



**NOTARY PUBLIC OF TALLINN LIA MARTENS**

NOTARY'S BOOK OF PROFESSIONAL ACTIVITIES

REGISTRY NUMBER

1322

**MERGER AGREEMENT**

This notarial deed has been prepared and certified on the twenty first of June year two thousand and twelve (21.06.2012) by Lia Martens, a notary public of Tallinn, whose office is located in Tallinn, Rävala pst 2/Kivisilla tn 8 and the participants in this notarial deed are

**Aktsiaselts BALTIKA**, located at Veerenni 24, Tallinn 10135, e-mail address [baltika@baltikagroup.com](mailto:baltika@baltikagroup.com), registered in Harju County Court registration department under the registry code 10144415, hereinafter the „**Acquiring Company**“, represented by the member of the Management Board, entered into the registry card of the company, **Maigi Pärnik-Pernik**, personal identification code 47401192239, hereinafter the „**Representative of the Acquiring Company**“, who is a person known to the notary public and who confirms that her representation right is valid, also she has no prohibition of business

and

**aktsiaselts VIRULANE**, located at Veerenni 24, Tallinn 10135, e-mail address [baltika@baltikagroup.com](mailto:baltika@baltikagroup.com), registered in Harju County Court registration department under the registry code 10200119, hereinafter the „**Company Being Acquired**“, represented by the member of the Management Board, entered into the registry card of the company, **Merike Saks**, personal identification code 45712010285, hereinafter the „**Representative of the Company Being Acquired**“, who is a person known to the notary public and who confirms that her representation right is valid, also she has no prohibition of business

- The Acquiring Company and the Company Being Acquired hereinafter jointly referred to as the „**Parties**“ or „**Participants to the Agreement**“.

The notary has verified the representation rights of the representatives of the Participants to the Agreement on the day this notarial deed was certified electronically pursuant to the the valid registration data from the central database of Registry Departments of the County Courts.

The Parties required the notarisation of the merger agreement as follows:

**1. ACQUIRING COMPANY AND THE COMPANY BEING ACQUIRED,  
PURPOSE OF THE AGREEMENT AND METHOD OF MERGER**

- 1.1.** The Company Being Acquired is Aktsiaselts Virulane, located at Veerenni 24, Tallinn 10135, registry code 10200119, with the share capital of 538 521.60 euros, with the composition of the Management Board Merike Saks, member of the Management Board, personal identification code 45712010285. The Articles of Association are approved on 21.04.2011. The beginning of the financial year 01.01. and the end of the financial year 31.12.
- 1.2.** At the moment of the execution of the present agreement the Company Being Acquired has one shareholder: Aktsiaselts BALTIKA, to whom belong 100% of the shares of the Company Being Acquired, e.g. forty two thousand seventy two (42 072) shares of Aktsiaselts Virulane with the nominal value of 12.80 euros.
- 1.3.** The Acquiring Company is Aktsiaselts BALTIKA, located at Veerenni 24, Tallinn, registry code 10144415, with the share capital 7 158 970 euros; with the composition of the Management Board Meelis Milder, member of the Management Board, personal identification code 35804054210, Maire Milder, member of the Management Board, personal identification code 45806210283, Andrew James David Paterson, member of the Management Board, date of birth 26.08.1969, Maigi Pärnik-Pernik, member of the Management Board, personal identification code 47401192239. The Articles of Association are approved on 20.04.2012. The beginning of the financial year 01.01. and the end of the financial year 31.12.
- 1.4.** *The purpose of the present agreement is to merge the Company Being Acquired with the Acquiring Company pursuant to the terms and conditions of the present agreement.*
- 1.5.** The Company Being Acquired shall be dissolved without liquidation proceedings. The Acquiring Company shall be the legal universal successor of the Company Being Acquired. With the merger all the assets *in corpore*, including all the rights and obligations of the Company Being Acquired shall be transferred to the Acquiring Company and the Company Being Acquired shall be deemed to be dissolved.

**2. REPRESENTATIONS AND WARRANTIES OF THE PARTICIPANTS TO THE AGREEMENT**

- 2.1.** The representatives of the Participants to the agreement represent and warrant that:
  - 2.1.1.** there are no circumstances which would hinder or preclude the right of the participants to the agreement to conclude this Agreement;
  - 2.1.2.** thirty nine thousand two hundred and seventy two (39 272) registered ordinary shares of the Company Being Acquired have been pledged as financial security in favour of AS Swedbank;

- 2.1.3.** no resolution on the alteration of the share capital of the Acquiring Company and/or Company Being Acquired has been adopted by the shareholders until the conclusion of this Agreement; except the conditional increase of the share capital of the Acquiring Company pursuant to the decision of the general meeting of shareholders on 20.04.2012;
- 2.1.4.** the Company Being Acquired has not issued any preference shares or convertible bonds;
- 2.1.5.** in relation to the Acquiring Company and/or the Company Being Acquired no liquidation proceedings have been initiated, no bankruptcy petitions or bankruptcy warnings have been filed with respect to them and no restructuring has been initiated;
- 2.1.6.** the assets of the Company Being Acquired have been encumbered with the following commercial pledges:
  - first ranking commercial pledge in the amount of 1 000 000 kroons, 13.05.1997 for the benefit of Aktsiaselts Eesti Hoiupank, registry code 10040845;
  - second ranking commercial pledge in the amount of 14 200 000 kroons, 08.06.1997 for the benefit of Aktsiaselts Eesti Hoiupank, registry code 10040845.

### **3. MERGER**

- 3.1.** Pursuant to the present agreement the Acquiring Company merges the Company Being Acquired with itself. The Parties have agreed that all the assets in full of the Company Being Acquired shall be transferred to the Acquiring Company.
- 3.2.** Upon the entry of the merger into the commercial register, all the assets (the rights and obligations) of the Company Being Acquired shall be transferred to the Acquiring Company and the Company Being Acquired shall be dissolved. The Acquiring Company shall be the legal successor of the Company Being Acquired.
- 3.3.** Pursuant to Article 394 (2) of the Commercial Code, an auditor need not audit a merger agreement if all shares of the Company Being Acquired are held by the Acquiring Company and the sole shareholder of the Company Being Acquired Aktsiaselts BALTIKA agrees that an auditor need not audit the merger agreement.
- 3.4.** Pursuant to Article 393 (2) of the Commercial Code, the merging companies need not to prepare a merger report as all the shares of the Company Being Acquired are held by the Acquiring Company. Pursuant to NASDAQ OMX Tallinn Stock Exchange Rules and Regulation part “Requirement for Issuers” clause 17.6. the merging companies shall execute and disclose to the public a merger report that corresponds to the requirements set forth in Article 393 (1) of the Commercial Code.
- 3.5.** Pursuant to Article 403 (4) of the Commercial Code, the shares of a Company Being Acquired which are held by the Acquiring Company shall not be exchanged and shall become invalid. Therefore, the Acquiring Company, as the sole shareholder of the Companies Being Acquired, shall not obtain any shareholder’s rights in the Acquiring Company.
- 3.6.** With the merger the share capital of the Acquiring Company shall not be altered and the shares of the Company Being Acquired shall become invalid. The sole shareholder of the Company Being Acquired shall not be paid any monetary compensation in connection

with the merger.

- 3.7.** The business name of the Acquiring Company shall continue to be Aktsiaselts BALTIKA and the location of the company shall remain Tallinn and legal address Veerenni 24, Tallinn 10135. The composition of the Management Board of the Acquiring Company remains unchanged.
- 3.8.** Upon entry of the merger into the commercial register, the employees of the Company Being Acquired are considered to be the employees of the Acquiring Company, the merger does not make any changes to the employment contracts entered into with the employees and these contracts remain valid on the same terms. From the same date employer's rights and obligations deriving from the employment contracts shall be transferred from the Company Being Acquired to the Acquiring Company. The Company Being Acquired does not have any valid employment contracts on the date of the conclusion of the present agreement.
- 3.9.** The date as of which the transactions of the Company Being Acquired shall be deemed to be undertaken by the Acquiring Company is the merger balance sheet date and it is first of January year two thousand and twelve (01.01.2012). The liquidation balance sheet of the Company Being Acquired is made as of thirty first of December year two thousand and eleven (31.12.2011).
- 3.10.** Upon entry of the merger into the commercial register, the authorities of the member of the Management Board and the Supervisory Council of the Company Being Acquired shall expire. No benefits shall be granted to the members of the Management Board and the Supervisory Council of the Company Being Acquired or Acquiring Company in connection with the merger and no remuneration is paid to the auditors.

This notarial deed has been read out to the participants of the agreement, it has presented for the review before approval and thereafter approved by the undersigning persons and signed before the notary in their own hand. The participants of the agreement waived from the read out of the annex to the notarial deed, it was presented to the participants of the agreement for review and thereafter approved and signed with their own hand in the presence of the notary.

In this notarial deed with the annex there are six (6) pages, bound and sealed.

REPRESENTATIVE OF THE  
ACQUIRING COMPANY:

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*forename(s) and surname*

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*signature*

REPRESENTATIVE OF THE  
COMPANY BEING ACQUIRED:

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*forename(s) and surname*

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*signature*

**1. Explanations of the certifier of this notarial deed**

1.1. Pursuant to Article 397 (1) of the Commercial Code, rights and obligations shall arise from a merger agreement if the merger agreement is approved by all merging companies. A merger resolution shall be in writing.

1.2. Pursuant to Article 421 (4) of the Commercial Code, if at least nine-tenths of the share capital of a company being acquired is held by the acquiring company, approval of the merger agreement by a merger resolution of the acquiring company shall not be required for merger. The acquiring company at least one month before deciding on the approval of the merger agreement by the company being acquired or, if the merger agreement need not be approved at the meeting of shareholders or the general meeting of the company being acquired, at least one month before the creation of the rights and obligations arising from the merger agreement shall perform the disclosure obligations specified in § 419 of this Code. A merger resolution is necessary if this is demanded within the term specified in the previous sentence by shareholders of the acquiring company whose shares represent at least 1/20 of the share capital and unless the articles of association prescribe a lower representation requirement.

1.3. Pursuant to Article 399 (1) of the Commercial Code, immediately after a merger has been entered into the commercial register of the registered office of the acquiring company, the acquiring company shall publish a merger notice to the creditors of the acquired companies in the publication *Ametlikud Teadaanded*, informing them of the possibility to submit, within six months after the publication of the notice, their claims to the acquiring company in order to receive a security.

1.4. Pursuant to Article 419 (4) of the Commercial Code, at least one month prior to the general meeting deciding on the merger, the management board shall submit the merger agreement to the registrar of the commercial register or disclose it on the homepage of the public limited company. Upon the disclosure of the merger agreement on the homepage of the public limited company, it shall be available to the public free of charge until the end of the general meeting. In addition, the management board shall publish in the official publication *Ametlikud Teadaanded* a notice concerning the entry into the merger agreement. The notice shall indicate where or at which homepage address it is possible to examine the merger agreement and other documents specified in Article 419 (1) of the Commercial Code and receive copies of these documents. Upon the disclosure of the merger agreement on the homepage of the public limited company, the notice shall also indicate the disclosure date of the merger agreement. Pursuant to Article 419 (5) of the Commercial Code, if the public limited company is required to make public the regulated information in the central recording system for information specified in subsection 184<sup>6</sup> (5) of the Securities Market Act, the merger agreement may be disclosed in such system instead of the homepage of the public limited company.

1.5. Pursuant to Article 400 (1) of the Commercial Code, the management board of or the partners entitled to represent a merging company shall submit, not earlier than after one month of the approval of the merger resolution, a petition for entry of the merger in the commercial register of the registered office of the company.

1.6. Pursuant to Article 400 (2) of the Commercial Code, a registrar may enter a merger in the register only if the final balance sheet of the company being acquired is prepared as at a date not earlier than eight months before submission of the petition to the commercial register. The final balance sheet is prepared pursuant to the requirements established for the balance sheet that

constitutes part of the annual report, and the approval of the final balance sheet and conducting the audit thereof is governed by the provisions concerning the approval of the annual report and conducting an audit. The final balance sheet shall be prepared using the same accounting policies and presentation which were used in the preparation of the balance sheet that constitutes part of the last annual report. The final balance sheet shall be prepared as at the day preceding the merger balance sheet date.

1.7. Pursuant to Article 419 (3) of the Commercial Code, if the last annual report of a merging public limited company is prepared in respect to financial year, which ended earlier than six months prior to the entry into the merger agreement, the balance sheet (interim balance sheet) compliant with the requirements established for the balance sheet that constitutes part of the annual report shall be prepared as at no earlier than the first day of the third month preceding the entry into the merger agreement. The interim balance sheet shall be prepared using the same accounting policies and presentation which were used in the preparation of the balance sheet that constitutes part of the last annual report. The interim balance sheet shall be submitted to shareholders for examination pursuant to the procedure specified in subsections (1)–(2<sup>1</sup>) of this section. The interim balance sheet need not be prepared if all the shareholders of the merging public limited companies agree thereto. Instead of the interim balance sheet, the half-yearly report disclosed pursuant to § 184<sup>11</sup> of the Securities Market Act may be submitted to shareholders for examination.

1.8. Pursuant to Section 7(1) of the Commercial Pledges Act, in case of a merger of companies when the property of more than one of the merging companies is encumbered with a commercial pledge, the merger may be entered into the commercial register only if the application submitted to the registrar of the commercial register to enter the merger into the register is accompanied by a notarised agreement of the pledgees regarding the ranking of pledge entries.

## **2. Original of the notarial deed and the issuance of original transcripts and certified copies**

2.1. The notarial deed has been prepared and signed in one (1) original, which shall be kept at the notary's office. On the day of certifying this agreement, two (2) transcripts have been issued to the parties to the Agreement and the possession of which replaces the original in legal transactions. upon request. The certified copies of this agreement shall be delivered to the registry department of the court together with the application to enter the merger into the register.

2.2. The legal representatives of the Participants to the agreement have after this notarial deed is certified and a digital transcript of it has been made access through X-Tee services to the state portal [www.eesti.ee](http://www.eesti.ee) to the notarised document related to the participants to the agreement.

## **3. Costs related to the transaction**

3.1. The notary's fee for certifying this notarial deed, from the value of transaction 6 390 000 euros, pursuant to Sections 18 (5), 22, 23 (2) of the Notary's Fees Act, in the amount of 10 735.92 euros + 20% VAT 2 147.18 euros, total 12 883.10 euros, which shall be paid by the Acquiring Company.

3.2. The notary's fee for preparing transcripts and certified copies, pursuant to Section 31 (14) and 35 of the Notary's Fees Act, shall be paid by the Acquiring Company. The notary has the right to withhold the documents which have been submitted for preparing the notarial act and which ought to be returned until the payment of the notary fee is made.

## INSCRIPTION OF THE TRANSCRIPT

21 June 2012

I, Lia Martens, a notary public of Tallinn, whose office is located in Tallinn, Rävala pst 2/Kivisilla tn 8, issue the present transcript, which corresponds to the original and pursuant to Articles 48 of the Notarisation Act the possession of a transcript of the notarial deed substitutes for possession of the original notarial deed in legal acts.

The present document has together with the page with notarial certificate 7 pages sealed and binded with the embossing seal impression.

The list of persons to whom the transcripts are issued:

1. Aktsiaselts BALTIKA
2. Aktsiaselts Virulane

Notary /signature and seal/