentioned rights, an equal offer shall be made to the holders of Special Rights. The redemption or acquisition of the shares and stock options or other Special Rights shall in such a situation be directed also to the holders of Special Rights relating to the Notes in a manner resolved by the Board of Directors of the Issuer. In other situations, the acquisition or redemption of own shares and stock options and other Special Rights shall not require any actions from the Issuer regarding the Special Rights.

6.3 If the Issuer during the Loan Period distributes its funds by other means than as described above, the holders of Special Rights shall not be entitled to participate in the distribution of the funds and the distribution of the funds shall not require any actions from the Issuer regarding the Special Rights.

6.4 If the Issuer is placed into liquidation (FI: *selvitystila*) during the Loan Period, the Notes shall be redeemed as specified in Clause I.5.2 above upon which the related Special Rights shall expire.

- 6.5 If the Issuer during the Loan Period resolves on a merger or division, the holders of Special Rights shall be reserved a right, during the time period set by the Board of Directors of the Issuer, prior to the resolution on the merger or division, to exercise the Special Rights into Shares even before the Conversion Period. Alternatively, the holders of Special Rights shall be given the right to subscribe for special rights issued on similar terms by the receiving company on equal terms as the shareholders will receive shares of the receiving company in accordance with the merger plan or division plan. After the above-mentioned time period reserved for the exercise of the Special Right or after the end of the subscription period of the new special rights, no right to exercise the Special Rights shall exist anymore.
- 6.6 If a redemption right or redemption obligation of the minority shareholders referred to under Chapter 18 of the Finnish Companies Act arises, the Board of Directors shall without undue delay reserve the holders of Special Rights the right to exercise the Special Rights into Shares even before the Conversion Period. After the above-mentioned time period reserved for the exercise of the Special Rights, no right to exercise the Special Rights shall exist anymore.
- 6.7 The change of the domicile of the Issuer shall not require any actions from the Issuer regarding the Special Rights.

7. GOVERNING LAW AND DISPUTE RESOLUTION

- 7.1 The Notes and these Terms shall be governed by the laws of Finland, excluding its choice of law rules.
- 7.2 Disputes arising out of the Notes or these Terms shall be settled by the courts of Finland with the district court of Helsinki in the first instance.

8. MISCELLANEOUS

- 8.1 The Board of Directors shall be entitled to decide on any other matter related to the Notes and the related Special Rights.
- 8.2 Notifications to the Noteholders shall be submitted by email or letter to the addresses notified to the Issuer by each Noteholder. A notification is deemed to have been delivered if sent by email, when actually received in a readable form, or if sent by letter, three (3) days after being deposited postage prepaid in an envelope addressed to the addressee.
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