

FRAMEWORK AGREEMENT

06.02.2024 No 2-2/24/87-1

The **Estonian Centre for Defence Investments** (registry code 70009764, address Järve 34a, 11314 Tallinn, Estonia) and the **Estonian Defence Forces** (registry code 70008641, address Juhkentali 58, 15007 Tallinn, Estonia), represented by Magnus-Valdemar Saar, Director General of ECDI, pursuant to the articles of association, hereinafter: **Buyer**,

and

Sarsys AB (registry code 556557-7854, address Piledalsvägen 51, 271 73 Köpingsbro, Sweden), represented by Fredrik Grafliind, CEO, pursuant to the articles of association, hereinafter: **Seller**,

separately: **Party** and jointly: **Parties**,

have concluded the following framework agreement.

1. Basis and Subject of the Contract

- 1.1. The contract is concluded on the basis of the founding documents and the Seller's tender for the public procurement „Skidomeeter“ („Skidometer“, reference number in Estonian Public Procurement Register: 269482) Lots 1 and 2.
- 1.2. The Buyer has concluded the contract with the Seller, relying on the Seller's tender, the Seller's applications and confirmations stipulated within this contract, and the premise of good faith in the Seller's professionalism and capability to perform the contract duly. In the event that the Seller employs subcontractors, responsibility of the proper performance of the contract rests on the Seller.
- 1.3. The Seller states and confirms that:
 - 1.3.1. they and their representative have all the necessary rights and mandates to conclude this contract;
 - 1.3.2. they have read the contract and the founding documents of the public procurement and that they understand fully the content and repercussions of duties undertaken and that they agree with the conditions therein;
 - 1.3.3. with the performance of this contract, the rights of third parties are not affected and that there are no such circumstances which might exclude their rights to conclude this contract and perform it duly;
 - 1.3.4. they have all the necessary and valid licenses, registrations, rights of representation and certificates, and at their expiry during the duration of the contract agrees to extend/renew them. If the renewal of licenses, registrations, rights of representation and certificates is not possible due to circumstances independent of the Seller, it is the Seller's obligation to promptly notify the Buyer about it;
 - 1.3.5. the Seller confirms the absence of any claims or other rights applicable on the transferred Goods or rendered Services by third parties, which third parties have the right to apply to the Goods or Services;

- 1.3.6. they and their offered Goods or Services are not subject to international sanctions or originated in an area subject to sanctions in accordance with the International Sanctions Act.
- 1.4. The subject of the contract by consecutive Lots are as follows (clauses 1.4.1 and 1.4.2 hereinafter referred to as **Goods**):
- 1.4.1. Lot 1 – Runway friction tester (car based);
 - 1.4.2. Lot 2 –Portable runway friction tester;
 - 1.4.3. ordering repair and maintenance works necessary to ensure life-cycle support for Goods listed in clauses 1.4.1 and 1.4.2 (hereinafter: **Services**).
- 1.5. On the basis of the contract and its stipulations, the Seller is obligated to sell to the Buyer Goods and provide Services and the Buyer is obligated to accept the Goods or Services and pay to the Seller the price of Goods/Services. In the event that Goods are purchased with life-cycle Services, contractual conditions for the provision of Services stipulated in the Law of Obligations Act shall be applied for such provision of Services, which are not regulated, are in contradiction or are not applicable towards the nature of the Service.
- 1.6. The type or specification, quantity, delivery locations and times or the type of Service and the time and location of provision of Service shall be specified in public contracts.
- 1.7. The Goods must be in compliance with the founding documents of the public procurement, the invitation to tender and the Seller's submitted tender. The delivered Goods must be in compliance with the terms of this contract, including in terms of quality, type, description and quantity. All documents and packaging accompanying the Goods must also be in compliance with the terms of this contract.
- 1.8. Services must be in compliance with the terms of the contract, specifically in terms of quality and description.

2. Parts of the Contract

The integral parts of the contract are invitation to tender; the Seller's tender and its annexes; explanations, confirmation letters, tenders submitted on the basis of the contract, public contracts concluded on the basis of the contract, notices and all concluded amendments between the Parties given during the procurement procedure. Purchase orders, with which a financial commitment is made, are also deemed as public contracts.

3. Conclusion of Public Contracts

- 3.1. Public contracts shall be concluded on the basis of this contract, based on the Buyer's necessities, for either a One-off Purchase (hereinafter: **One-off Purchase**) or for a fixed period (hereinafter: **Duration Contract**), during which orders shall be made. This contract without a Public contract does not obligate the Buyer to order Goods or Services from the Seller.
- 3.1.1. Public contracts for a One-off Purchase shall be concluded between framework agreement partners as a result of the reopening of the competition, the purpose of which is to order Goods or Services, which cannot be ordered on the basis of a Duration Contract. If the estimated cost of a One-off Purchase is more than 50 000 Euros without VAT, the Buyer has the obligation to reopen the competition between all framework agreement partners. If the estimated cost of the One-off Purchase is less than 50 000 Euros without VAT, the Buyer can order Goods or Services from the Seller whose tender was economically most favourable to the Buyer.
- 3.1.2. Duration Contracts shall be concluded to order Goods or Services for the duration of one calendar year on the basis of the list and descriptions of Goods and Services specified

in the public procurement and its technical description or specified during the reopening of the competition. On the basis of Duration Contracts, the Buyer has the right to order Goods or Services specified in the technical description for the duration of the contract from the successful tenderer.

3.1.2.1. Prior to the passing of one calendar year from the conclusion of the contract, the Buyer shall reopen the competition between framework agreement partners, in order to conclude a Duration Contract with the successful tenderer for the subsequent period.

3.1.2.2. Clause 3.3 shall be the basis for the reopening of the competition.

3.1.2.3. The Buyer has the right to supplement the list of Goods or Services of the subject of the reopening of the competition, by issuing new technical descriptions during the reopening of the competition or by removing Goods or Services from the list.

3.1.2.4. The performance of the contract is based on orders issued by the Buyer, which shall specify the quantity, delivery time and location of the purchased Goods or the provision time and location of ordered Services.

3.2. In order to conclude public contracts on the basis of this contract, the Buyer shall reopen the competition between framework agreement partners.

3.3. The reopening of the competition is generally undertaken at the Estonian Public Procurement Register in order to conclude Duration Contracts or One-off Purchases under the following conditions:

3.3.1. The Buyer shall set a reasonable time limit for the submission of tenders, by taking into account the complexity of the procurement subject and the required time to submit tenders.

3.3.2. The Buyer shall stipulate the terms of the reopening of the competition, the list and specifications of required Goods or Services, the time limit for delivery or transport of Goods or time of provision of Services (if applicable) and other necessary information for making the tender. During the reopening of the competition, the Buyer shall specify whether they will be making a One-off Purchase or concluding a Duration Contract.

3.3.3. The tender submitted by the Seller must be in force for at least 60 calendar days, starting from the moment the tender was submitted.

3.3.4. The Buyer has no obligation to order all Goods or Services listed in the technical description of the reopening of the competition after all tenders have been submitted, if the Buyer's necessities have changed by the time of conclusion of the public contract.

3.3.5. The Buyer shall evaluate and compare the submitted tenders in accordance with the proportions of award criteria, and shall declare successful the Seller's tender which is the most economically favourable on the basis of award criteria amongst the tenders which had been declared suitable.

3.3.6. In order to determine the most economically favourable tender, the Buyer shall use the following award criteria during the reopening of the competition:

3.3.6.1. For the conclusion of One-off Purchases (see Clause 3.1.1), the Buyer shall use the following award criteria:

Option 1:

- Cost of tender: 75%
- Delivery time / time of provision of Service: 25%

The Buyer shall use option 1 in the event of an unforeseen circumstance to the Buyer or if the timeframe between placing the order and the performance of the order is short due to the Buyer's necessities. The Buyer shall justify the unforeseen and necessity-based circumstance within the invitation to tender.

Option 2:

- Cost of tender: 100%

3.3.6.2. For the conclusion of Duration Contracts (see Clause 3.1.2), the Buyer shall use the following award criteria:

- Cost of tender: 100%

3.3.7. The Buyer shall notify all contractual partners about the results of the reopening of the competition, including those that did not submit a tender during the reopening of the competition, and shall order Goods or Services from the successful tenderer.

3.3.8. In the event that the Seller declares inability to perform the contract prior to the conclusion of the public contract, the Buyer has the right to order the required Goods or Services from the Framework Agreement partner who came in second during the reopening of the competition, without reopening the competition for the second time.

3.3.9. In the event that more than one tender has been declared successful during the reopening of the competition as a result of equal tenders, drawing lots shall be used in order to determine the successful tender. The Buyer shall specify the order of drawing lots to the Sellers prior to it taking place.

3.3.10. During the reopening of the competition, the Buyer can reject all submitted tenders or only one submitted tender, if the number of framework agreement partners has reduced to one, under the following circumstances:

3.3.10.1. if they are unreasonably expensive for the Buyer;

3.3.10.2. if during the reopening of the competition, the Buyer becomes aware of information that rules out or makes the execution of the reopening of the competition unreasonable for the Buyer on the conditions stipulated in the founding documents of the reopening of the competition, or the conclusion of a Public contract under the given and determined conditions would not correspond to the Buyer's earlier necessities or expectations due to the changed circumstances;

3.3.10.3. if there is no longer a necessity for the reopening of the competition due to a reason that is independent of the Buyer or a reason that depends on or is derived from a change in legislature, administrative acts or actions of higher institutions;

3.3.10.4. if no tender is submitted.

3.3.11. The buyer will reject bids submitted for the reopening of the competition, under which the public contract to be concluded would be void pursuant to the International Sanctions Act § 7 subsection 1.

3.4. In case the outcome of the public procurement results in fewer than two framework agreement partners, or if the number of framework agreement partners decreases to one during the validity period of the framework agreement, the purchase of goods and the ordering of services shall proceed as follows:

3.4.1. The Buyer submits a price inquiry to the Seller.

3.4.2. The Seller shall provide a quotation, including the cost of the goods or services, to the Buyer within 5 working days from receiving the price inquiry, which must not exceed the maximum price limits specified in the framework agreement. If the Seller is unable to meet this deadline, they shall promptly inform the Buyer.

3.4.3. The Buyer shall either accept the quotation by placing an order or entering into a public contract, or reject the quotation within 14 days. The Buyer is not obligated to place an order or enter into a public contract based on the provided quotation.

- 3.5. Public contracts are concluded by any means capable of producing a written record. If the cost of the public contract is at least 50 000 Euros without VAT, the public contract shall be concluded as a signed document by both Parties.
- 3.6. During the validity period of the Duration Contract, the Buyer has the right to order Goods or Services from any chosen contractual partner in accordance with the Public Procurement Act § 30 section 8, in the event that the Seller informs the Buyer that they are not able to perform a corresponding order or they are not able to perform an order at the agreed-upon time or by the Buyer's requested time limit, on the premise that the total cost of said orders does not exceed 20% of the total cost of the contract and that the cost of each such order is less than the public procurement threshold. In the event that this clause of the contract is utilized, the Buyer shall stipulate corresponding circumstances within the public contract or Purchase Order and if necessary, submit the corresponding report to the contract manager.
- 3.7. The Seller has the right to apply for an adjustment of unit prices fixed in the framework agreement once every calendar year within the range of change in the producer price index of industrial output of the previous period (from the month that the framework agreement was concluded until the month that the application for an adjustment of unit prices was submitted) published by the Statistics Estonia website, but no more than 10%, or arising from exceptional circumstances, which are not dependent on the Parties. These can include changes in legislation, political decisions or significant changes in market price for Goods/Services (lack of raw materials which affects the whole market, delivery difficulties, price increases which affect prices of Goods/Services etc.). The Buyer also has the right to issue a declaration of intent to the Seller to decrease unit prices once every calendar year, if the change in producer price index of industrial output published by the Statistics Estonia website is negative or under other circumstances stipulated in this clause.
- 3.7.1. If the aforementioned necessity to adjust prices arises, a justified application must be submitted. The Buyer has the right to evaluate the justification for adjustment, including compare price inquiries on the market and request evidence from the Seller for their reasons for price increases. The Buyer shall not agree to the price increase, if it becomes evident that it is not justified. If the adjustment is deemed justified, an annex to the contract shall be made for new unit prices (until the end of the framework agreement or until a new time limit). If no application is submitted, then the maximum unit prices stipulated in the public procurement tender shall remain valid.
- 3.8. The Buyer has the right to order other Goods or Services from the Seller that meet the requirements of the technical description. The ordering of such Goods or Services takes place between framework agreement partners during the reopening of the competition, whereby the Buyer shall give the Sellers exact technical descriptions and the pricing conditions for Goods or Services.

4. The Buyer's Rights and Obligations

- 4.1. The Buyer has the right to check the performance of contractual obligations and documents relevant to the ordering of Goods or Services on an ongoing basis.
- 4.2. The Buyer has the right to check the validity and compliance of issued invoices, calculations and other expenses. If necessary, the Buyer has the right to claim invoices from subcontractors.
- 4.3. The Buyer has the right to consult with the Seller about questions relevant to the Goods or Services, e.g. questions relating to the delivery and use of the Goods or provision of Services.
- 4.4. The Buyer is obligated to pay to the Seller for the contractually delivered Goods and rendered Services in accordance with the conditions stipulated in this contract.
- 4.5. The Buyer is obligated to reply within a reasonable time to all the Seller's requests in order to specify instructions.

5. The Seller's Rights and Obligations

- 5.1. The Seller is obligated, on the Buyer's demand, to submit a centralized statement for all Goods and Services ordered (including date of conclusion of public contracts or purchase orders; name, quantity and cost of Goods/Services without VAT; total cost of public contracts / purchase orders without VAT etc.) in MS Excel format or in another format agreed upon with the Buyer within 10 days after receiving said request, unless the Parties have agreed otherwise.
- 5.2. The Seller is obligated to submit information (quantity and purpose) on the Buyer's demand about subcontractors. In the event that such information has been submitted by the Seller prior to the conclusion of this contract, the Seller must coordinate any changes with contact persons with the Buyer.
- 5.3. The Seller is obligated to inform the Buyer about any circumstances which obstruct the performance of this contract.
- 5.4. The Seller is obligated to inform the Buyer promptly about cyber attacks and cyber incidents undertaken against the Seller and issue a cyber incident report to the Buyer on the Buyer's demand.
- 5.5. The Buyer is obligated to follow fair trade conditions, environmentally friendly principles and not use slave or child labor during the performance of the contract.
- 5.6. The Seller has the right to receive the agreed-upon payment for delivered Goods or rendered Services in accordance with the terms of this contract.
- 5.7. The Seller has the right to receive instructions, explanations or other information which affects the performance of the contract.

6. Packaging and Labelling of Spare Parts

- 6.1. The Seller is obligated to provide packaging of Goods in such a way that ensures its conservation during transport and storage in an unchanged manner (Annex 4).
- 6.2. For packaging and marking Goods, the Seller must adhere to the requirements stipulated by the Buyer.

7. Delivery and Acceptance of Goods

- 7.1. Incoterms 2020: DDP Republic of Estonia conditions apply to the delivery and transfer of Goods (exact delivery locations and destinations shall be specified in public contracts).
- 7.2. In the event that the Goods are subject to export inspection by the Seller's country of origin, the Seller shall submit to the Buyer an appropriate form of the end user's certificate and provide the necessary export license.
- 7.3. The time for receiving delivery of the Goods is generally from Monday to Thursday between 8.30 and 15.00, except on state and national holidays and working days that precede them and the last three working days of each month.
- 7.4. The Seller shall submit to the Buyer a shipping notice for the delivery of Goods at least 5 working days prior to the scheduled delivery time to the email address stipulated in the public contract (cc must be sent to invoices@ecdi.ee). The shipping notice must include:
 - 7.4.1. name of Goods
 - 7.4.2. public contract (purchase order) number
 - 7.4.3. public procurement reference number 269482
 - 7.4.4. delivered quantity, incl. number of pallets, containers etc.
 - 7.4.5. logistical unit measurements
 - 7.4.6. packaging method (plastic packaging, net wrapping, pallet etc.)
 - 7.4.7. mode of transportation, which is used for delivery (truck, lorry etc.), and quantity

- 7.4.8. specific requirements or needs to unload the delivery
- 7.4.9. scheduled delivery date and time
- 7.4.10. delivery address
- 7.5. The Seller shall deliver the Goods to the Buyer and the Buyer shall accept the delivery under agreed-upon conditions.
- 7.6. The Seller shall issue a delivery note alongside a shipping notice or during the delivery of Goods at the latest or after a Service has been rendered. The delivery note must include:
 - 7.6.1. the Seller's details
 - 7.6.2. the Buyer's details
 - 7.6.3. public contract (purchase order) number
 - 7.6.4. public procurement reference number 269482
 - 7.6.5. name, product code and quantity of Goods / type and time of provision of Service
- 7.7. In addition to the delivery note, the Seller is obligated to hand over to the Buyer all documents that are necessary for the receiving, management, use and handling of the Goods.
- 7.8. The Buyer has the right to inspect the quality of delivered Goods or rendered Services for compliance with the terms of the contract and public contract within two weeks. In such an event, the Buyer shall issue a quality control act, which shall be sent to the Seller.
- 7.9. The Buyer shall issue a delivery-acceptance act, which shall be signed by both Parties and sent to the Seller alongside the quality control act, if necessary. A delivery note signed by both Parties is also deemed as delivery-acceptance act.
- 7.10. In the absence of the delivery note, the Buyer has the right to take possession of the given Goods or accept the rendered Service, however, delivery and acceptance shall be deemed to be finalized upon the reception of a proper delivery note.

8. Cost of Contract and Terms of Payment

- 8.1. The estimated maximum total cost of public contracts to be concluded per Lots are as follows:
 - 8.1.1. Lot 1 – 650 000 Euros, whereas VAT shall be added in accordance with the law;
 - 8.1.2. Lot 2 – 350 000 Euros, whereas VAT shall be added in accordance with the law;
- 8.2. Prices given during the reopening of the competition for the conclusion of Duration Contracts shall be fixed for the duration of the Duration Contracts.
- 8.3. For one-off purchases, the actual prices are determined within the framework of the reopening of the competition organized by the Buyer, but they must not exceed the fixed maximum prices for a period of 12 months, as presented in the procurement tender (Annex 5 and 6).
- 8.4. The Seller bears all costs relevant to the delivery and transportation of Goods until the delivery has been finalized. The Seller also bears all Goods-related costs and incumbrances until the delivery has been finalized, except costs which derive from circumstances arising from the Buyer.
- 8.5. Unit prices for Services are stipulated in the Seller's public procurement tender. Unit prices for Services include all costs necessary for the performance of the contract, including actions listed in the technical description.
- 8.6. For Services, payments shall be made in accordance with ordered and actually rendered Services, by taking into account delivery notes signed by both Parties.
- 8.7. One e-invoice shall be issued for each delivery or rendered Service, unless agreed otherwise.
- 8.8. The Seller shall issue an e-invoice. In the event that a Seller registered outside of the Republic of Estonia has no technical capabilities to issue e-invoices, then they shall issue invoices in PDF-format to the email address stipulated in the contract, unless agreed otherwise in the public contract.
- 8.9. The Seller shall issue an invoice with the following details:
 - 8.9.1. The Buyer's details:

Estonian Centre for Defence Investments, Järve 34a, 11314 Tallinn, Estonia, registry code 70009764

Estonian Defence Forces, registry code 70008641, Juhkentali 58, 15007 Tallinn, Estonia.

8.9.2. Other details to be included on the invoice:

Contact person name (shall be specified in the public contract);
Framework agreement number;
Public contract (purchase order) number;
Public procurement reference number 269482;
Framework agreement Lot 1 reference number 269482002000001;
Framework agreement Lot 2 reference number 269482002000002;
Quantity and name of Goods / type and time of rendered Services.

- 8.10. The Buyer shall pay for the Goods or Services that were accepted and comply with the terms of the contract to the billing account set on the invoice within 28 days of receiving an invoice that complies with the terms of the contract. The basis for issuing an invoice is a delivery-acceptance act and/or delivery note that is signed by both Parties.
- 8.11. The Buyer shall not accept an invoice which does not comply with the terms of the contract. In such an event, the Seller shall issue a new invoice within seven working days.
- 8.12. For a Seller registered in the Republic of Estonia, prior to finalizing a payment, which is 10 000 Euros with VAT or more, the Buyer shall check for the absence of tax arrears via the Tax and Customs Board website. In the event of a tax arrear of 10 000 Euros or more, the Buyer shall inform the Tax and Customs Board of the invoice that is due for payment.
- 8.13. The Seller is obligated to issue a separate invoice for costs relevant to NATO Armed Forces.
- 8.13.1. For Goods ordered for NATO Armed Forces, a 0% VAT rate applies, in accordance with Value-Added Tax Act § 15 section 3 subsections 6, 6¹ and section 4 subsections 14 and 14¹.
- 8.13.2. Conditions for Goods ordered for NATO Armed Forces shall be agreed upon within the corresponding public contract or purchase order.
- 8.13.3. The basis for tax relief is proof of exemption from VAT, issued by the Buyer to the Seller.

9. Force Majeure

- 9.1. Breach of contractual obligations is excusable, if the Party was in breach of obligations due to force majeure. Under force majeure, the Parties deem circumstances, which the Party that was in breach of obligation could not influence, and on the grounds of the prudent person principle the Party could not have been expected to take that circumstance into account during the performance of the contract or avoid it or overcome the hindrance or its consequence, e.g. natural disasters, power failures, hostilities, blockades. The Parties do not deem the inability of the Seller's third party contractual partner to perform the contract as force majeure.
- 9.2. If any circumstance that applies to the conditions of force majeure incurred the non-performance of the contract within a deadline stipulated in the contract or its annexes and its effect is temporary, the behaviour of the Party in breach of obligations is excusable only at a time when the force majeure inhibited the performance of the obligation.
- 9.3. Due to the event of a force majeure, the time limit for the performance of the contractual obligation shall be postponed, but for no more than 90 calendar days, unless the Parties have agreed otherwise.
- 9.4. The Party who cannot perform their obligations due to force majeure must promptly notify the other Party of the arisen circumstance and its conclusion. Failure to notify or failure to notify timely removes from the Party the right to refer to the excusability of the breach, i.e. the emergence of the force majeure, and the Party who was in breach of obligation to notify is responsible for the breach of contractual obligations, according to the stipulations of this contract.

- 9.5. In the event that the effect of the force majeure is permanent and does not enable the Parties to perform their contractual obligations in full or partially, the Parties have the right to terminate or withdraw from the contract, by submitting a corresponding termination of / withdrawal from the contract to the other Party.
- 9.6. Circumstances arising from the COVID-19 pandemic shall not be deemed as force majeure. In the event that new unforeseen restrictions are implemented after the conclusion of the contract, which are related to the COVID-19 pandemic and prohibit or inhibit the performance of the contract, they may be deemed as force majeure.
- 9.7. Effects on the obligation of delivering Goods or providing Services arising from the restrictions on import from the Russian Federation and Republic of Belarus shall not be deemed as force majeure by the Parties, provided that these circumstances were present at the moment of conclusion of the contract.

10. Warranty Obligation

- 10.1. With this contract, the Seller grants a warranty:
- 10.1.1 for the vehicle, its equipment and parts **24 month or until 100 000 km mileage is reached;**
 - 10.1.2 for the measurement equipment, it's parts and appliances **24 month;**
 - 10.1.3 for repair works **24 month;**
 - 10.1.4 for installed spare parts **24 month.**
- 10.2. Warranty applies from the moment that the Goods have been received by the Buyer without any deficiencies or from the moment that the delivery note has been signed by both parties for Services which have been rendered without deficiencies.
- 10.3. In the event that the manufacturer's warranty for Goods or Services is in any way more favourable towards the Buyer (e.g. in terms of time) than the warranty obligation stipulated in the contract, the Seller is obligated to provide the utilization of such warranty claim to the Buyer, if such a circumstance arises, under more favourable conditions towards the Buyer, which are derived from the manufacturer's warranty conditions.
- 10.4. Warranty covers all deficiencies that become evident during the warranty period, all the while taking into account normal wear and tear for Goods, and for Services, the manufacturer's instructions.
- 10.5. The Buyer is obligated to inform the Seller about deficiencies regarding ordered Goods or Services to the Seller's email address, unless agreed otherwise in the public contract.
- 10.6. The Seller is obligated to start performing warranty works at Buyer's location within **72 hours** at the latest, starting from the Buyer's request.
- 10.7. The Seller covers all costs relevant to the replacement of defective Goods or insufficiently rendered Services.
- 10.8. Goods replaced or Services rendered insufficiently during the warranty period shall be given a new warranty that has the same duration as the original Goods or Services.

11. Confidentiality and Security Requirements

- 11.1. Under confidential information, the Parties deem information, personal details, security details and documents that are clearly marked for internal use only, that become available during the performance of the contract, and other information, whose disclosure might damage the interests of the Buyer. Confidential information does not include information whose obligation of disclosure derives from legislation, on the condition that such a disclosure is performed in the most restricted way possible from all possible options.
- 11.2. Parties agree not to disclose the other Party's confidential information neither during the duration of the contract nor later without the other Party's written agreement. Both Parties

shall protect the confidentiality of the information that was made known to them during the performance of the contract.

- 11.3. The Seller agrees not to use any documents or information that pertains to the contract without the Buyer's written agreement, except in cases which are necessary to perform the contract. All documents except the contract are property of the Buyer and at the Buyer's demand, the Seller is obligated to return them after the expiry of the contract.
- 11.4. Disclosure of information to any third parties that is for internal use only is prohibited.
- 11.5. In the event that the Seller must enter premises under the area of administration of the Estonian Ministry of Defence in order to perform the contract, the Seller must follow applicable security conditions (Annex 3). In the event that the Seller employs subcontractors at the aforementioned premises, they must previously be coordinated with the Buyer in writing and all security conditions stipulated in the contract apply to them as well. Responsibility for the performance of security conditions by the subcontractors rests on the Seller.
- 11.6. Notices relating to the subject of the contract or its performance that are directed towards the general public, including press releases, referring to the Buyer in an advertisement or Internet publication, is allowed only with the Buyer's consent by any means capable of producing a written record.

12. Intellectual Property Rights

In the event that the Goods or a part of them (incl. relevant information) are protected by intellectual property rights, the Seller shall grant to the Buyer a global irrevocable royalty-free license in accordance with the Copyright Law, which is valid until the term of protection of copyright. The license shall be deemed to be transferred from the moment that the Goods or a part of them (incl. relevant information) have been transferred. The terms for transfer and utilization of intellectual property rights can be agreed upon otherwise in the corresponding public contract.

13. Liability

- 13.1. In the event of improper performance or non-performance of contractual obligations, both Parties shall accept responsibilities with regard to the other, in accordance with the terms of the contract and valid legislation.
- 13.2. Ownership of Goods and the risk of loss of, or damage to, the Goods is transferred from the Seller to the Buyer generally at the appropriate delivery of Goods, unless agreed otherwise.
- 13.3. The Seller is responsible for the non-compliance of Goods (deficiencies) to the terms of the contract, if the non-compliance exists during the transfer of risk of loss of, or damage to, the Goods to the Buyer and if the non-compliance of Goods to the terms of the contract is discovered (i.e. it was not possible to discover the deficiencies during normal inspection, so-called hidden deficiencies) after the said risk was transferred to the Buyer.
- 13.4. The Seller is responsible for the non-compliance of Services (deficiencies) to the terms of the contract, if the non-compliance of the Service to the terms of the contract is discovered (i.e. it was not possible to discover the non-compliance during regular inspection, so-called hidden deficiencies) after the Service was rendered.
- 13.5. In the event that the Seller performs the contract improperly, the Buyer has the right to refuse the acceptance of Goods or rendered Services and the obligation of payment per purchase price, and issue to the Seller a claim to perform the obligation in accordance with the contract after the discovery of the breach of obligation, by giving the Seller a reasonable time limit to perform the contract. Until the proper delivery of Goods or provision of Services to the Buyer, the Seller is deemed late with delivery.

- 13.6. Goods do not comply with the terms of the contract *inter alia* if the Goods do not have the agreed-upon attributes, the Goods cannot be utilized for their intended purpose, a third party has claims to the Goods or other claims that they can issue or the Goods have not been packaged in accordance with the terms of the contract or the delivery-acceptance act is absent.
- 13.7. Services do not comply with the terms of the contract *inter alia* if the Service has not been rendered according to the expected quality or if no invoice has been issued for the Service.
- 13.8. The Buyer is obligated to inform the Seller in writing about the non-compliance of the Goods or Services (incl. deficit with the Goods) within 14 days, if the Buyer or the Buyer's authorized representative discovered the non-compliance of the Goods or Services to the terms of the contract. In said notice, the Buyer is obligated to claim performance of the obligation, by giving a reasonable time limit to the Seller for the duly performance of the obligation, which generally cannot be longer than 60 days.
- 13.9. In the event that the Buyer does not inform the Seller about deficiencies with the Goods or Services within the time limit stipulated in the contract after the discovery of the deficiencies, the Seller is free from responsibility from the deficiencies with the Goods or Services, except in cases when not informing the other Party of deficiencies was reasonably excusable.
- 13.10. If the Goods delivered or Services rendered to the Buyer are not in compliance with the terms of the contract, the Buyer has the right to demand from the Seller the replacement of non-compliant Goods with Goods that are in accordance with the terms of the contract or the second provision of Services that is in compliance with the terms of the contract.
- 13.11. If the Goods have not been delivered or Services have not been rendered by the set time limit, the Buyer has the right to claim a contractual penalty of up to 0.25% per day of the Goods not delivered or Services not rendered on time for every calendar day due, but no more than 50% of the cost of the respective public contract.
- 13.12. In addition to terminating the contract or withdrawing from it, both Parties have the right to claim a contractual penalty for a significant breach of contract in accordance with the extent of the incurred damage.
- 13.13. If the Seller is in breach of any other contractual obligations beside on-time delivery or on-time provision of Services, the Buyer has the right to claim a contractual penalty of up to 10% of the total cost of the Goods or Services of the subject of the public contract.
- 13.14. If a Party is in breach of a confidentiality obligation, the other Party has the right to claim a contractual penalty of up to 10 000 Euros per each corresponding breach.
- 13.15. In the event that the Buyer delays payment of the invoice, the Seller has the right to claim from the Buyer default interest stipulated in the Law of Obligations § 113 subsection 1 for the sum unpaid by the time limit of up to 0.25% per day for every calendary day overdue, on the condition that the Buyer has been informed of the default interest within 30 days since its occurrence. The total sum of the default interest shall not exceed 10% of the sum overdue.
- 13.16. contractual penalties are to ensure the performance of the agreed-upon obligation, not to replace the performance of the obligation. Claiming a contractual penalty does not remove from the Buyer the right to claim compensation of damages relevant to the breach of contract.
- 13.17. The right of claim of contractual penalties is 180 days from the discovery of the corresponding breach.
- 13.18. contractual penalties and default interests are paid within 28 working days, starting from the reception of the corresponding claim. The Buyer has the right to deduct the sums of claims of the contractual penalties and sums of compensations from the amounts to be paid to the Buyer.
- 13.19. In the event that the Seller does not start to perform the public contract concluded as a result of the reopening of the competition, the Buyer has the right to claim compensation of damages within the range of difference in cost between the Seller's submitted tender and the new successful tenderer's tender.

- 13.20. If there is a deficit in the quantity of the Goods, the Buyer is entitled to accept the given Goods and issue a claim to the Seller to deliver the missing quantity of the Goods to a delivery point designated by the Buyer within the borders of the Republic of Estonia at the Seller's expense.

14. Grounds for Termination of Contract

- 14.1. Upon termination of or withdrawal from the contract, the Buyer shall grant the Seller a reasonable time limit for performing the contract, which generally cannot be longer than 30 days. The time limit provided for the performance of the contract does not exempt the Party from the liability for breach of obligations.
- 14.2. The Buyer is not obligated to grant the Seller a time limit for performing the contract upon the termination of / withdrawal from the contract in the event of a significant breach of contract. In such an event, the Buyer shall submit to the Seller an application for termination of / withdrawal from the contract within a reasonable time limit, starting from the moment the significant breach of contract became apparent. The termination of / withdrawal from the contract is deemed to have been finalized when the application for termination of / withdrawal from the contract has been received by the Seller.
- 14.3. Upon expiry of the additional time limit given for the performance of the contract, the Buyer can submit to the Seller a written application for the termination of / withdrawal from the contract. The contract is deemed to be terminated / withdrawn from at the moment of the application's reception by the Seller. An application for the termination of / withdrawal from the contract is not necessary, if upon previously granting an additional time limit, the Buyer has informed the Seller in writing about the termination of / withdrawal from the contract in the event of an unperformed contractual obligation during the given time limit. In such an event, the contract shall be terminated upon the passing of the time limit provided by the Buyer for the performance of the contract and on the condition that the Seller has not offered proper performance of the contract to the Buyer.
- 14.4. Both Parties have the right to terminate or withdraw from the contract, if the other Party is in significant breach of contractual obligations (significant breach of contract). Significant breaches of contract include *inter alia*:
- 14.4.1. one Party is in breach of contractual obligations wilfully or due to severe negligence;
 - 14.4.2. the Seller has not performed their obligations during the additional time limit given by the Buyer;
 - 14.4.3. the Seller has notified the Buyer about their refusal to perform the contract;
 - 14.4.4. the Seller has submitted false information or forged information;
 - 14.4.5. one Party is in breach of the obligation of confidentiality;
 - 14.4.6. the breach of obligation gives one Party reasonable cause to presume that the other Party will not be performing their obligations in the future;
 - 14.4.7. the Seller has infringements of the law with the sale of the item of the contract or provision of Services;
 - 14.4.8. the Seller's licenses for the performance of the contract expire and the Seller does not extend them or the extension of the licenses is not possible for circumstances independent of the Seller;
 - 14.4.9. the Seller has been in breach of contractual conditions more than three times.
- 14.5. The Buyer has the right to terminate the contract under extraordinary circumstances, if a bankruptcy order or process of liquidation has been initiated towards the Seller.
- 14.6. The Buyer has the right to terminate or withdraw from the contract at any time, by informing the Seller at least 30 calendar days beforehand.
- 14.7. Both Parties have the right to terminate the contract at any time with both Parties' written consent.

14.8. In the event of terminating the contract, the Parties are not obligated to perform the contract. In the event of a termination of / withdrawal from the contract, both Parties are obligated to return to the other Party everything that has been already delivered for the time following the termination of the contract, in accordance with the Law of Obligations Act.

15. Contact Persons

15.1. The Buyer's contact person is the corresponding category manager, who at the time of the conclusion of this contract is Vehicle and Logistics Category Manager Mr Erko Sepri (phone number +372 5350 1186, email erko.sepri@ecdi.ee).

15.2. The Buyer's purchase manager or the Buyer's authorized contact persons shall issue purchase orders. Authorizations and their retractions take place via email.

15.3. The Seller's contact person is Sales Executive Mr Frederik Lindqvist (phone number +46 707 810632, email fli@sarsys-asft.com).

15.4. All notices which do not have legal consequences shall be issued via email and must be addressed to the contractual persons of contact, unless agreed otherwise in the contract.

15.5. In the event of changes to contact persons or other information, the corresponding Party shall inform the other Party of such changes promptly via email. This notice shall not be deemed as amendment to the contract.

16. Final Provisions

16.1. This contract shall enter into force with the Buyer's signature.

16.2. The contract is valid for 48 months or until the estimated maximum cost has been met.

16.3. Language used to perform the contract is Estonian, unless the Parties have agreed otherwise.

16.4. For the performance of this contract and disputes arising from the contract, legislation of the Republic of Estonia is prevalent, unless the Parties have agreed otherwise.

16.5. Both Parties have agreed to use all means necessary to settle differences between one another through negotiations. In the event of not reaching an agreement, the dispute shall be settled in accordance with the legislation of the Republic of Estonia at the Harju District Court, unless the Parties have agreed otherwise.

16.6. The invalidity of a single provision of the contract does not bring about the invalidity of the entire contract or other provisions.

16.7. Neither Party has the right to transfer their contractual rights and obligations to third parties without a written consent of the other Party.

16.8. Amending the concluded contract can be agreed upon on the grounds and extent of the Estonian Public Procurement Act.

16.9. Amendments to the contract are valid if they have been formalized in writing. Not following the written format requirement deems any amendments to the contract void. All amendments to the contract shall enter into force upon signature by both Parties or upon the time limit stipulated by the Parties.

16.10. Notifications of legal effect between the Parties must be submitted in writing or via e-mail with signatures from the respective Party. A written notice shall be deemed to have been received *inter alia* if it has been sent by registered mail to the address specified in the contract and 5 working days have passed since the notice was mailed. When sending the notice via email, the notice is be deemed to have been received on the working day after the notice was sent.

16.11. This contract has been made in one copy and signed by both Parties digitally / in writing and issued to either Party with signatures.

17. Annexes

- Annex 1. Technical Description of Lot 1- Runway friction tester (car based);
- Annex 2. Technical Description of Lot 2- Portable runway friction tester;
- Annex 3. Security Requirements with Annexes;
- Annex 4. Conditions for Packaging and Delivering Spare Parts;
- Annex 5. The Seller's Tender on Lot 1;
- Annex 6. The Seller's Tender on Lot 2.

Buyer



Magnus-Valdemar Saar

Director General

National Armaments Director

Seller



Fredrik Graflind

CEO

Sarsys AB