

**DRAFT DECISION
ORDINARY GENERAL MEETING OF
SHAREHOLDERS 16.05.2018
ITEM 5 ON THE AGENDA**

Aktsiaselts BALTIKA Share Option Program

To approve the key terms and conditions (the '**Conditions**') of Aktsiaselts BALTIKA Share Option Program, which are as follows:

1. The purpose of Aktsiaselts BALTIKA (the „**Company**“) share option program is to motivate the key persons of the Company or the legal persons belonging to the same group, including members of the management board and managers (hereinafter: the Managers) by including them among the Company's shareholders in order to ensure improvement of the Company's performance and increase of the value of the shares, and to enable the Managers to benefit from their contribution to growth in the value of the Company's share.
2. Under the share option program the Company shall issue in total up to 1,000,000 (*one million*) share options. Each share option grants the option holder the right to acquire 1 (*one*) share of the Company.
3. The eligible persons of this share option program are Company and legal persons belonging to the same Group key persons, members of the Management Board and managers of the Company who are members in 2018 and 2019 as elected by the Supervisory Council.
4. The number of share options issued to eligible persons shall be determined by the Supervisory Council of the Company. Eligible person is entitled to receive no more than two hundred thousand (250,000) share options, except the chairman of the Management Board Meelis Milder, who is entitled to receive up to three hundred and fifty thousand (350,000) share options. The Management board of the Company shall notify every eligible person of the relevant decision of the Supervisory Council in writing.
5. In the event that the eligible person wishes to acquire the share option designated for him or her, that person has to execute with the Company at the latest by 31 December 2019 a written option agreement (hereinafter: the „Option Agreement“). If the eligible person does not conclude the Option Agreement within the referred term, this person loses the right for acquiring the share options allocated to him or her.
6. The implementation of the terms and conditions of the share option program, and the procedure for exercising the share option shall be set forth in the Option Agreement concluded by and between the Company and the eligible person. The terms and conditions of the Option Agreement are determined by the Supervisory Council of the Company.
7. The eligible person of this share option has the right to exercise the issued option after three year period following the issue of the option to him/her (i.e. from signing the Option Agreement), whereas the share options can be exercised until December 31, 2022. For exercising the share option the eligible person shall submit the Company a request to acquire shares. The Company shall provide the Manager the term of payment for the shares by issuing the respective invoice and upon due payment for the shares the Company shall issue the shares within 6 (*six*) months from the date of the request (presumably the shares will be issued at the end of 2021, in the middle of 2022 and at the end of 2022).
8. The eligible person of the share option may not transfer the share options issued to him or her in any way, including transfer as a gift or via inheritance, except under clause 12 of these Conditions.
9. It is the prerequisite of exercising the share option, that the eligible person has a valid employment or service relation with the Company or the legal persons belonging to the same group. In case the Management Board member resigns irrespective of the reason, this Management Board member is no longer entitled to share options and the Option Agreement is terminated from the date the Supervisory Council of the Company resolves

the application of the Management Board member on resignation, if the Supervisory Council does not decide otherwise. In case the Manager resigns on the initiative of the employee irrespective of the reason, he/she is no longer entitled to share options and the Option Agreement is terminated without any additional agreement in writing on the last working day of the employee.

10. The exercise of share options is subject to the following preconditions:

- If 30 day NASDAQ Tallinn *Volume-Weighted Average Price* share price of Baltika share is up from the last 30 days NASDAQ Tallinn *Volume-Weighted Average Price* share price preceding the approval of these Conditions, the eligible persons of the share options are free to exercise 25% of the share options;
- If 30 day NASDAQ Tallinn *Volume-Weighted Average Price* share price of Baltika share is up minimum 25% from the last 30 days NASDAQ Tallinn *Volume-Weighted Average Price* share price preceding the approval of these Conditions, the eligible persons of the share options are free to exercise 50% of the share options;
- If 30 day NASDAQ Tallinn *Volume-Weighted Average Price* share price of Baltika share is up minimum 50% from the last 30 days NASDAQ Tallinn *Volume-Weighted Average Price* share price preceding the approval of these Conditions, the eligible persons of the share options are free to exercise 75% of the share options;
- If 30 day NASDAQ Tallinn *Volume-Weighted Average Price* share price of Baltika share is up minimum 75% from the last 30 days NASDAQ Tallinn *Volume-Weighted Average Price* share price preceding the approval of these Conditions, the eligible persons of the share options are free to exercise 100% of the share options;

11. In case the Management Board member is recalled from the Management Board, the execution of the share options takes places in accordance with the Option Agreement. In case the Manager's employment contract is terminated, the execution of the share options takes places in accordance with the Option Agreement.

12. In the event that shareholder or group of shareholders acting in concert acquire after the approval of the present Conditions the shares of the Company, which represent more than 30% of the total amount of votes at the time of acquisition, the eligible person of the share option is entitled to require within 60 calendar days from the date of acquisition that the Company will purchase the share options with the price of 30 day NASDAQ Tallinn *Volume-Weighted Average Price* share price preceding the date the Management Board member executed the put option under this clause minus the price for exercising the share option.

13. The price for exercising the share option shall be EUR 0,10 for one share.

14. The Company will issue up to one million (1,000,000) new shares to execute the share option program after the share price has been paid in full.

15. The share price must be paid by the eligible persons to the Company after the Company has issued the invoice after the delivery of the request to acquire shares by the date as indicated on the invoice. The share price must be paid to the Company's bank account.

16. In order to execute the share option program the share capital is conditionally increased up to one hundred thousand (100,000) euros.

17. The new shares give the right to receive dividends from the financial year when they were issued, provided that the list of shareholders eligible to receive dividends has not been set prior to the emission of shares.

18. The Supervisory Council shall arrange the execution of the share option program and can establish the detailed terms and time schedule of the share option program in accordance with these Conditions. The Supervisory Council shall resolve all issues related to the execution of the share option program.