

CondAlign AS: Contemplated private placement

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CondAlign AS (the "Company") hereby announces a contemplated private placement of new preference shares in the Company (the "New Preference Shares") to raise gross proceeds of minimum NOK 35.8 million and maximum NOK 45.8 million, including conversion of existing debt of NOK 25.8 million (the "Private Placement"). The subscription price per New Preference Share is set at NOK 16.67 (the "Subscription Price"). The New Preference Shares will have the qualities accounted for below.

The Company has engaged SpareBank 1 Markets AS as manager for the Private Placement (the "Manager").

The net cash proceeds from the Private Placement will be used for general corporate purposes and to finance current business, including a potential repayment of existing debt of up to NOK 2 million. Minimum NOK 25.8 million of the Private Placement will be existing debt converted into equity and accordingly not raise cash proceeds for the Company.

Provided that the minimum proceeds from Tranches 2 and 3 (as defined below) is raised the Company estimates that the cash runway will be extended until the end of November 2024, or alternatively until the end of October 2024 if part of the proceeds from the Private Placement are used to repay existing debt. The Company has estimated a total funding need of about NOK 40 million in order to reach positive EBITDA. If the Private Placement is completed, the Company will not have available cash to operate its business other than the cash proceeds from the Private Placement of minimum NOK 10 million and is accordingly dependent on raising further capital (which may include shareholder loans, share issues, debt instruments, other financial instruments and/or a sale of assets or other strategic initiatives). The Company has explored alternative financing options over time and has not been able to attract investor interest by issuing ordinary shares or any kind of debt financing. The Company is accordingly of the view that the proposed structure with issuing the New Preference Shares is required to provide the Company with urgently needed capital to extend the runway for business development and to explore additional future financing.

If the Company fails to raise additional new capital, the Company will need to explore alternative strategic measures, and if not successful, may not be able to sustain its current business plan.

The Company has received pre-commitments to subscribe for New Preference Shares from all creditors of the outstanding NOK 25.8 million convertible loan issued on 9 February 2024 (the "Convertible Loan") by set off of such subscribers claim against the Company under the Convertible Loan against the subscription amount for the New Preference Shares. The holders have also pre-committed to accept that the independent subscription rights issued in connection with the Convertible Loan are cancelled and that the Company will be relieved from the obligation to establish the class of preference shares referred to in the stock exchange announcement by the Company on 7 December 2023, all subject to closing of the Private Placement.

The application period for the Private Placement (the "Application Period") commences on 21 June 2024, and closes on 28 June 2024, at 16.00 hours (CEST). The Manager and the Company may, however, at any time resolve to close or extend the Application Period at their sole discretion and on short or no notice. If the Application Period is shortened or extended, any other dates referred to herein may be amended accordingly.

The Private Placement will be directed towards Norwegian and international investors, in each case subject to and in compliance with applicable exemptions from relevant prospectus, filing and other registration requirements. The Company may at its sole discretion allocate to the extent applicable exemptions from the prospectus requirement pursuant to applicable regulations, including Regulation (EU) 2017/1129 (the Prospectus Regulation) and ancillary regulations, are available.

The Private Placement is split into three different tranches, each with a subscription price of NOK 16.67 per share (the "Offer Price"):

- (i) A tranche of NOK 25.8 million directed at the holders of the Convertible Loan and with a minimum subscription per shareholder of a NOK amount corresponding to EUR 100,000, where settlement shall be made by set-off of claims pursuant to the Convertible Loan ("Tranche 1");
- (ii) An offering directed towards existing shareholders in the Company as of 20 June 2024, as registered in the VPS on 24 June 2024, in reliance on applicable prospectus exemptions ("Tranche 2"); and
- (iii) An institutional offering with cash settlement directed towards qualified investors in accordance with applicable prospectus exemptions ("Tranche 3").

The split of proceeds raised in Tranches 2 and 3 shall be determined by the Board in its sole discretion, however so that the total gross cash proceeds raised shall in aggregate be at least NOK 10 million and maximum NOK 20 million.

The New Preference Shares shall have the following rights:

In the event of any distribution from the Company, whether in one or several distributions and either through dividends, capital reductions (including demergers), liquidation, dissolution or winding up of the Company, any funds and assets of the Company available for distribution (whether in the form of cash payment or payment in kind) shall be distributed as follows:

- (i) First, holders of New Preference Shares will receive an amount on each New Preference Shares equal to 3 times NOK 16.67, being the subscription price for the New Preference Shares in the Private Placement.
- (ii) Second, any additional amounts will be distributed among the holders of Ordinary Shares and New Preference Shares (as deemed converted into Ordinary Shares as set out below) in proportion to their respective holdings of shares in the Company.

Immediately after the preference amount under item (i) has been repaid in full to the holders of New Preference Shares, each Preference Share shall be deemed converted into one Ordinary Share, and thus have the right to receive any part of additional distributions in line with the other Ordinary Shares under item (ii).

If the Company is the transferring company in a merger, the holders of New Preference Shares shall retain preference shares in the surviving company where each consideration share shall have the same economic rights as the New Preference Shares (less any amount already distributed).

Other than the rights set out above the New Preference Shares shall have the same rights as the rights attached to the Ordinary Shares.

Assuming or subject to completion of the Private Placement, the Company will call for an extraordinary general meeting expected to be held on or about 12 2024 (the "EGM") to vote on the following matters (the "EGM Resolutions"):

- Changes to the articles of association in order to establish the New Preference Shares as a new separate share class with rights as set out above; and
- The share capital increase pertaining to the New Preference Shares.

All of the holders of the convertible loan who are also shareholders in the Company have by providing pre-commitments also confirmed their commitment to vote in favor of the EGM Resolutions.

The establishment of the New Preference Shares and the completion of the Private Placement is subject to the following conditions (the "Conditions"): (i) the Company receiving subscriptions for New Preference Shares for an amount exceeding or equal to gross proceeds of NOK 35.8 million (minimum NOK 10 in cash gross proceeds and minimum NOK 25.8 by set off of the Convertible Loan), (ii) the Board of Directors of the Company resolving to allocate the New Preference Shares, (iii) the EGM resolving the EGM Resolutions, (iv) the Company receiving payment (including by set off of Convertible Loan) for all New Preference Shares allocated in the Private Placement by the respective investors, (v) the share capital increase pertaining to the New Preference Shares being registered with the NRBE and the New Preference Shares being validly registered and issued in the VPS, (vi) the debt under the Convertible Loan being set off in full against payment of Offer Price for subscriptions of New Preference Shares in accordance with the terms of the Private Placement (the "Convertible Loan Condition") and (vii) all of the Independent Subscription Rights (as defined below) being cancelled. Further, if the total gross cash proceeds raised

from Tranches 2 and 3 are below NOK 20 million the applications of New Preference Shares are conditional upon the Company being granted a waiver by DNB Bank ASA related to the minimum equity covenant that needs to be met on 30 June 2024 under the current debt facility.

The Private Placement implies a deviation from the existing shareholders' pre-emptive right to subscribe for the New Preference Shares. The Board has considered the Private Placement in light of the equal treatment obligations set out in the Private Limited Liability Companies Act and deemed that the proposed Private Placement is in compliance with these obligations. The Company has explored several financing options to support the short-term liquidity, and the Private Placement is considered as the best option and will put the Company in a position to further explore its options to finance the long-term liquidity needs which is in the interest of all shareholders. All existing shareholders are invited to participate in the Private Placement and will be allocated shares in accordance with their shareholdings as further explained above. The Board has further emphasized that by completing the Private Placement, the Company will settle its debt under the existing convertible loan (the "Convertible Loan") and cancel all outstanding Independent Subscription Rights which currently provides for a right to subscribe preference shares (the "Independent Subscription Rights").

On this background, the Board is of the view that the Private Placement is in compliance with the equal treatment obligations to which the Company is subject and is in the best interest of the Company and its shareholders. The Board has concluded that there is a basis for deviating from the existing shareholders' preferential rights.

The Private Placement will not be completed if the above conditions (the "Conditions") are not fulfilled by 10 August 2024, and the Board may also decide not to complete the Private Placement for any other reason. Neither the Company nor the Manager will be liable for any losses incurred by applicants if the Private Placement is cancelled, irrespective of the reason for such cancellation.

Conditional allocation of the New Preference Shares will be determined by the Board, in consultation with the Manager, following the expiry of the Application Period. Information about conditional allocation will be sent from the Manager to the Applicants who have received conditional allocation shortly after expiry of the Application Period.

The Board will take into account the following allocation criteria when determining the allocation of New Preference Shares:

- The allocation of New Preference Shares in Tranche 1 shall be allocated to existing holders of the Convertible Loan based on the Applicant's proportional portion of the Convertible Loan.
- The allocation of New Preference Shares in Tranche 2 shall be allocated based on the Applicant's proportional portion of the current outstanding shares in the Company.
- The allocation of New Preference Shares in Tranche 3 shall be allocated based on criteria such as (but not limited to) existing shareholding, sector knowledge, investment history, perceived investor quality, investment horizon and shareholder structure.

The Company may, at its sole discretion, set a maximum allocation to any Applicant as well as reject or reduce any application in whole or in part. Holders of the Convertible Loan will as a consequence of the set off of the full Convertible Loan being a condition for the Private Placement be guaranteed allocation for applications to their full holdings of the Convertible Loan.

Further information about settlement of the New Preference Shares will be provided when the New Preference Shares has been allocated and the EGM has been convened.

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