



## PROPOSAL: SHORT-TERM LIQUIDITY REINFORCEMENT

NORWEGIAN CRYSTALS AS

May 12, 2020

### SECTION A

### PARTIES, INTRODUCTION AND OVERVIEW

This proposal (the “**Proposal**”) sets out a summary of the proposed terms and conditions between (i) the Company, (ii) the Secured Creditors, (iii) the Unsecured Creditors (iv) the Shareholders (all as defined below), regarding a contemplated plan to strengthen the short-term liquidity situation of the Company (the “**Reinforcement**”).

The Board of Directors has approved the Company’s long-term business plan towards an annual production capacity of 4 GWp, aiming for an ongoing EBITDA of more than NOK 500 million per year and to create 200 more jobs in Glomfjord, Norway. Estimated investment is around NOK 2 billion, of which around 50% is assumed to be equity. The expansion will likely consist of a one to three steps on the way to a full-scale rollout. Based on previous awards to similar companies and projects, the Company assumes that Governmental Grants and loans will be available from agencies like Innovation Norway and ENOVA.

The Company planned to commence fundraising for the required growth capital in the second quarter of 2020. The fundraising has to be delayed because of the turmoil of the financial markets in the wake of Covid-19 and the unrest around oil-prices. During the period January – April 2020, the Company has demonstrated a sufficiently large gross margin before wages to generate positive EBITDA at a higher utilization of the already installed capacity.

The purpose of the Reinforcement of short-term liquidity is to allow the Company to ramp up capacity utilization to execute on the order backlog and for the first time become profitable at the EBITDA-level. Completion of the Proposal will restore the Company’s positive net equity and provide the runway to ramp up production and service customers until the subsequent larger equity raise can be completed.

The Company’s financial situation, if the Proposal is *not* accepted and completed as described herein, will be critical. If the Proposal is not committed by the necessary stakeholders as described herein within the deadline indicated below, the management and Board of Directors do not see any other alternatives for the Company than insolvency proceedings, i.e. business reconstruction or bankruptcy.

The Proposal comprises the following main elements:

- (i) NOK 21 million of Secured Debt to be amended as further described below, hereunder:
  - a. Innovation Norway: NOK ~12 million, which is the remaining debt after Innovation Norway demanded and received NOK 10 million as extraordinary payment on the loan on December 20, 2019. This extraordinary repayment contributed directly to the Company’s inability to deliver on Talesun Technologies’ purchase orders – see also REC Wafer Bankruptcy Estate and Talesun Technologies below. Innovation Norway has accepted moratorium on instalments on principal until September 10, 2021;
  - b. Meløy Kommune: NOK ~4 million, moratorium on instalments on principal and interest already accepted until November 1, 2021;
  - c. DNB: NOK ~1 million, working capital financing/Letter of Credit related to product deliveries to Trina Solar in March, April and May 2020, to be settled by completing product delivery and

requires no further acceptance;

- d. Trina Solar: NOK ~4.5 million, prepayment related to product delivery in May 2020 to be settled by completing product delivery in May or early June 2020 and requires no further acceptance;
- (ii) NOK ~89 million of Unsecured Creditor debt to be amended as further described below, hereunder:
- a. PVA TePla: NOK ~20.5 million, of which NOK ~10.1 million in overdue leasing payments and NOK 10.4 million in future leasing payments. Subject to final decision by PVA TePla's Supervisory Board, agreement is reached on moratorium until July 1, 2021 at which time it is intended that 40% – NOK ~8.2 million – will be converted to equity in the Company, terms to be agreed, provided that the remaining 60% will be paid after the moratorium has run out, and provided that the Company adheres to a payment plan of EUR 2 thousand per month for the duration of the moratorium. PVA TePla will continue to supply NCR with services and parts on market prices during the moratorium against complete payment of new deliveries. PVA TePla and the Company have agreed jointly to explore the merits of cooperation on NCR's planned larger expansion
- b. REC Wafer's Bankruptcy Estate: NOK ~15 million in accordance with agreement "Avtale om justeringsrett" dated April 7, 2017. February 28, 2020, the Law firm of Kvale, on behalf of the Estate, obtained approval from the Oslo Enforcement Agency to seize NOK 9.8 million of the Company's bank deposits. This blocking of NCR's liquid assets contributed directly to the Company's inability to deliver on Talesun Technologies' purchase orders – see also Innovation Norway above and Talesun Technologies below. If allowed to exist beyond May 28, 2020, the seizure will become a perfected lien that cannot be clawed-back by an administrator of a potentially bankrupted NCR. The Board of Directors views this eventuality as severe in connection with the rights and priorities of other unsecured creditors and that this may be a breach of the principle of equal treatment of creditors. NCR has requested that the Estate releases the seized funds for utilization in the business and that the full claim is given a moratorium until July 1, 2020. The response of the REC Wafer Estate is expected May 15, 2020. If the Company is not able to arrive at a satisfactory resolution – defined solely at the discretion of the Board of Directors – with the REC Wafer Bankruptcy Estate before Proposal Acceptance, the NCR Board of Directors reserves the right to cancel the Reinforcement and as the utmost remedy to secure equal treatment of creditors, to file for bankruptcy for the Company before the seizure is becoming a perfected lien;
- c. Talesun Technologies (Thailand) Co., Ltd.: NOK ~17.5 million, prepayment related to product deliveries in 2019 and 2020. NCR has not delivered in accordance with agreement – see Innovation Norway and REC Wafer's Bankruptcy Estate above. Talesun has notified NCR that they desire to cancel the delayed purchase orders and demand repayment of the advances. The Company is in discussions with Talesun to the effect that this claim may be settled by completing product deliveries in the second half of 2020 provided that the Reinforcement is successfully completed;
- d. Other Unsecured Creditors: NOK ~36 million. The Company offers the unsecured creditors that are not PVA TePla AG, REC Wafer's Bankruptcy Estate or Talesun Technologies (Thailand) Co., Ltd., the following options:
- Full payment of outstanding debts following a moratorium and full payment holiday to July 1, 2021; the outstanding debt will carry 3% annual interest from June 1, 2020 to July 1, 2021. All debt collection in process shall be terminated. The creditors that are suppliers to the Company must continue supply of material and services during the moratorium against cash payments of new supplies; or:
  - Full payment of outstanding debts by converting the outstanding balance into equity in the Company on the same terms as the Capital Injection.
  - The remaining amount of any outstanding balance after an Unsecured Creditor has declared the amount they wish to convert to equity, if any, will by default be

- deemed to be subjected to the moratorium.
- Although the Company cannot force the unsecured creditors to accept the proposed moratorium, the result *will be* insolvency proceedings if the Proposal should not become effective. Unsecured Creditors stand to receive no dividends in case of a bankruptcy and the consequences will be severe for all the Company's stakeholders – customers, creditors, employees, the local community and shareholders.
- e. Small Unsecured Creditors with outstanding amounts of less than NOK 100 thousand each. This is a subset of Other Unsecured Creditors totaling claims of NOK ~3 million and representing around 70% of the total number of Unsecured Creditors. To ease the Company's effort of communicating with, and managing the claims of all creditors, the Company will offer creditors with outstanding balances equal to or less than NOK 100 thousand, the additional option of receiving 40% payment in cash per June 30, 2020 under the condition that the remaining 60% are written off and forgiven.
- (iii) Capital Injection of minimum NOK 20 million from offering new ordinary shares in the Company to existing Shareholders and External Investors as further described below, hereunder:
- a. Ordinary shares in the Company are offered at a price per share equal to or greater than NOK 1.00 and equal to or less than NOK 1.50;
  - b. The final price per share will be determined by book-building;
  - c. The Company reserves the right to accept subscriptions totaling more than the minimum proceeds of NOK 20 million, the highest price per share stated in the marginally accepted subscription will determine the price for all shares in the Capital Injection provided this is equal to or greater than NOK 1.00 and equal to or less than NOK 1.50
  - d. Existing Shareholders: Shareholders who want to subscribe in the Capital Injection will need to subscribe not later than 12.00 CET on May 18, 2020
  - e. Existing Shareholders are asked to waive their preemptive rights under sections 10-4 and 10-5 of the Companies Act
  - f. New Investors: The Company has engaged DNB Markets and Clarksons Platou Securities as Financial Advisors to raise equity from External Investors. The Financial Advisors and NCR have a mutual expectation that the Financial Advisors will support the Company also in the subsequent fundraising for growth capital and potential listing at a recognized stock market. External Investors will be offered the same terms as existing shareholders but will be given until 12.00 CET on May 25, 2020 to subscribe in the Capital Injection
- (iv) The Proposal is further subject to such conditions as set out in SECTION D below.

\* \* \* \* \*

**ACCEPTANCE FORM – see Appendix 1**

Each of the Unsecured Creditors and the Shareholders are kindly asked to confirm their acceptance of the Proposal by execution of the Acceptance Form.

**SUBSCRIPTION FORM – see Appendix 2**

The Shareholders are further invited to subscribe for shares in the Capital Injection by execution of one or more Subscription Forms.

The Unsecured Creditors are further invited to subscribe for shares in the Debt Conversion by execution of one or more Subscription Forms.

Please note that a Party wishing to both accept the Proposal *and* subscribe for shares in the Capital Injection *and/or* subscribe for shares in the Debt Conversion must return both the Acceptance Form *and* the Subscription Form accordingly.

This Proposal will enter into effect and become a binding agreement between the Company and the accepting Parties on the following conditions:

- (i) Acceptance by at least 50% of the Creditors measured in value;
- (ii) Satisfactory resolution – defined solely at the discretion of the Board of Directors – on the treatment of outstanding debt owed to the REC Wafer Bankruptcy Estate;
- (iii) Shareholders and New Investors having subscribed for shares in the Capital Injection resulting in an aggregate Capital Injection of NOK 20 million or more; and
- (iv) a qualified majority (2/3 or more) of the Shareholders having accepted the Proposal including to waive their preemptive rights under sections 10-4 and 10-5 of the Companies Act.

**ALL PARTIES ARE REQUESTED TO SUBMIT THE ACCEPTANCE FORM AND (IF APPLICABLE) THE SUBSCRIPTION FORM NO LATER THAN BY 12:00 CET ON MAY 18, 2020.**

Each Party having accepted the Proposal shall be bound by its acceptance (and if applicable its subscription in the Capital Injection) and may only withdraw its acceptance/subscription if the Company has not announced by 18:00 CET on May 19, 2020 that the Proposal Acceptance has occurred or the Company has not announced by 18:00 CET on 25 May 2020 that the Effective Date has occurred.

\* \* \* \* \*

**SECTION B****DEFINITIONS**

<b>Acceptance Form</b>	means a binding approval and accept of the Proposal on the terms as set out herein, attached hereto as Appendix 1.
<b>Capital Injection</b>	means the aggregate capital increase of minimum NOK 20 million as further described in SECTION C herein.
<b>Closing</b>	means the day after the completion of the general meeting of the Company having passed the necessary resolutions with respect to the Debt Conversion and the Capital Injection, anticipated to be May 28, 2020.
<b>Company</b>	means Norwegian Crystals AS, org.no. 998 602 734.
<b>Debt Conversion</b>	means the right of Unsecured Creditors to convert all or parts of their claims to shares in the Company on the same terms as for the Capital Injection. The remaining amount of any outstanding balance after an Unsecured Creditor has declared the amount they wish to convert to equity, if any, will by default be deemed to be subjected to the Moratorium.
<b>Effective Date</b>	means the date when the necessary number of Parties have accepted this Proposal and subscribed for a sufficient number of shares in the Capital Injection.
<b>Moratorium</b>	means that Secured and Unsecured Creditors accept to let outstanding claims on the Company be frozen until July 1, 2021 with a complete payment holiday for the same period. Unsecured Creditors also accepts to continue supply of material and services against cash payment for new materials and services, but without any collection on the claims subject to the Moratorium – collection efforts in process shall be terminated. The remaining amount of any outstanding balance after an Unsecured Creditor has declared the amount they wish to convert to equity, if any, will by default be deemed to be subjected to the Moratorium.
<b>New Investors</b>	means investors that have subscribed for participation in the Capital Injection, who are not Shareholders.
<b>Parties</b>	means (i) the Company, (ii) the Secured Creditors, (iii) the Unsecured Creditors and (iv) the Shareholders.
<b>Proposal Acceptance</b>	means that (i) at least 50% of the Creditors measured in value and (ii) a qualified majority (2/3 or more) of Shareholders have accepted the Proposal.
<b>Secured Creditors</b>	means creditors and lenders that hold a perfected lien on any of the Companies' assets at the date of this Proposal; such creditors being Innovation Norway, Meløy Kommune, DNB and Trina Solar.
<b>Shareholders</b>	means the shareholders of the Company at the date of this Proposal.
<b>Small Unsecured Creditors</b>	means creditors and lenders that do not hold a perfected lien on any of the Companies' assets at the date of this Proposal and whose outstanding balance is equal to or less than NOK 100 thousand – a subset of Unsecured Creditors

**Subscription Form** means a binding approval and request to participate in the Capital Injection or to convert debt to equity, on the terms as set out herein, attached hereto as Appendix 2.

**Unsecured Creditors** means creditors and lenders that do not hold a perfected lien on any of the Companies' assets at the date of this Proposal.

**SECTION C NOK 20 MILLION OR MORE CAPITAL INJECTION**

**Capital Injection** Each Shareholder and New Investor is hereby offered to subscribe for shares in the Company at a price per share equal to or greater than NOK 1.00 and equal to or less than NOK 1.50.

**Subscription** Each Shareholder or New Investor wishing to subscribe for shares must do so by filling out the Subscription Form attached hereto. Subscription is a binding request to participate in the Capital Injection.

Multiple subscriptions are allowed and should the Company receive more than one Subscription Form from a Shareholder or New Investor, all Subscription Forms will be counted and aggregated unless identical. If two or more identical Subscription Forms are received, the Subscription Form will only be counted once unless otherwise explicitly is stated on one of the Subscription Forms.

The Company may not be held responsible for postal delays, unavailable internet lines, servers, or other logistical or technical matters that may result in subscriptions not being received in time or at all by the Company.

**Book-building** Individual Shareholders and New Investors must indicate the total amount for which they subscribe as well as the highest price they will accept within the range of NOK 1.00 (inclusive) to NOK 1.50 (inclusive) per share.

The Company will sort the Subscriptions for new shares by the indicated price per share in descending order and aggregate the total subscription amounts until the minimum Capital Injection amount of NOK 20 million is reached.

The Board of Directors reserves the right to accept a larger number of subscriptions even if the minimum Capital Injection amount in that case would be exceeded.

The price per share indicated on the marginal subscription that the Board of Directors accepts, will be the price per share for all subscriptions and a number of shares corresponding to the subscribed amount divided by the price per share will be allocated to the accepted subscriptions.

**SECTION D****ADDITIONAL CONDITIONS FOR THE REINFORCEMENT**

In addition to the conditions otherwise described herein, the completion of the transactions contemplated by this Proposal will be subject to satisfaction of the following conditions:

Anticipated timeline	<p>The Company will work to complete the Proposal under the following anticipated timeline:</p> <p><b>May 19:</b> Subject to the necessary number of acceptances of the Proposal, the Company shall announce that the Proposal Acceptance has occurred, no later than 18.00 CET</p> <p><b>May 20:</b> The Company will call for a General Meeting of Shareholders</p> <p><b>May 25:</b> Subject to the necessary number of acceptances of the Proposal and subscriptions in the Capital Injection, the Company shall announce that the Effective Date has occurred, no later than 18.00 CET and announce share allocations in the Capital Injection and the Debt Conversion</p> <p><b>May 27:</b> General Meeting of Shareholders to be conducted to approve share capital increases</p> <p><b>May 28:</b> Payment for shares</p>
Lock-up	<p>Any Shareholder having accepted the Proposal may not sell or otherwise transfer any shares in the Company prior to Closing.</p>
Voting Undertaking	<p>All Shareholders having accepted the Proposal undertake to vote in accordance with the Proposal in the necessary resolutions of the Company's General Meeting.</p>
Costs	<p>Each Party shall cover all its own costs (including legal fees and other out of pocket expenses) in connection with the Recapitalization.</p>
Governing law and dispute resolution	<p>This Proposal shall be governed by and construed in accordance with Norwegian law. Oslo District Court shall be the exclusive venue for any dispute, controversy or claim arising from this Proposal.</p>

On behalf of Norwegian Crystals AS,



Gøran Bye  
Chief Executive Officer

Contacts:

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## ACCEPTANCE FORM

The undersigned hereby accept the Proposal made by Norwegian Crystals AS on 18 May 2020, by execution of this Acceptance Form.

The Proposal shall enter into effect and become a binding agreement between the Company and the accepting Parties on the following conditions:

- (i) **Acceptance by at least 50% of the Creditors measured in value;**
- (ii) **Satisfactory resolution – defined solely at the discretion of the Board of Directors – on the treatment of outstanding debt owed to the REC Wafer Bankruptcy Estate;**
- (iii) **Shareholders and New Investors having subscribed for shares in the Capital Injection resulting in an aggregate Capital Injection of NOK 20 million or more; and**
- (iv) **a qualified majority (2/3 or more) of the Shareholders having accepted the Proposal including to waive their preemptive rights under sections 10-4 and 10-5 of the Companies Act.**

For Unsecured Creditors: I/we wish to convert NOK [\_\_\_\_\_] of my/our outstanding balance against Norwegian Crystals AS, to equity on the same terms as the Capital Injection. The balance, if any, will be subjected to the moratorium and payment holiday until July 1, 2021 and all collection in process will be terminated. *Please remember also to execute a Subscription Form for the desired debt conversion.*

For Small Unsecured Creditors: My/our outstanding balance against Norwegian Crystals AS is equal to or less than NOK 100 thousand and I/we wish to accept the additional option of receiving 40% payment in cash per June 30, 2020 under the condition that the remaining 60% are written off and forgiven. [YES/NO] *Indicate which you choose, if no indication, the Company will assume NO as default*

This acceptance of the Proposal shall be irrevocable and may not be withdrawn unless the Company has not announced by 18:00 CET on 19 May 2020 that the Proposal Acceptance has occurred or the Company has not announced by 18:00 CET on 25 May 2020 that the Effective Date has occurred.

### FOR AND ON BEHALF OF:

\_\_\_\_\_  
*Company name / personal name (as applicable)*

\_\_\_\_\_  
*Signature*

\_\_\_\_\_  
*Name with capital letters*

\_\_\_\_\_  
*Title*



## SUBSCRIPTION FORM

### 1 SUBSCRIPTION

This subscription form (the "**Subscription Form**") is a binding acceptance of an offer to participate in the Capital Injection related to the Reinforcement of short-term liquidity of Norwegian Crystals AS (reg.no. 998 602 734) (the "**Reinforcement**").

The undersigned (the "**Subscriber**"), declares and confirms that it will vote in favor of the Reinforcement as set out in the Proposal in the next general meeting of the Company and subscribe for shares in the Capital Injection as set out below (the "**Subscription**"):

Place and Date:	
Name of Subscriber:	
Street Address:	
Postal code/ area:	
Nationality:	
Social security number/ Business organization number:	
Email address:	
Daytime telephone number:	
Amount (in NOK) for which the Subscriber wants to subscribe, in cash or converted debt. <i>The resultant number of shares will be calculated based on the final share price in the book-building process</i>	
The highest acceptable price per share (in NOK) that the Subscriber will accept to pay.  <i>The applicable range is equal to or greater than NOK 1.00 and equal to or smaller than NOK 1.50 per share</i>	
Signature on behalf of Subscriber:	
Name and title of Subscriber/ signing representative in block letters:	

### 2 CONFIRMATION

The Subscriber confirms its request to participate as specified above, on the terms and conditions set out in the Proposal. The Subscription is irrevocable for the Subscriber and cannot be withdrawn, cancelled or modified by the Subscriber after being received by the Company.

The Subscriber confirms that it:

- is not subscribing, neither for own account nor for the account of others, in violation of the selling and transfer restrictions of any jurisdiction or as set out in investor material;
- has made its own assessment of the Company, and has, to the extent deemed necessary by the Subscriber, consulted with its own independent advisors concerning relevant financial, operational, tax, legal, currency and other considerations relating to its Subscription;
- has been afforded an opportunity to request from the Company, and has received, all additional information considered by it to be necessary to verify the accuracy of, or to supplement, the information contained in any investor material;
- has sufficient knowledge, sophistication and experience in financial and business matters to be capable of evaluating the merits and risks of a decision to deliver its Subscription;
- is able to bear the economic risk related to, and to withstand a complete loss of, an investment in the Company;
- is able to lawfully participate in the private placement and purchase of shares, and
- consents to electronic delivery of investor material.

Further, the Subscriber acknowledges and accepts that:

- no technical verifications, tax or other financial due diligence or third-party verifications of the Company's legal position, financial position, prospects, forecasts and budgets have been carried out;
- the Subscription is done on the basis of any investor material already received and publicly available information only;
- the Company may seek additional equity financing through private placements, rights issues, or other types of offerings. Any such issue of shares may dilute the Subscriber's relative ownership in the Company, and the Subscriber acknowledges that it may not be offered the opportunity to participate in such issue of shares; and
- no person has been authorized to give any information or to make any representation concerning the Company (other than as contained in any investor material) and any such other information or representation should not be relied upon as having been authorized by the Company.