

SHARE OPTION PROGRAM

Purpose

The purpose of this share option program (hereinafter: **Option Program**) is to determine the conditions under which a person is entitled to acquire shares of Arco Vara AS (hereinafter: **Company**) in accordance with the conditions specified in the Option Program.

Persons eligible to participate in the Option Program

Lauri Männiste (personal identification code 38312225728; hereinafter: **Member of the Management Board**), who shall be appointed as a member of the Management Board of Arco Tarc OÜ by 29 June 2022.

Tiina Malm (personal identification code 48107160214; hereinafter: **CFO**) as the current CFO of Arco Vara AS, appointed on 15 January 2020.

Kaloyan Nikolaev Radoslavov (personal identification code 8610220502; hereinafter: **Bulgaria CM**) as the current Manager of Arco Vara Bulgaria EOOD, appointed on 30 June 2021.

The content and underlying assets of the Option

The underlying assets of the option program are the shares of the Company (ISIN code EE3100034653, hereinafter: **Shares**).

The person entitled to participate in the Option Program has the right to acquire Shares in accordance with the terms and conditions of this Option Program (hereinafter: **Option**).

Option volume

Based on the Option Program, the Option will be issued for a maximum of 63,000 Shares.

Option price

The Member of the Management Board, the CFO and the Bulgaria CM are entitled to exercise the Option free of charge, i.e. the price of the Option is 0 EUR.

Term and method of exercising the option

For the Member of the Management Board, the CFO and the Bulgaria CM the term of the Option is three years from the approval of the Option Program by the Annual General Meeting of the Company.

The execution of the Option and the issuing of the Shares will take place by increasing the share capital of the Company and issuing new Shares, which will be decided by the general meeting of shareholders of the Company. The Company undertakes to ensure the increase of the share capital of the Company and the issue of new Shares within 6 months after the expiry of the Option in line with the Option Program.

The extent of the increase of the share capital and the number of new Shares to be issued for the Member of the Management Board, the CFO and the Bulgaria CM (hereinafter all together: **Eligible Person**) shall be determined on the basis of the following conditions for each Eligible Person separately:

- i. if the Eligible Person has not been recalled or his/her employment contract has not been terminated before 30 June 2023 - to increase the share capital of the Company by EUR 4,900 and to issue 7,000 Shares to the Eligible Person;

(All together to increase the share capital of the Company by 14,700 EUR and to issue 21,000 Shares)

- ii. if the Eligible Person has not been recalled or his/her employment contract has not been terminated between 01 July 2023 and 30 June 2024 - to increase the share capital of the Company by EUR 4900 and to issue 7000 Shares to the Eligible Person;

(All together to increase the share capital of the Company by 14,700 EUR and to issue 21,000 Shares)

- iii. if the Eligible Person has not been recalled or his/her employment contract has not been terminated between 01 July 2024 and 30 June 2025 - to increase the share capital of the Company by EUR 4900 and to issue 7000 Shares to the Eligible Person.

(All together to increase the share capital of the Company by 14,700 EUR and to issue 21,000 Shares)

Additionally, during the period 2022 Q3 - 2025 Q2 the average ROE per every 12 months is required to be at least 12%, i.e. the calculation is made for the whole 36-month period. The actual ROE during a certain period may be less than 12%, the ROE requirement is fulfilled in case the condition is met based on the average ROE calculation as described previously. The final calculation will be made during 15 days after 2025 Q2 is over. In case the ROE requirement is not met, no Shares will be issued even if other conditions set in the Share Option Program are fulfilled.

If the Eligible Person is in office or his/her employment contract is in force until the expiry of the Option and the ROE requirement as described above is fulfilled, the Option shall be exercised in the maximum amount of the Option provided in the Option Program, i.e. the Company's share capital will be increased by EUR 14,700 and 21,000 Shares will be issued per one Eligible Person (all together the Company's share capital will be increased by 44 100 EUR and 63 000 new Shares will be issued), provided that the Eligible Person has fulfilled all obligations in line with the Option Program.

Execution of the Option

The execution of the Option by the Eligible Person is divided into three stages as follows:

- i. each Eligible Person undertakes separately to inform the Management Board of the Company within 30 days after 30.06.2023 of his / her wish to exercise the Option in respect of 7,000 Shares;
- ii. each Eligible Person undertakes separately to inform the Management Board of the Company within 30 days after 30 June 2024 of his / her wish to exercise the Option in respect of an additional 7,000 Shares;
- iii. each Eligible Person undertakes separately to inform the Management Board of the Company within 30 days after 30 June 2025 of his / her wish to exercise the Option for an additional 7,000 Shares.

If the Eligible Person does not inform the Management Board of the Company in accordance with the conditions set forth above, he / she loses the right to exercise the Option in respect of the Shares the Eligible Person did not inform the Management Board of the Company.

Other terms of the Option

The Option is granted to the person entitled to receive the Option in person. The option cannot be transferred, pledged or otherwise encumbered or disposed of.

The Option cannot be exercised in cash, i.e. the Eligible Person has no right to claim any monetary or non-monetary compensation if the Option is cancelled or cannot be exercised for any other reason.