

Company AS BALTIKA
 Type Company Release
 Category Other corporate action
 Disclosure time 08 Aug 2022 15:30:00 +0300

Currency

Title Baltika sells some of "Ivo Nikkolo" trademarks, which it continues to use under an exclusive

AS Baltika (Baltika) and Niul OÜ (the Acquiring Company) signed on 08.08.2022 a trademark transfer agreement (the Sales Agreement) under which the Acquiring Company acquires some of "Ivo Nikkolo" trademarks (the Trademarks). Despite the transfer of the Trademarks, Baltika retains the exclusive right to use the Trademarks under an exclusive trademark licence agreement signed on 08.08.2022 a between Baltika and the Acquiring Company (the Licence Agreement). In addition, Baltika and the Acquiring Company have on 08.08.2022 signed notarised pledge agreements with respect to the Trademarks and in favour of Baltika (the Pledge Agreements) to secure the performance of the obligations by the Acquiring Company under the Sales Agreement.

The transfer of the Trademarks enters into force and pledges to the Trademarks are created by making respective entries in the Estonian register of trade and service marks and the Register of European Union trade marks concerning the transfer and pledges.

The purpose of the transaction is to finance the main activities, projects, and investments of the Baltika Group. In addition, as a result of the transaction, Baltika's equity is in line with the requirements stipulated in the Commercial Code.

This transaction is not a related party transaction in the essence of the Rules of the Nasdaq Tallinn Stock Exchange, and the supervisory board and members of the management board of Baltika have no personal interest in the transaction.

SALE OF TRADEMARKS

Under the Sales Agreement, the Acquiring Company acquires the following "Ivo Nikkolo" Trademarks:

Trademark	Registration No.	Class



+-----+-----+-----+-----+-----+					
+-----+-----+-----+-----+-----+					
	Ivo Nikkolo				
Estonia	(combined)	14, 16, 18, 25, 35.	M200800846	47140	27.05.2008
18.02.2010					
+-----+-----+-----+-----+-----+					
+-----+-----+-----+-----+-----+					
	Ivo Nikkolo				
Estonia	(word)	25.	9900991	32389	04.06.1999
29.09.2000					
+-----+-----+-----+-----+-----+					
+-----+-----+-----+-----+-----+					
the European	IVO NIKKOLO				
Union	(figurative)	3, 9, 14, 18, 24, 25, 35.	018352063	018352063	10.12.2020
16.04.2021					
+-----+-----+-----+-----+-----+					
+-----+-----+-----+-----+-----+					
the European	Ivo Nikkolo				
Union	(word)	9, 14, 18, 25.	018325616	018325616	22.10.2020
06.02.2021					
+-----+-----+-----+-----+-----+					
+-----+-----+-----+-----+-----+					

The total purchase price for the Trademarks is EUR 8,000,000. Pursuant to the Sales Agreement, the Acquiring Company undertakes to pay the purchase price as follows:

- * EUR 500,000 of the purchase price will be paid by the Acquiring Company to Baltika in cash latest by 09.08.2022;
- * EUR 1,500,000 of the purchase price will be paid by the Acquiring Company to Baltika in cash latest by 16.08.2022;
- * EUR 3,000,000 of the purchase price will be paid by the Acquiring Company to Baltika in cash latest by 31.12.2023; and
- * EUR 3,000,000 of the purchase price will be paid by the Acquiring Company to Baltika in cash latest by 31.12.2024.

The purchase price payment obligation of the Acquiring Company is secured by the pledges created to the Trademarks in favour of Baltika under the Pledge Agreements.

LICENCE AGREEMENT

Under the Licence Agreement, the Acquiring Company grants Baltika a world-wide and unlimited right to use and exploit the Trademarks and the rights arising from the Trademarks, i.e. an exclusive licence to the Trademarks for the whole



Baltika pays the Acquiring Company royalty consisting of several components under the Licence Agreement as follows:

- * A Lump sum royalty of EUR 27,000 will be paid by Baltika to the Acquiring Company for the year 2022 on 10.08.2022.
- * As of 22.08.2022 until 07.08.2023 Baltika will pay to the Acquiring Company a monthly royalty EUR 2,109 on the 22(th) day of every month.
- * As of 08.08.2023 Baltika will pay to the Acquiring Company a monthly royalty EUR 3,775.67 on the 10(th) day of every month.
- * In addition to the above royalties, there is an annual royalty which is 2.5% of the annual turnover of Baltika from the sale of goods bearing "Ivo Nikkolo" trademark based on the audited annual reports of Baltika but capped at EUR 300,000 per year. Baltika undertakes to pay the annual royalty for the preceding calendar year within 30 days as of the receipt of the auditor's approval to the annual report with respect to the preceding calendar year by Baltika. The first annual royalty payment is due in mid-2023 for the year 2022 and is calculated based on months the exclusive licence is valid in 2022.

If prescribed by law, Value-Added Tax shall be added to royalty payments.

PURPOSE OF THE TRANSACTION AND EFFECT ON BALTIKA

According to the Sales Agreement, Baltika will keep the right to register "Ivo Nikkolo" trademark or similar trademark outside the European Union, as a business name or domain name without any territorial or other restrictions and to use trademarks owned by Baltika (including those to be registered in the future) without any restrictions.

The purpose of the transaction is to finance Baltika's business operations. Baltika will use the proceeds from the transaction to finance the Group's main activities, projects, and investments. In addition, the transaction will have positive effect on the equity of Baltika. As a result of the transaction, Baltika's equity follows the 50% share capital requirement stated in the Commercial Code.

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