

## TERMS OF ISSUE

### DIONID Bond

(hereinafter referred as the “Terms of Issue”)

#### 1. Definitions:

Unless stated otherwise in the Terms of Issue, the following terms have the following meanings:

**Security Agent** - means the company Danube Trustee, a.s., with its registered office at Tvrdého 783/4, 010 01 Žilina, Company ID number: 53 033 965, entered in the Commercial Register of the District Court of Žilina, Section: Sa, File reg. no. : 11004 / L;

**Future Pledge** - has the meaning set out in clause 42.1 of the Terms of Issue;

**Bond** - has the meaning set out in the Terms of Issue (in point 2 of the Terms of Issue, including the related points of the Terms of Issue);

**Issuer** - means DIONID and. s., with its registered office at Bárdošova 30, 831 01 Bratislava, Company ID number: 53 021 193, entered in the Commercial Register of the District Court Bratislava I, Section: Sa, File reg. no. : 7081 / B;

**Terms of Issue** - means these Terms of Issue;

**Client Zone** - means the Security Agent's website

**Covenants** - means economic indicators or other indicators, as specified in Annex no. 1 to the Terms of Issue which the Issuer undertakes to follow.

**Civil Code** - means Act no. 40/1964 Coll. Civil Code as amended;

**Agent Portal** - means the website of the Security Agent;

**Failure to meet obligations** - the meaning set out in point 34 of the Terms of Issue;

**Decisive Day** - means the day decisive for the participation of the Bondholders in the Meeting of the Bondholders, which precedes the Meeting of the Bondholders by 7 days;

**Meeting** - means a meeting of the Bondholders;

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**Joint Representative** - the meaning set out in point 29 of the Terms of Issue;

**Public law obligations** - mean all obligations of the Issuer arising from public law regulations, in particular but not exclusively obligations of the Issuer towards public law bodies such as tax administrators, social insurance or health insurance.

**Collateral Agreements** - the meaning set out in point 38 of the Terms of Issue;

**Pledge** - the meaning set out in clause 42.1 of the Terms of Issue;

**Security Agent Agreement** - means the agreement concluded between the Issuer and the Security Agent;

**List of Bondholders** - means the List of Bondholders maintained by the Issuer;

**Income Tax Act** - means Act no. 595/2003 Coll. on income tax, as amended;

**Act on Bonds** - means Act no. 530/1990 Coll. on bonds, as amended;

The following rules shall apply to the interpretation of the Terms of Issue:

- (i) unless the context indicates otherwise, any word in the singular includes its plural form and vice versa;
- (ii) unless the context indicates otherwise, any word in the masculine gender includes the feminine gender and vice versa;
- (iii) unless the context indicates otherwise, any reference in this Agreement to legislation shall be construed as a reference to such legislation as amended thereafter;
- (iv) the headings of this Agreement are for guidance only and do not affect the interpretation of the Agreement.

## 2. Bond's name:

DIONID

## 3. Type of Bond:

The Bonds establish direct, general and, if the conditions set out in the Terms of Issue are met, secured (but only under the conditions and to the extent set out in the Terms of Issue) unconditional and non-subordinated obligations of the Issuer, which are pari passu and will always be at least equal (pari passu) with all other current and future direct, general, unsecured (or, if there is a lien similarly secured), unconditional and non-subordinated obligations of the Issuer, with the exception of those obligations of the Issuer which are provided for by

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mandatory legal provisions. There are no pre-emptive, exchange or other rights attached to the bonds other than those specified in the Terms of Issue.

**4. ISIN: SK4000018305**

**5. Nominal value:**

1,000 EUR (one thousand euros)

**6. Estimated total nominal emission value:**

1,000,000 EUR (one million euros)

**7. Accrued interest:**

Interest is fixed, in total 7.5% per year, will be paid once a year on December 15 of the current calendar year.

**8. Issue price:**

It is 100% of the nominal value, this issue price is valid for the entire period of subscription of the issue. During the period for subscription of the issue the issue price is not increased by an aliquot yield.

**9. Subscription period:**

The subscription period of the Bond - from December 15, 2020 to December 15, 2021.

**10. Issue date:** December 15, 2020

**11. Type of bond:**

Registered bond.

**12. Transferability:**

The Bonds may be transferred to third parties.

**13. Form:**

The Bonds are issued as book-entry securities.

**14. Issuer's declaration of commitment regarding the Bonds:**

The Issuer hereby declares that it owes the Bond's principal and the proportional accrued interest to the Bondholder and undertakes to pay the accrued interest and the Bond's principal in accordance with these Terms of Issue and the Bonds Act.

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**15. Equal treatment commitment:**

The Issuer undertakes to treat all Bondholders equally under the same conditions.

**16. Increase in Bond issue, additional issue period:**

The Issuer may issue the Bonds up to the assumed total nominal value of the Bond issue even after the subscription period has expired or may issue the Bonds at a higher total nominal value of the issue of the Bonds than the expected total nominal value of the issue of the Bonds, even after the expiry of the subscription period.

**17. Accrued interest due date:**

The right to redeem the yield of the Bond is inseparable from the ownership of the Bond and is not separately transferable to a person other than the Bondholder. The Issuer will pay the yield once a year on December 15. The first yield is calculated from the date of crediting the purchase price of the Bonds to the Issuer's account. The binding basis for determining the Bondholder's entitlement to receive the yield is the extract from the List of Bondholders prepared by the Issuer on the day of the ex-coupon, i. e. 10th working day before the due date of the yield.

If the due date of the yield falls on a day that is not a business day, the payment will be made on the first business day following such a day without entitlement to the yield for that day.

**18. Maturity date:**

The nominal value of the Bond will be paid by the Issuer on December 15, 2023.

The basis for determining the holder of the Bond authorized to receive the principal is an extract from the list of Bondholders kept by the Issuer.

If the maturity date of the principal falls on a day that is not a business day, the payment will be made on the first business day following such a day without entitlement to the yield for that day.

**19. Method and place of payment of nominal value and yield:**

All payments related to the Bonds will be made by wire transfer. The Issuer shall pay the yield of the Bond and repay the nominal value of the Bond to the Bondholders recorded in the List of Bondholders on the relevant due date by wire transfer to their bank account kept by one of the European Union's banks according to the details given by the Bondholders in the **Contract on Subscription, Transfer or Transition of Bonds**. The Bondholder is obliged to notify the Issuer in writing within 7 days of any change in the bank account. The change shall be notified in writing with an officially verified signature. The Issuer shall not

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be liable for any damages caused by the failure to notify or late notification of a change of the bank account by the Bondholder.

The funds remitted to the Bondholder shall be deemed to have been paid once they are debited from the Issuer's account.

**20. Method and place of subscription of the Bonds, method and period for handing over the Bonds to the individual subscribers and the method and place of payment of the issue price:**

The Issuer will issue the Bonds to each acquirer after the execution of the Securities Purchase Agreement. The Issuer will issue and hand over the Bond to the Bondholder in accordance with the Terms of Issue and after the Securities Purchase Agreement is executed, within 30 days from the date of payment of the purchase price of the Bonds to the Issuer's bank account.

The place of subscription of Bonds is the Issuer's registered office or another place agreed between the Issuer and Bondholder. The place of payment of the issue price is the bank account specified by the Issuer in the bond subscription agreement.

The Bonds will be offered to the Issuer in accordance with Section 120, par. 2 of Act no. 566/2001 Coll. on Securities and Investment Services and on Amendments to Certain Acts, as amended (hereinafter the “Securities Act”), pursuant to which the obligation to publish a prospectus applies only to public offerings of securities if the total value of each such offer published in the European Union calculated over a period of 12 months exceeding EUR 1,000,000. As the Issuer has not issued any securities to date and this issue does not exceed EUR 1,000,000, all preconditions for a public offer are met without the need for seeking the approval of the prospectus by the National Bank of Slovakia.

**21. Bondholder:**

The Bondholder is a person who is referred to as the owner of the Bond on a paper Bond or to whom the paper Bond was endorsed as evidenced by the statement on the Bond. To exercise the rights arising from the Bonds against the Issuer, the holder of the Bond is a person entered in the list of owners, which the Issuer keeps in its own records. In such a case, the Issuer and the Security Agent assume that the Bondholder has all rights to exercise the rights and obligations of the Bondholder. The fulfillment of obligations towards the end-holders of the Bonds shall be the sole responsibility of the owner of the Bonds determined in accordance with the previous sentence.

In the case of a Bond transfer, the original Bondholder is obliged without undue delay, no later than 5 days, to notify or, in the case of the new holder to prove to the Issuer and the Security Agent with the date of transfer, the number of transferred Bonds and the acquirer's personal data to the extent specified in the Securities Purchase Agreement, otherwise the

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Issuer and / or the Security Agent are entitled to consider the last Bondholder known to them as the Bondholder. The Bondholder acknowledges that it is in the interest of each Bondholder to notify the change of Bondholder to the Issuer and the Security Agent.

**22. Calculation of the yield:**

The amount of the aliquot yield of the Bond for a period shorter than the annual interest period shall be calculated as the multiplication of the nominal value, the annual interest rate and the fraction of the ACT / ACT days. The calculation of the aliquot yield is thus based on the number of days actually passed and the exact number of days of the interest period. The multiplication of the nominal value and the annual interest rate shall be used to calculate the yield for each annual interest period.

**23. Taxation of income from the Bonds:**

As of the date of approval of the Terms of Issue, the income from the Bonds is taxed under the Slovak Income Tax Act. Taxation may change during the validity of the Terms of Issue.

**24. Assessment of the Issuer's financial capacity:**

An assessment of the Issuer's financial capacity (rating) has not been performed.

As of January 1, 2016, the provisions of the Commercial Code on companies in crisis entered into force. According to the provisions of Section 67a et seq. of the Commercial Code, a crisis means a situation where a company is bankrupt or is endangered by bankruptcy. Company is endangered by bankruptcy if its own authorized share capital to obligations ratio is less than 8:100. The Issuer declares it is not in crisis at the time the Terms of Issue are issued and before the issue of the DIONID Bonds. In the event that the Issuer is in crisis, certain restrictions will apply, in particular regarding the Issuer's financial transactions with its related parties referred to in Section 67c et seq. of the Commercial Code, but also a special regime concerning the exercise of creditors' rights related to the Issuer's obligations secured by the Issuer's related parties. Such a special regime referred to in Section 67g and Section 67h of the Commercial Code should apply if the company's liabilities are secured during its crisis. The wording of the provisions contained in the Commercial Code on the crisis is relatively new and the wording of the provisions appears to be vague and unclear in some respects. The Issuer's entry into the crisis does not mean the Issuer is in default with its obligations and is not a reason for early maturity of Bonds. In the Issuer's view, the crisis provisions do not in any case (even during a possible crisis) prevent the Issuer from fulfilling the Bond obligations (in particular the nominal value of the Bonds and the Bond yield) it has towards the Bondholders in a proper and timely manner.

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**25. Persons involved in the Issue of the Bonds:**

The Issuer is responsible for subscribing and issuing the Bonds. The Issuer also performs activities related to the payment of yields and the repayment of the Bonds.

**26. Limitation period regarding Bonds:**

The rights attached to the Bonds become statute-barred after 10 years from the date on which they may have been exercised for the first time.

**27. Notification on convening Meetings of Bondholders and publication of other information:**

Any announcement, publication or disclosure of information to the Bondholders on the Bonds, including the announcement of the Meeting of Bondholders shall be valid and duly made as long as

(a) it is published in the Slovak language on the Issuer's website in the part in which the Issuer publishes information on the Bonds; or

(b) sent by registered letter to the address of the Bondholder specified in the List of Bondholders at the end of the Decisive day for the exercise of the right arising from the Bond.

**28. Attending the Meeting of Bondholders:**

Only an authorized Bondholder entered in the List of Bondholders on the Decisive day for participation may attend the Meeting of Bondholders.

**29. Joint representative:**

The Meeting of Bondholders may elect a natural or legal person a joint representative and entrust it with activities under the Bonds Act (hereinafter Joint Representative) by resolution.

The Joint Representative may be removed from the office by the Meeting of Bondholders in the same manner as he was elected or elect another Joint Representative. By electing a new Joint Representative, the former Joint Representative is removed from his position (unless the former Joint Representative was removed under a separate resolution of the Meeting of Bondholders).

The resolution of the Meeting of Bondholders shall determine to what extent the Joint Representative is authorized to perform acts on behalf of the Bondholders.

**30. Voting rights:**

Each Bondholder has as many votes as correspond to the unpaid amount of the principal of his claim arising from the Bond in his possession on the Decisive date. For each euro of

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outstanding principal of his claim arising from the Bond, the Bondholder has one (1) vote. In determining the resulting number of votes for an individual Bondholder, decimal numbers above 5, inclusive, are rounded up to the nearest number and decimal numbers up to 5 are rounded down to the nearest number.

Bonds owned by the Issuer on the decisive date for participation in the Meeting of Bondholders which have not expired based on the Issuer's decision shall not be taken into account for the purposes of Meeting of Bondholders.

Where the Meeting of Bondholders decides on the removal of the Joint Representative, the Joint Representative may not exercise the right to vote and its votes shall not be counted against the total number of votes for the purposes of the quorum of the Meeting of Bondholders.

### **31. Trading of Bonds:**

The Issuer does not intend to trade bonds on a regulated market or in the MTF.

### **32. Early redemption of Bonds at the Issuer's will**

The Issuer has the right to repay the outstanding Bonds before the Bonds' maturity date. The Issuer has the right to redeem the Bonds on a specified date prematurely, subject to the condition that the early redemption decision is notified to the Bondholders by registered letter at least 10 days before the date of early redemption of the Bonds. Notification of early redemption of the Bonds at the Issuer's will is irrevocable and obliges the Issuer to accept the request for early redemption of all Bonds for which an early redemption has been requested by the Bondholder. The Bondholder is obliged to provide the Issuer with the necessary cooperation that the Issuer may require in connection with such early redemption. All outstanding Bonds will be repaid to the Issuer at their nominal value together with the interest not yet paid (the yield on the date of early redemption) when submitted by the Bondholders. After the date specified by the Issuer as the date of early redemption of the Bonds, no further interest on the Bonds will be paid.

Point 19 of the Terms of Issue shall apply mutatis mutandis to the execution of payments in the event of early redemption of the Bonds.

### **33. Termination of Bonds**

The Bonds purchased by the Issuer do not terminate and it is at the Issuer's discretion whether it will hold them in his possession and eventually resell them or decide on their termination.

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If the Issuer decides to terminate the Bonds purchased by the Issuer, the rights and obligations arising from such Bonds shall cease to exist on the basis of the merger of the rights and obligations in one person.

All Bonds paid up by the Issuer shall cease to exist and may not be reissued and sold.

### **34. Early redemption of Bonds at Bondholder's will**

The Bondholder has no right to independently request early redemption of the Bonds.

Bondholders who are entitled to vote at a Meeting of Bondholders and who own more than 80% of issued outstanding Bonds (calculated from the total outstanding nominal value of Bonds the holders of which have voting rights) may decide on the early redemption of the Bonds only in the following cases:

34.1 If the Issuer, outside its regular scope of business activities, outside the main subject of activity: goldsmithing and jewellery making and the purchase and sale of precious stones, takes over, incurs, guarantees, or otherwise becomes liable for any liabilities worth more than EUR 1,000,000 (one million euros) beyond its normal business, and / or encumbered its assets with a lien, security transfer rights, security assignment, pledge as well as any other contract or arrangement under any law having a similar purpose or effect, except for the pledge provided for in the Terms of Issue.

34.2 If the Issuer, outside its regular scope of business activities, outside the main subject of activity: goldsmithing and jewellery making and the purchase and sale of precious stones, sells, leases, transfers or disposes of any of its substantial assets or part thereof, or its business or part thereof, or any other assets worth more than EUR 1,000,000 (one million euros) beyond the scope of its normal business).

34.3 Where the Issuer pays a share of profit, dividend or other equivalent payment to any of the Issuer's shareholders in respect of its share.

34.4 If any obligation of the Issuer which, in aggregate, reaches at least EUR 100,000 (one hundred thousand euros) becomes prematurely due because of the breach of the Issuer's obligation or is not settled when it becomes due, and such delay lasts for more than 30 calendar days.

34.5 When the Issuer has filed for bankruptcy or was granted a permit to restructuring, or if bankruptcy, authorized restructuring or other similar proceedings have been initiated against the Issuer's assets.

34.6 If the shareholders of the Issuer cease to own their share or part thereof in the registered capital and voting rights of the Issuer.

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34.7 If the Issuer ceases to carry out its business activities.

34.8 The following cases shall be considered the Failure to meet obligations:

- a) the Issuer has not paid the Bond yields properly and on time to the Bondholders (this shall apply also to the case the Bond yields are not paid on time to some Bondholders);
- b) the Issuer has not duly paid the principal of the Bonds to the Bondholders more than 7 (to wit: seven) days after the maturity of the Bonds (this shall apply also to the case this involves only some Bondholders),
- c) the Issuer violates the Covenants, to which it has committed itself in accordance with the Terms of Issue or fails to provide the Agent with a regular report on their observance in violation of the Terms of Issue, or conceals information that may affect the performance of the Covenants.
- d) the Issuer failed to duly and timely supplement the security of the Bonds in the event the expert finds the value of the subject of collateral of the Bond is not sufficient, or such expert opinion is not properly and timely delivered to the Agent in the prescribed manner.
- e) the Issuer is more than 10 (to wit: ten) days in arrears with the payment of Public Law obligations.
- f) the Issuer fails to pay the Security Agent his remuneration, either within the due date or within the additional period of the next 30 days,
- g) the Issuer violates another obligation arising from the Agreement and / or the Terms of Issue.

(collectively referred to above as “**Failure to meet obligations**”).

In the event a decision on early redemption of the Bonds is made, the Issuer is obliged to pay the holders of the Bonds the nominal value of the Bonds and interest as of the early redemption date, which is the 60th day from the date of the decision on early redemption of the Bonds. Point 19 of the Terms of Issue shall apply mutatis mutandis to the execution of payments in the event of early redemption of the Bonds.

**35. Issuer’s net yield, together with an indication of the intended use of the funds thus obtained**

The net yield of the Bond issue, i.e. the issue price minus the costs of preparing the issue of the Bonds, will be used to conduct the Issuer's investment activities as well as ensure compliance with the milestones set out in the Covenant.

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### **36. Payment currency**

The Issuer undertakes to pay the yield and repay the nominal value of the Bonds exclusively in EUR. The yield will be paid and the nominal value of the Bonds will be paid back to the Bondholders under the conditions set forth in the Terms of Issue, tax and other applicable legislation of the Slovak Republic effective at the time of payment.

### **37. Covenants**

The Issuer undertakes to meet the economic indicators (Covenants) specified in Annex no. 1 of the Terms of Issue. The Bondholders will be informed about the fulfillment of such Covenants by the Security Agent in an annual report prepared on a day which, in the given year, coincides with the date of issue.

### **38. Securities and pledge**

For the purpose of securing any receivables of Bondholders arising out of or in connection with the Bonds, in particular receivables regarding repayment of the nominal value of the Bonds and the Bonds' yields, the Issuer shall provide the Bondholders with the following securities:

- a) the first-degree pledge to the Pledge;
  - b) the future first-degree pledge to the Future Pledge;
  - c) guarantee obligation of the guarantor Mr. JUDr. Luboš Žuff, who is the Chairman of the Board of Directors of the Issuer;
- (hereinafter referred to as “**Collateral Agreement**”s).

The Collateral Agreements will be established under Slovak law for the benefit of the Security Agent on his account and the accounts of all Bondholders in accordance with the Terms of Issue. Copies of the relevant Collateral Agreements will be available for inspection upon request by the Bondholders in accordance with the Terms of Issue.

In the event of a request from the Bondholders' Meeting, the Issuer undertakes to have an expert opinion prepared by an expert approved by the Security Agent at its own expense on the current value of the Bond's Collateral (i.e. the subject of the pledge) and have it delivered to the Security Agent. The Issuer is not obliged to prepare an annual valuation of the subject of the Bond's collateral. In the event that this expert opinion shows that the value of the Bond's Collateral has decreased during the validity of the issue, the Issuer is obliged, in line with the expert opinion in question, to propose to the Security Agent the manner in which the Bond security will be supplemented. The Security Agent shall inform the Bondholders about the

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proposed method of supplementing the Bond's Collateral within 5 working days. Bondholders have 14 days to notify the Security Agent via the form available in the Client Zone on the Security Agent's website of their disagreement with the Issuer's proposal to supplement the Bond's Collateral. If at least 50% of the Bondholders do not agree with the proposal, the Security Agent shall convene the Meeting. Otherwise, it is assumed that they agree with the Issuer's proposal to supplement the Bond's Collateral and the Security Agent is obliged to provide the Issuer with full cooperation in the implementation of such a method of supplementation.

### **39. Security Agent and his position:**

The Bondholders are represented by the Security Agent. The Security Agent acts on the basis of a binding instruction - a resolution adopted at the Bondholders' Meeting as a competent authority, is not entitled to act without their binding instruction, except in cases which cannot be postponed and which are subject to general precaution in accordance with the relevant provisions of the Civil Code. In cases the Issuer is declared bankrupt or entered into restructuring proceedings, the Agent is obliged to register the receivables of the Bondholders in bankruptcy proceedings or restructuring proceedings without an instruction from the Meeting. However, he is obliged to inform the Bondholders about the performance of such acts and to convene the Bondholders' Meeting for this purpose.

The Security Agent is the owner of at least one (1) Bond, which he is obliged to hold until the moment of payment of all obligations of the Issuer arising from the Bonds to all Bondholders. The Issuer undertakes to provide the Security Agent with co-operation in acquiring the Bond. The Bond of the Security Agent shall be redeemed as the last of all Bonds. If the Issuer redeems the Bond of the Security Agent before it redeems the others, the Security Agent is obliged to distribute this financial amount among the other Bondholders in accordance with the Terms of Issue. In such a case, the Security Agent's Bond shall continue to be deemed outstanding.

The Security Agent is in the position of a joint and several creditor in relation to each Bondholder regarding the Issuer's monetary obligation arising from the Bond.

By acquiring the Bond (i.e. in particular by subscribing, purchasing or otherwise acquiring the Bond), the Bondholder expresses his consent (i) that the Security Agent is in the position of joint and several creditor with respect to monetary obligations arising from the Bonds and that the Security Agent has the right to request the Issuer to fulfill its monetary obligations under the Bonds at the time of their maturity, (ii) that the Security Agent exercises all rights, powers and authorizations arising from the Terms of Issue, Collateral Agreements (as defined in the

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Terms of Issue) and the Security Agent Agreement, (iii) with the conclusion of the Security Agent Agreement and the Collateral Agreements, and (iv) performed any and all acts aimed at exercising the rights under the Collateral Agreements, with the Security Agent being the only authorized entity to perform rights arising from the Collateral Agreements, (v) fulfilled other rights and obligations under the Terms of Issue and / or imposed on the Security Agent by the Bondholders' Meeting as the Competent Authority in accordance with the Terms of Issue.

For the avoidance of doubt, it is also stated that the Security Agent is on the basis of the Terms of Issue, Collateral Agreements concluded between him as a pledgee and the Issuer as a pledgor in accordance with the conditions set out in the Terms of Issue and on the basis of binding instructions accepted by the Bondholders as a competent authority authorized to exercise the rights and obligations arising from the Collateral Agreements in his own name and on behalf of all Bondholders.

The Bondholders acknowledge and expressly agree that the performance of the Bond Security pursuant to Article 42 of the Terms of Issue as well as the exercise of all related rights and related costs, including legal services, shall be paid directly by the Bondholder or the Security Agent – in that event the Bondholders are obliged to reimburse such costs to the Security Agent immediately in accordance with the Terms of Issue.

The relationship between the Issuer and the Security Agent in connection with the possible exercise of Collateral Rights in favor of Bondholders is governed by the Agreement concluded between the Issuer as a pledgor and the Security Agent as a pledgee. A copy of the Security Agent Agreement is available for inspection by the Bondholders during normal business hours at the registered office of the Security Agent. If the Bondholder is interested in inspecting the Security Agent Agreement, the Bondholder is obliged to arrange with the Security Agent to arrange a specific date for inspection using the following e-mail address: [legal@danubetrustee.com](mailto:legal@danubetrustee.com)

#### **40. Responsibility of the Security Agent:**

When performing the function of the Security Agent, the Security Agent is obliged on the basis of the Terms of Issue, the Security Agent Agreement, the Collateral Agreement to proceed with professional care, in accordance with the interests of the Bondholders and is bound by binding instructions adopted at the Bondholders' Meeting to the extent and under the conditions set out in these Terms of Issue.

The Security Agent has only such obligations towards the Bondholders as specified in these Terms of Issue, the Security Agent Agreement and the Collateral Agreements. The Security

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Agent has no obligations as a commission agent, agent, representative or advisor to the Bondholders.

The Security Agent agrees to his rights and obligations set out in Terms of Issue by concluding the Security Agent Agreement. The Bondholders may claim their rights against the Security Agent as set out in these Terms of Issue in accordance with the relevant provisions of the agreements concluded for the benefit of third parties under the Civil Code. The Security Agent shall not be liable to any Bondholder for any of his acts or omissions, except as a result of gross negligence or willful misconduct of the Security Agent. If any damage occurs to any Bondholder as a result of a breach of the Security Agent's obligations, the Bondholder agrees that the Security Agent (if he is liable for the damage under the previous sentence) will be obliged to compensate this damage only up to the actual damage caused.

The Security Agent is not obliged to monitor and ascertain whether there has been an event of Failure to meet obligations as defined in the Terms of Issue or a breach of the Issuer in connection with the Bonds pursuant to the Terms of Issue. The Security Agent acts solely on the basis of a binding instruction imposed by the Meeting of the Bondholders, except in cases where the Issuer is declared bankrupt or entered restructuring proceedings, then the Agent is obliged to enter the receivables of the Bondholders in the bankruptcy or restructuring proceedings even without an instruction. The Security Agent shall not be liable for any damage resulting from the non-imposition of a binding instruction by the Meeting of the Bondholders after it has been convened by the Security Agent with an aim of taking further actions in accordance with the Terms of Issue.

The Security Agent is liable to the Bondholders for damage only up to the amount of the actual damage. After submitting the Pledge to the Security Agent, it will be stored in one or more safes in the name of the Security Agent in banks operating in the Slovak Republic of the Security Agent's choice. The Pledge shall be insured for a value that may be lower than the actual value of the Pledge. In the event that, for reasons not caused by the Security Agent, the value of the Pledge is reduced, the Pledge is lost, stolen or damaged, the liability of the Security Agent is limited by the insurance indemnity received by the Security Agent.

#### **41. Security Agent's Privileges:**

If the Terms of Issue, the Security Agent Agreement, the Collateral Agreements or the resolution of the Bondholders' Meeting adopted in accordance with the Terms of Issue do not expressly require the Security Agent to proceed in a certain way, the Security Agent is entitled to exercise his rights and obligations arising from his position at his own discretion, while

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respecting the Security Agent's obligation to exercise professional care. The Security Agent may refrain from any action if, in his opinion, this could constitute a breach of the relevant legislation or result in an infringement.

In relation to the Issuer's monetary obligation to the Bondholder, the Security Agent is entitled, as a joint and several creditor with regard to each individual Bondholder, to demand payment from the Issuer of any amount that the Issuer is required to pay to any Bondholder in respect of the Bond including enforcement through the exercise of the Collateral Rights established exclusively for the benefit of the Security Agent. The Bondholders are not entitled to independently demand from the Issuer the payment of a monetary obligation arising from the Bond, provided that the Meeting of the Bondholders does not decide otherwise. For this reason, all Bondholders are obliged to exercise their rights under the Bonds which could in any way jeopardize the existence or quality of the Collateral Rights (including the assertion and recovery of any monetary claim against the Issuer under the Bonds through the exercise of the Collateral Rights) only in cooperation with and through the Security Agent.

## 42. Securing the Bonds

### 42.1 Pledge

The Issuer as a pledgor and the pledgee shall provide secure the interests of the Bondholders by establishing a pledge right over

- a) movable property owned by the Issuer listed in Annex no. 2 to the Terms of Issue, (hereinafter referred to as **Pledge**);

The Issuer shall also provide the Bondholders with the right of pledge by establishing a future pledge over

- a) movable property listed in Annex no. 3 to these Terms of Issue (hereinafter referred to as **Future Pledge**).

The Issuer hereby states that the Pledge and the Future Pledge is a set of movables (precious stones), the value of which may change over time due to the market situation. Also, the current demand for gemstones and the speed of sale of the Pledge in the event of forced enforcement of the Collateral Right may affect the fair value of the Pledge.

### 42.2 Establishment and termination of the right of pledge and future right of pledge:

The right of pledge established on the basis of the Collateral Agreements will arise upon its submission to the Security Agent and will subsequently be registered in a special register, while the Issuer will be registered as a pledgor and the Security Agent will be registered as a

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pledgee. The Issuer shall establish the right of pledge on the Pledge after the Bonds are issued - the first Bond is issued to the first Bondholder upon conclusion of the Collateral Agreements with the Security Agent.

The Pledge and Future Pledge will be stored in one or more safes in the name of the Security Agent in banks operating in the Slovak Republic of the Security Agent's choice after its submission to the Security Agent.

The Issuer shall submit a proposal for the registration of the right of pledge on the Pledge within 15 days from the date of conclusion of each Collateral Agreement. In the event that the right of pledge on the Pledge will not be established in favor of the pledgee (the Security Agent) by February 28, 2021, each Bondholder has the right to withdraw from the Securities Purchase Agreement in writing, request a refund of the price paid for the Bond, including interest income.

The Issuer shall establish the right of pledge on the Future Pledge no later than April 30, 2021 by concluding the Collateral Agreement with the Security Agent. The Issuer shall submit a proposal for the registration of the right of pledge on the Future Pledge within 15 days from the date of concluding the Collateral Agreement.

The right of pledge shall terminate, among other cases provided for by law, by settling all secured receivables of the Bondholders arising from the Bonds.

Each Bondholder shall have the right to become acquainted with the contents of the Pledge Agreements, including their amendments and supplements, at the Issuer's headquarters or the headquarters of the Security Agent at the time designated by the Security Agent.

The right of pledge under the Terms of Issue is established for the benefit of the Bondholders. The established pledge shall satisfy all Bondholders who are entitled to exercise their rights and obligations through the Security Agent. Individual Bondholders are not entitled to exercise independently any rights of pledgee on their behalf.

Bondholders may decide to agree to change the content or scope of the pledge only with the consent of Bondholders holding 80% of the issued and still outstanding (not paid up) Bonds (calculated from the total outstanding nominal value of Bonds the owners of which have voting rights) and voting rights.

#### 42.3 Guarantee

The repayment of the Bonds will also be secured by the guarantee provided by the guarantor, Mr. JUDr. Ľuboš Žuff, born May 23, 1989, domicile Liesek 334, 027 12 Liesek, who is the Chairman of the Board of Directors of the Issuer and the majority shareholder of the Issuer.

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The Guarantor JUDr. Ľuboš Žuffa declares in the guarantee statement that he guarantees the proper and timely redemption of the Bonds and undertakes to pay the nominal value of the Bonds together with the related obligations upon the request, unless the aforementioned is settled by the Issuer, either in full or in part and on time in an additional period of 6 months from the due date.

If it is legally allowed, the guarantor JUDr. Ľuboš Žuffa also undertakes to draw up a notarial record – a distress warrant, on the basis of which it will be possible to carry out distraint and which will contain a legal obligation, designation of the entitled person and liable person, legal reason, subject and time of performance and a consent of the guarantor as liable person with the enforceability of a notarial record and distraint.

#### **43. Procedure of the Security Agent in enforcing the claims of the Bondholders against the Issuer**

The Meeting of the Bondholders is the competent authority authorized to impose binding instructions upon the Security Agent in connection with the exercise of the monetary claims of the Bondholders against the Issuer, including the exercise of Collateral Rights.

The Bondholders' meeting is entitled to impose a binding instruction on the Security Agent on how to proceed if:

- (i) any event of Failure to meet obligations set out in the Terms of Issue occurs;
- (ii) the Bondholders are entitled to demand early redemption of the nominal value of the Bonds;
- (iii) the Collateral Right under the Collateral Agreements are exercised;
- (iv) the Bondholders in accordance with the Terms of Issue disagree with the Issuer's proposed method of supplementing the Bonds' collateral;
- (v) in performing its function as the Security Agent, the Security Agent finds that there has been a breach of the Issuer's obligation under the Terms of Issue and the Security Agent was obliged to perform the necessary actions to avert imminent damage and the further procedure is to be determined by a binding instruction of the Bondholders' Meeting;
- (vi) it is necessary to provide financial coverage to cover the costs related to the legal representation of the Bondholders against the Issuer in accordance with Terms of Issue and the Security Agent Agreement;

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(vii) in other cases specified in the Terms of Issue.

The Security Agent is obliged to request the Meeting of Bondholders to impose a binding instruction before taking the first legal act in the matter by convening the Meeting of Bondholders. This does not affect the precautionary obligation of the Security Agent, on the basis of which, in the event of a breach of the Issuer's obligation to the extent and under the conditions set out in the Terms of Issue, he is obliged to perform actions to avert imminent damage.

In the above cases, when the Security Agent is required to have a binding instruction from the Bondholders, the Security Agent shall convene a Meeting of the Bondholders (only that the binding instruction will be issued on the basis of a per rollam vote). The Security Agent shall convene the Meeting of the Bondholders on the basis of an invitation sent no later than 5 days before the Meeting of the Bondholders, stating the following:

- a) place and time of the Meeting of the Bondholders
- b) the reason for convening the Meeting of the Bondholders and a description of the situation that has arisen.

The costs of convening the Meeting of the Bondholders shall be borne by the convener, unless the reason for convening the Meeting of the Bondholders lies with the Issuer due to the Failure to meet obligations. At the Meeting of the Bondholders, after mutual discussion, the Bondholders shall agree by voting on the manner of resolving the situation, in particular whether they will instruct the Security Agent to exercise the Collateral Rights. The provisions of the Terms of Issue governing the Meeting of the Bondholders shall apply to the quorum of the Meeting of the Bondholders and the voting quorum and related acts. The Security Agent shall deliver all documents and notices in accordance with the Terms of Issue, including the invitation to the Meeting to the Bondholders by e-mail to the addresses specified in the user accounts of the Bondholders in the Client Zone. Bondholders shall use the forms available to them in the Client Zone to communicate with the Security Agent.

For this purpose, each Bondholder is obliged to request the Security Agent without undue delay through the form on the Agent's Portal to provide access data to his user account in the Client Zone. In the event that the Bondholder does not notify the Security Agent of a change in data concerning the Bondholder, in particular, not exclusively as a result of purchase or other acquisition of the Bond or change of data on the Bondholder in the Commercial Register, Trade Register or similar register for business entities and change of personal data relating to a natural person, the Bondholder is liable for damage caused thereby to other Bondholders. At

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the written request of the Bondholder, the Security Agent is obliged to issue to the Bondholder a copy of the List of Bondholders which was provided to him by the Issuer for the purpose of imposing binding instructions in accordance with the Terms of Issue.

The invitation to the Meeting of Bondholders shall also be published on the Agent's Portal.

Only the person who is the rightful Bondholder according to the List of Bondholders provided to the Security Agent by the Issuer on the Decisive Date or obtained from the Central Bond Depository, has the right to participate in the Meeting.

In the event that the Meeting of the Bondholders does not impose a binding instruction on the Security Agent and under the conditions and within the deadlines set out in points 43 and 44. herein, the Security Agent is not entitled to perform any acts for which a binding instruction of the Meeting of Bondholders is required in accordance with the Terms of Issue. The Security Agent shall not be liable for any damage that may arise to the Bondholders by their failure to impose a binding instruction on the Security Agent.

#### **44. Procedure of the Security Agent for per rollam voting**

The request of the Security Agent for the imposition of a binding instruction in cases of per rollam voting shall include:

- (i) a description of the situation that has arisen and the solution proposed;
- (ii) the draft text of the binding instruction to be decided at the Bondholders' Meeting (hereinafter referred to as the **Draft Binding Instruction**);
- (iii) an indication of the period within which it is necessary to comment on the submitted Draft Binding Instruction, which may not be less than 7 working days from the date of receipt of the Draft Binding Instruction (hereinafter the **Deadline**), including an indication of the method of voting on the submitted Draft Binding Instruction (for, against, abstained) and advice that in the event that the Bondholder does not comment on the Draft Binding Instruction within the Deadline, it is considered that he does not agree with the Draft Binding Instruction;

Any of the Bondholders is also entitled to send to the Security Agent a draft text of the request for imposing a binding instruction, which must contain the particulars set out above. Otherwise, such a request of the Bondholder will not be taken into account. The Security Agent is then obliged without undue delay after being delivered the Bondholder's request to

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impose a binding instruction to prepare a request to impose a binding instruction in accordance with the Terms of Issue stating that the submitter of the proposal to impose a binding instruction is the Bondholder and outlining the Bondholder's personal data.

The Security Agent delivers the Draft Binding Instruction to the Bondholders by e-mail to the addresses specified in the user accounts of the Bondholders in the Client Zone. The request for imposing a binding instruction will also be published on the Agent's Portal. In the case of per rollam voting on a binding instruction, the following rules shall apply:

- (i) for the purpose of the quorum, all Bondholders who are on the List of Bondholders as of the date of sending the request for imposing a binding instruction shall be deemed to be present;
- (ii) to impose a binding instruction, an absolute majority of all Bondholders who are on the List of Bondholders as of the date of sending the request for the imposition of a binding instruction is required. The provisions of the Terms of Issue shall be used to determine the amount of votes of individual Bondholders at the Bondholders' Meeting;
- (iii) reservations and comments of the Bondholder on the submitted Draft Binding Instruction submitted when voting shall not be considered as a supplement to the Draft Binding Instruction and / or a new Draft Binding Instruction (hereinafter referred to as **Voting with Reservations**);
- (iv) in the case of Voting with Reservations, it is considered that the Bondholder does not agree with the submitted Draft Binding Instruction and his vote will be counted among the votes of the Bondholders voting against the adoption of the Draft Binding Instruction;
- (v) the period granted to the Bondholder to comment on the submitted Draft Binding Instruction begins on the day following the day on which the Draft Binding Instruction was delivered to the Bondholder (in the case of registered item on the day following delivery of the request to the Bondholder, in case of e-mail the day following the day of sending the e-mail to the e-mail address of the Bondholder specified in the list of Bondholders maintained by the Security Agent in accordance with the Terms of Issue) and shall end at 00:00 on the last day of the Deadline calculated in accordance with the previous sentence;
- (vi) an indication of the method of voting using one of the alternatives set out in the written Draft Binding Instruction, i.e. the Bondholder's comment on the Draft Binding Instruction, shall be sent by post to the address of the Security Agent's registered office specified in the request for the imposition of a binding Instruction or to the following e-mail address of the

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Security Agent: legal@danubetrustee.com). In the event that the Bondholder's comment on the Draft Binding Instruction is sent by e-mail to the e-mail address of the Security Agent pursuant under the previous sentence, it must be signed with a guaranteed electronic signature intended for communication with public authorities. Otherwise, it will not be taken into account and such a vote will be counted among the votes of the Bondholders voting against the adoption of the Draft Binding Instruction;

(vii) the Security Agent is obliged to draw up a written record of the voting of the Bondholders no later than five (5) days from the date of expiry of the Deadline. The record must contain at least the following information (hereinafter referred to as the **Record**):

- the wording of the Binding Instruction voted per rollam;
- an indication of the last day of the Deadline by which the Bondholders could vote on the submitted Draft Binding Instruction;
- evaluation of the voting with an indication of which Bondholders voted for, who were against and who abstained, and an indication of whether or not the Binding Instruction was adopted, including an indication of the accepted Binding Instruction (provided that it was accepted);
- the date and signature of the person authorized to act on behalf of the Security Agent.

(viii) A record containing the evaluation of the voting on the Binding Instruction will also be published on the website of the Security Agent.

#### **45. Procedure of the Security Agent in the implementation of the exercise of Collateral Rights**

The Security Agent, in accordance with the Binding Instruction imposed by the Meeting of the Bondholders, shall exercise the Collateral Rights, i.e. exercises the Collateral Rights under the conditions stipulated in the Deposit Agreement in one of the following ways stipulated in the Pledge Agreement: (i) by direct sale according to the conditions stipulated in the Pledge Agreement, (ii) by sale at auction pursuant to Act no. 527/2002 Coll. on voluntary auctions and on the amendment of the Act of the Slovak National Council no. 323/1992 Coll. on Notaries and Notarial Activities (Notarial Code) as amended, or (iii) by exercising the pledge right pursuant to Act no. 233/1995 Coll. on Enforcement Officers and Enforcement Activities (Enforcement Code) and on Amendments to Other Acts, as amended.

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The Security Agent shall transfer the proceeds from the exercise of the Collateral Rights to the Bondholders' account without undue delay after deducting incurred costs, due remuneration or part thereof and any other costs (e.g. for an expert opinion, etc.) in accordance with the Terms of Issue. In the event that the proceeds from the exercise of the Collateral Rights are not sufficient to settle all monetary obligations from the Bonds, individual Bondholders will be satisfied from the proceeds from the exercise of the Collateral and the unsatisfied part of the monetary liabilities from the Bonds will be further enforceable against the Issuer in accordance with applicable law. After such settlement, the Security Agent will not be obliged under Section 515 of the Civil Code to pay extra payment to any Bondholder. Any excess proceeds from the exercise of the Collateral Right will be returned to the Pledgor or a person designated by him without undue delay.

In the course of performing his duties, the Security Agent will inform the Bondholders of the procedure for exercising the Collateral Right and the content of any material notification or document he receives or issues in connection with the exercise of the Collateral Right through the Agent's Portal or in the manner specified at the relevant Bondholders' Meeting.

Any funds received by the Security Agent in connection with the exercise of the Collateral Rights, including the proceeds from the monetization of the Collateral, must be recorded by the Security Agent separately from his other assets and may not be disposed of except for making a payment to the Bondholders under the terms of Issue. The Security Agent is not obliged to pay any interest on the funds he received.

#### **46. Change of Security Agent**

Bondholders who hold the right to vote and who own more than 80% of the issued outstanding Bonds (calculated from the total outstanding nominal value of the Bonds whose holders have voting rights) may decide to dismiss the Security Agent.

In the event that the Security Agent ceases to exist or resigns as the Security Agent, the Issuer, with the consent of the Meeting of the Bondholders, shall entrust the performance of the function of the Security Agent to another person. To this end, the Issuer will enter into a new security documentation with the new Security Agent so that the rights of the Bondholders are protected at all times.

#### **47. Changes in issue conditions**

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Upon the Issuer's proposal, Bondholders that have a right to vote and who hold more than 80% of the issued and still outstanding Bonds (calculated from the total outstanding nominal value of Bonds the owners of which have voting rights) may decide to change the Terms of Issue.

**48. Governing law:**

The Bonds are issued in accordance with the Bonds Act. All rights and obligations arising from the Bonds will be governed by the law of the Slovak Republic without regard to conflict of law rules.

Terms of Issue may also be translated into other languages. In case of discrepancy between different language versions, the Slovak version shall prevail.

Any disputes between the Issuer and the Bondholders arising out of or in connection with the issue of the Bonds, including disputes relating to the Terms of Issue, shall be settled by the competent court under the Slovak law.

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## **Annex no. 1**

### **Covenants**

The Issuer undertakes to meet the following economic indicators as well as other indicators:

- February 2021: Establishment of the Issuer's subsidiary in Switzerland
- February 2021: Draw up the global marketing communication strategy of the Issuer targeting the Asian market
- July 2021: 3-month long media campaign targeting clients in China and Hong Kong using modern digital technology and selected print media
- August 2021: Opening of the Issuer's branded boutique in Switzerland, most likely in Geneva
- January 2022: Issuer's participation in private and public sales exhibitions in Japan and China
- For the accounting period of 2021, the Issuer will achieve a turnover from the Issuer's main activity exceeding EUR 10,000,000.

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## **Annex no. 2**

### **Pledge**

The pledge is a set of movables (precious stones), namely topazes (13 pieces, together weighing 2,414.19 ct) and a collection of precious stones - Ethiopian precious opal (total weight 400 ct.), natural sapphire (total weight 12.965 ct.), cut sapphire (weighing 20 ct.), ruby (1 pc. weighing 6,895 ct., crystals weighing a total of 370 ct. and 3 pcs. natural worked together weighing 61,95 ct.) and emerald (together weighing 93.70 ct.).

The pledge (in its entirety) is described in the expert opinion no. 100/2020 dated December 15, 2020 prepared by expert Doc. RNDr. Ľudmila Illášová, PhD. and is valued at EUR 3,064,016.

Selected parts of the pledge (worked gemstones) are also described in the expert opinion ÖSTERREICHISCHE GEMMOLOGISCHE GESELLSCHAFT (ÖGEMG) no. 21-GR1251VR / R, 21-GR1252VR / R, 21-GR1253VR / R and 21-GR1254VR / R dated January 18, 2021 and are valued at EUR 549,400.

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## **Annex no. 3**

### **Future pledge**

The future pledge is a set of movables (precious stones) that will be valued at the ÖSTERREICHISCHE GEMMOLOGISCHE GESELLSCHAFT (ÖGEMG) at a value of at least EUR 500,000.

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