

Annex 1: Terms of the management board member's share option

1. AS Baltika grants a share option to the management board member whereby the management board member obtains, upon sale of shares by the majority shareholder of AS Baltika and depending on the increase of the market value of the shares of AS Baltika, the right to subscribe shares with ISIN code EE3100145616 in the volume of up to 5% of the share capital of AS Baltika.
2. The subscription right arises only if the majority shareholder of AS Baltika KJK Fund SICAV-SIF sells at least 75% of the shares of AS Baltika and on the condition that at least three years have expired as of the entry into effect of the option agreement. Earlier subscription of the shares is possible only if approved by AS Baltika and if the management board member compensates related tax cost to AS Baltika.
3. The term of the option is six years of entry into effect of the option agreement.
4. The subscription right and the actual number of shares that the management board member has the right to subscribe depends on the value increase of the shares of AS Baltika. The number of shares available for subscription under the option is determined based on the increase of the market value of AS Baltika at the time the option becomes exercisable as compared to the reference value of EUR 0.11 per share. The value increase required for the subscription right to arise and the respective option right is provided below:

Increase in market value of the shares (multiplier)	New market value of the shares (EUR)	Increase of value of the shares (EUR)	% shares that the management board member has the right to exercise
1.5	8,923,115	2,974,372	3.00 %
2	11,897,487	5,948,743	3.50 %
2.5	14,871,858	8,923,115	4.00 %
3	17,846,230	11,897,487	4.50 %
3.5 and above	20,820,602	14,871,858	5.00 %

5. The subscription price of the shares is equal to the nominal value of the shares.
6. The shares of AS Baltika subscribed under the option agreement entitle the management board member to receive dividend in the economic year in which the right arising from the shares are deemed as having been created. However, the shares subscribed do not provide the right to receive dividend if the list of shareholders entitled to receive dividend was fixed before the date in which the rights arising from the subscribed shares are deemed to have been created under applicable law.