

## **Appendix 1 GENERAL TERMS OF CLIENT CONTRACT ON PERFORMANCE OF AUDIT**

This Appendix to the Client Contract uses the terms defined in the Client Contract.

By signing the Client Contract, the Parties declare that:

Before entering into the Client Contract, the Audit Firm has established that the financial reporting framework applied on the preparation of the financial statements is acceptable

and,

as a precondition for the audit to be conducted, the Client's management acknowledges and understands its responsibilities:

- (i) for the preparation of the financial statements in accordance with the applicable financial reporting framework including, where appropriate, for their fair presentation;
- (ii) for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement; and
- (iii) for providing the Audit Firm with:
  - a. access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
  - b. additional information that the auditor may request from management for the purpose of the audit; and
  - c. unrestricted access to persons within the entity from whom the auditor determines it necessary to obtain audit evidence.

The Parties enter into the Client Contract and hereby agree as follows:

### **1. Service to be Provided by Audit Firm and Subject Matter**

1.1. The service to be provided by the Audit Firm and the subject matter are set forth in the Client Contract.

### **2. Time Frame for Service to be Provided by Audit Firm**

2.1. The duration of the Audit (work measured in hours) is set forth in the Client Contract.

2.2. The date when the Audit Firm shall issue the Independent Auditor's Report is set forth in the Client Contract.

- 2.3. At least 14 days before the deadline set forth in subsection 2.3. of the Client Contract the Client shall submit the Audit Firm the Financial Statements and the management report, which have been prepared and approved by the Client's management board, and at least 4 business days before the Audit Firm's agreed visits to the Client (the interim visit and the post-balance sheet date visit) the Client shall submit the Audit Firm any other documents the Audit Firm has requested from the Client for the purpose of conducting the Audit, including the documents listed in Appendix 3 to the Client Contract. If the Client delays with submitting the Financial Statements, the management report or any other documents requested by the Audit Firm for conducting the Audit, the date of issuing the Independent Auditor's Report shall be postponed and a new date shall be agreed separately between the Parties. If the Parties fail to reach agreement, the Audit Firm shall determine the date for issuing the Independent Auditor's Report unilaterally.
- 2.4. If the Audit Firm concludes that the Financial Statements submitted by the Client contain deficiencies, the Audit Firm shall submit the Client, at the latter's request, a written explanation of the deficiencies on the basis of which the Client shall change and/or supplement the Financial Statements. After that the Client shall submit the changed and/or supplemented Financial Statements, which have been approved by the management board, to the Audit Firm for issuance of the Independent Auditor's Report. The Client shall pay for the work performed under this subsection in accordance with subsection 4.3. of the Client Contract.
- 2.5. If the Audit Firm subsequently concludes that the Client's Financial Statements require further changing and/or supplementing, the Client shall be notified thereof. If the Client wishes to additionally change and/or supplement the Financial Statements, the Client shall submit the Audit Firm new, changed and/or supplemented Financial Statements. In the case of any deficiencies therein the Audit Firm shall provide the Client with a new written explanation on the basis of which the Client shall again change and/or supplement the Financial Statements. The Parties to the Client Contract may continue this procedure until they come to a mutually satisfying conclusion concerning the Financial Statements. The Client shall pay for the work performed under this subsection in accordance with subsection 4.3. of the Client Contract.
- 2.6. When subsections 2.4. and/or 2.5. of this Appendix to the Client Contract apply, the date of issuing the Independent Auditor's Report set forth in subsection 2.3. of the Client Contract shall be postponed for such a reasonable period that is necessary for preparing a written explanation, remedying deficiencies in the Financial Statements by the Client, systematic processing of all information having a bearing on the Audit, and issuing the Independent Auditor's Report
- 2.7. When carrying out the Audit agreed in the Client Contract, the Audit Firm may, at its own discretion, subcontract services to other persons. If the need for using a subcontractor is identified, the Parties shall agree who and to what extent shall bear the additional expenses of using the work of subcontractors.

### **3. Independent Auditor's Report and Signatory of Report**

- 3.1. The Audit Firm shall determine the content and wording of the Independent Auditor's Report and the signatory of the Independent Auditor's Report in subsections 3.1. and 3.2. of the Client Contract.

### **4. Service Fee and Settlement Procedure**

- 4.1. The Client undertakes to pay for the service provided by the Audit Firm the amount set forth in subsection 4.1. of the Client Contract.
- 4.2. The Client shall be invoiced for work performed as agreed in subsection 4.2.1. of the Client Contract.
- 4.3. The fee agreed in subsection 4.1. of the Client Contract does not include the fees charged for preparing the explanations referred to in subsection 2.4. and analysing the deficiencies referred to in subsection 2.5. of the Client Contract or the fees charged for reviewing additional versions of the Financial Statements, providing Client consultations or submitting written explanations in connection with the said deficiencies. The fees for those services shall be charged on the basis of time spent by applying an hourly rate of 50 euros/hour plus value added tax but not more than 400 euros for reviewing each version.
- 4.4. If the Client fails to observe the deadlines agreed in the Client Contract, the Client shall pay a contractual penalty of 10% of the total value of the services covered by the Client Contract.
- 4.5. The fee set forth in subsection 4.1. does not include the fee for translating the Financial Statements and/or issuing an Independent Auditor's Report on the translation. Such a fee shall be agreed separately and in advance.
- 4.6. The fee set forth in subsection 4.1. of the Client Contract shall apply on condition that there are no changes in the Client's structure and the volume of the Client's operations does not increase considerably compared to the date of signature of the Client Contract. If the volume of work planned by the Audit Firm increases in comparison with that identified in subsection 2.2. of the Client Contract, the Client shall be charged by the Audit Firm based on the time spent on such additional work by applying an hourly rate of 50 euros/hour plus value added tax of 20%.
- 4.7. An invoice shall be settled within 7 days after its date of issue. Settlement delays shall be subject to interest on arrears accruing at the rate of 0.25% per day.

### **5. Responsibilities of Audit Firm**

- 5.1. The Audit Firm shall plan and conduct the Audit in a manner that creates sufficient preconditions for identifying material misstatements and deficiencies in the Client's Financial Statements.

- 5.2. The Audit Firm may, based on the observations made during the Audit, change the scope and emphasis of the Audit, and suggest that certain areas be paid particular attention during the Audit.
- 5.3. The Audit Firm shall examine the Client's business, accounting, documents, internal control systems, tax accounting, legislation pertaining to the Client's business, and information systems to the extent that this is, in the opinion of the Audit Firm, necessary for issuing the Independent Auditor's Report in accordance with the Auditing Standards.
- 5.4. The Audit conducted under the Client Contract does not include a more specific audit of the Client's activities, tax accounting, internal audit systems, information systems, legal compliance or performance of contracts.
- 5.5. On conducting the Audit the Audit Firm shall assess the following:
  - 5.5.1. significant estimates and judgements made by the Client's management board or similar governing body, accountant and chief financial officer (hereinafter "**Client's Management**") in connection with the preparation of the Financial Statements;
  - 5.5.2. whether the accounting policies used are appropriate for the Client and have been consistently applied;
  - 5.5.3. whether all the information required by the Applicable Financial Reporting Framework is disclosed in the Financial Statements to the extent that in the opinion of the Audit Firm is required for issuing the Independent Auditor's Report in accordance with the Auditing Standards.
- 5.6. The Audit Firm does not guarantee that the Audit will reveal all errors and misstatements in the Client's Financial Statements, weaknesses in internal controls, tax risks, breaches of legislation and contract terms, problems and risks related to operations, financial accounting and information systems, and any other problems and risks related to the Client.
- 5.7. The Audit Firm shall present a draft Independent Auditor's Report to the Client before the final Independent Auditor's Report is signed and issued.
- 5.8. The Audit Firm shall ensure that the Independent Auditor's Report to be submitted to the annual general meeting/meeting of the Client's shareholders is prepared and signed by the signatory of the Independent Auditor's Report in accordance with the provisions of applicable legislation and the Client Contract.
- 5.9. The Audit Firm is has to observe the obligations imposed by the Money Laundering and Terrorist Financing Prevention Act, which include identifying the Client and its legal capacity, identifying and verifying the identity and the right of representation of the members of the Client's management board and the actual beneficiary.

## **5. Responsibilities of Client**

- 5.1. The Client shall ensure that all its economic transactions conducted during the reporting period have been properly recorded in its accounting and the Financial

Statements. The Clients' Management is responsible for making the estimates and judgements required for the preparation of the Financial Statements and making sure that appropriate accounting policies are consistently applied and all the information required by the Applicable Financial Reporting Framework is disclosed in the Financial Statements.

- 5.2. The Client is aware that the Client's Management is responsible for the Client's activities, organising and ensuring true and fair financial accounting and tax accounting, effectively functioning internal control procedures and information systems and asset safeguards, and preventing and detecting misstatements and non-compliance with laws and regulations. The Client confirms its awareness of the fact that the Audit of the Financial Statements does not relieve the Client's Management of the said responsibilities and liability for breach of the said responsibilities.
- 5.3. The Client shall prepare the information and the Financial Statements to be submitted to the Audit Firm, and shall submit these to the Audit Firm in accordance with the agreed time schedule. The Audit Firm assumes that the documentation and information submitted to it is sufficient for making the necessary conclusions. The nature and scope of the Audit depend on the Audit Firm's assessment of the Client's financial accounting and internal control procedures.
- 5.4. The Client shall provide the Audit Firm with access to the Client's accounting documents and any other relevant documents, including minutes of meetings of the management board, the supervisory board and shareholders, and shall provide relevant information and explanations. The Client shall enable the Audit Firm to communicate with those responsible for organising accounting and members of the management board and the supervisory board and any other persons from whom the Audit Firm determines it necessary to obtain evidence. The Client shall ensure that its financial partners (banks and leasing companies), legal representatives and advisers, experts, service providers, and other significant transaction partners identified by the Audit Firm will provide the Audit Firm with information in the format, to the extent and by the time requested by the Audit Firm. The Client shall also grant the Audit Firm all necessary consents and shall take all reasonable steps to ensure that the Audit Firm receives from the predecessor audit firm any information that the predecessor audit firm obtained about the Client in connection with its professional activities and which is necessary for conducting the Audit of the Client's Financial Statements.
- 5.5. The Client shall provide the Audit Firm with written representations (a representation letter) about the facts, estimates and assessments that affect the Financial Statements as well as the fact that the Client has disclosed to the Audit Firm all significant matters and information relevant to the Audit. The Audit Firm may withhold the Independent Auditor's Report until the representation letter has been obtained from the Client. An example of a representation letter, which the Audit Firm may modify as necessary in specific circumstances is provided in Appendix 2 to the Client Contract.
- 5.6. The Client shall provide the representatives of the Audit Firm with proper working conditions on the Client's premises, including access to the internet, a telephone, a copying machine and a fax machine.
- 5.7. By entering into the Client Contract, the Client acknowledges that prior to the conclusion of the Client Contract the Client's shareholders appointed the Audit Firm

to provide the service in accordance with the procedure outlined in the Commercial Code. The Client shall register the Audit Firm as the Client's auditor in the Commercial Register.

- 5.8. The Client shall comply with all lawful requests of the Audit Firm which result from meeting the responsibilities set forth in subsection 4.9. This includes the obligation to submit at the request of the Audit Firm any documents that are necessary for applying the diligence measures arising from the Money Laundering and Terrorist Financing Prevention Act and to provide relevant information, including information about transactions conducted and funds used by the Client, which must be consistent with the nature and scope of the Client's economic activities, as well as information about any changes in the list of actual beneficiaries.

## **6. Reports Presented to Client's Management**

- 6.1. When the Audit Firm determines that it is necessary, the Audit Firm will present the Client, following the performance of the Audit procedures, a written summary of the observations made during the Audit, which in the opinion of the Audit Firm require the attention of the Client's Management.

## **7. Use of Independent Auditor's Report and Other Reports**

- 7.1. The Independent Auditor's Report accompanies the Financial Statements and may not be disclosed or otherwise made available to the general public either in part or in full without the complete underlying Financial Statements.
- 7.2. Inclusion of the Independent Auditor's Report in the Client's public offering prospectus or making a reference to it in such a prospectus requires the prior written consent of the Audit Firm.
- 7.3. Any other reports presented to the Client, including any explanatory or advisory documents, may only be used for the purposes described therein.
- 7.4. The Independent Auditor's Report or any other documents the Audit Firm has presented to the Client may be reproduced or otherwise recreated (e.g. by making available on the internet) with the prior written consent of the Audit Firm only. This does not restrict disclosure of the Independent Auditor's Report via the information system of the Commercial Register.
- 7.5. The addressee of the Independent Auditor's Report is the Client. The Audit is not planned or performed to provide assurance to third parties or in connection with a specific transaction. Therefore the Audit does not cover any issues that may be potentially significant for third parties and there may be circumstances in the context of specific transactions which third parties could assess differently from the assessment made in the course of the Audit.

## **8. Management Report**

- 8.1. Along with the Financial Statements, the Client's management board shall submit the Audit Firm the management report. The Audit Firm will examine the management report during the Audit to verify that in all material respects the information of the

management report does not contradict the information presented in the Financial Statements. However, the Audit Firm accepts no responsibility for the fairness of the management report and/or any other information added to the Financial Statements.

## **9. Electronic Communication**

- 9.1. During the Audit, the Parties may send each other information via electronic channels. The Parties are aware that they cannot guarantee the security of electronic data communication. A Party shall not be liable for any damage caused to the other Party if the damage results from or is connected with electronic data transmission, unless the Party caused the damage deliberately.

## **10. Ownership of Auditor's Work Papers and Use of Audit Tools**

- 10.1. Any work papers, including electronic ones, prepared in the course of the Audit shall be the property of the Audit Firm. The Audit Firm shall not be liable for any damage that may be suffered by the Client when the tools (checklists, control/check tables related to the Financial Statements, etc.) made available to the Client's staff during the Audit are used for purposes other than facilitating the Audit of the Financial Statements.

## **11. Confidentiality Requirements Applicable to Client**

- 11.1. The Client shall maintain the confidentiality of all auditing methods and procedures by which the outcome of the Audit was achieved. This obligation shall apply for 10 (ten) years after the Audit of the Financial Statements.

## **12. Confidentiality Requirements Applicable to Audit Firm**

- 12.1. Confidential information (hereinafter "**Confidential Information**") shall mean any information obtained by the Audit Firm in conducting the Audit, which pertains explicitly to the Client's business as well as any other information that the Client may reasonably be expected to regard as confidential.

- 12.2. The Audit Firm has no obligation to treat as confidential any information disclosed by the Client which:

12.2.1. the Audit Firm legitimately obtains before it is disclosed by the Client;

12.2.2. the Client discloses without limitation to any other natural or legal person;

12.2.3. the Audit Firm prepares independently without using or relying on Confidential Information;

12.2.4. is or will become available to the general public without breach of this confidentiality requirement, or which can be legitimately obtained by the Audit Firm from a third party.

- 12.3. The Audit Firm shall use Confidential Information solely for conducting the Audit and shall not disclose Confidential Information to a third party without the Client's prior written consent unless otherwise provided in this Client Contract or the law. Hereby

the Client grants the Audit Firm the right to use Confidential Information on the terms and conditions set forth in subsection 12.4. The Audit Firm shall apply reasonable measures for maintaining the confidentiality of Confidential Information and informing its representatives and staff of the confidential nature of Confidential Information and the provisions of this Client Contract that regulate the confidentiality of information.

12.4. Examples of cases when Confidential Information may be disclosed:

12.4.1. The Audit Firm may disclose Confidential Information to its professional advisors and insurance providers in order to meet regulatory, risk mitigation and quality control requirements, provided that those persons assume the obligation to maintain the confidentiality of Confidential Information.

12.4.2. The Audit Firm may forward and transmit Confidential Information for other business reasons such as outsourcing of certain services (e.g. server hosting, maintenance, and support) on condition that the service provider undertakes to maintain the confidentiality of the said information and that the Audit Firm remains liable to the Client for maintaining the confidentiality of Confidential Information.

### **13. Data Protection**

13.1. The Audit Firm may process (i.e. among other things collect, register, retain, use, disclose, transmit internationally) personal data only in conformity with the Personal Data Protection Act of Estonia, taking into account the representations made by the Client under this Client Contract.

13.2. The Client agrees that the Audit Firm may process (i.e. among other things collect, retain, disclose) the personal data, including sensitive personal data, of the Client's staff, contract partners, customers and other natural persons for the purposes and reasons provided in subsection 12.4. above.

13.3. Whenever the Client discloses to the Audit Firm the personal data of its staff, contract partners, customers and other natural persons, the Client confirms that it has obtained their consent for the processing of their personal data for the said purposes, unless existence of such a consent arises from the law.

### **14. Organisation of Work**

14.1. On planning the Audit, the Parties agree the schedule for conducting the Audit, the list of information to be initially provided by the Client to the Audit Firm, and the deadlines for the reports to be presented by the Audit Firm.

14.2. When the Client breaches its obligations under the Client Contract and this causes postponement of various Audit stages and the Audit as a whole, the Audit Firm shall not be responsible for such delays or their consequences.

14.3. If the Client fails to settle in a timely manner any invoices submitted by the Audit Firm under the Client Contract, the Audit Firm may suspend performance of the Audit

until the overdue invoices have been settled, and the Audit Firm shall not be responsible for the postponement of the agreed deadlines and its consequences.

## **15. Liability of Audit Firm**

- 15.1. The Audit Firm shall be liable to the Client for any direct proprietary damage wrongfully caused by its professional activities. The limit for the liability is ten times the fee agreed in the Client Contract. The limit shall not apply when the damage results from gross negligence or intent.

## **16. Force Majeure**

- 16.1. The Parties shall not be liable for breach of the terms of this Client Contract if the breach was caused by circumstances beyond their control or which could not have been reasonably foreseen or prevented such as natural disasters (fire, flooding, earthquake, etc.), social conflicts (strike, civil war, etc.) or passing of new legislation which significantly complicate, restrict or prohibit the performance of this Client Contract.

## **17. Effective Date and Term**

- 17.1. This Client Contract shall take effect upon its signature by the Parties and shall remain effective until the Parties have duly performed their obligations under the Client Contract. The Client Contract shall renew automatically for the audit of the financial statements of the period following the period covered by the Audit unless either Party notifies the other of a contrary intent at least one month before the financial reporting period following the period covered by the Audit ends.
- 17.2. When the Parties so agree, the Client Contract may be terminated at any time.
- 17.3. Extraordinary cancellation of the Client Contract may take place with good reasons only and the other Party must be given relevant written notice. Disagreements regarding accounting issues or activities of the Audit Firm do not qualify as good reasons for cancelling the Client Contract.
- 17.4. The Parties agree that good reasons for extraordinary cancellation of the Client Contract by the Audit Firm may include:
- 17.4.1. failure of the Client to settle an invoice submitted by the Audit Firm within more than 60 (sixty) days after the due date in a situation where the Audit Firm has warned the Client about extraordinary cancellation of the Client Contract but the Client has still failed to promptly settle the invoice;
- 17.4.2. declaration of the Client's bankruptcy.
- 17.5. On cancelling the Client Contract, the Audit Firm and the Client must promptly notify the Auditors Activities Oversight Board via Auditors Activities Register information system, giving the explanations for the cancellation of the Client Contract. Immediately after having notified the Auditors Activities Oversight Board, the Audit Firm shall present the Client a report of the Audit procedures carried out until

termination of agreement. The Audit Firm is entitled a reasonable fee for Audit procedures performed up to the date of cancellation and may demand compensation for expenses incurred in connection with the Audit until that date.

- 17.6. The Client bears the obligation to pay the Audit Firm without any further delay for all the works agreed upon in the Client Contract that were carried out up to the cancellation of the Client Contract and are reflected in the report presented to the Client under subsection 17.5 and the expenses hitherto borne by the Audit Firm connected with the Audit referred to in subsection 3.1 of the Client Contract.

## **18. Other Terms**

- 18.1. Any differences of opinion and any disputes arising from the Client Contract shall be resolved by negotiation between the Parties; when the Parties fail to reach agreement, the dispute shall be resolved in Harju Maakohus (Harju County Court).
- 18.2. The Client Contract may be changed and supplemented subject to a written agreement between the Parties only. Any change of or addition to the Client Contract shall take effect when it has been signed by the Parties or on the date determined by the Parties.