

Addtech General Terms and Conditions – Development

1. Purview

1.1. These General Terms and Conditions shall govern the development of products by the Supplier on behalf of the Customer. The General Terms and Conditions shall not apply where the Supplier is to manufacture series products on behalf of the Customer. Nor shall this General Terms and Conditions apply when the supplier is to sell products to the Customer. Any written agreement between the parties regarding terms and conditions that differ from these terms and conditions shall apply in such regard between the parties.

1.2. In these General Terms and Conditions, "Product" means the result to be achieved through development work in accordance with the specification in 2.1.

1.3. In these General Terms and Conditions, " (the) Agreement" means each individual agreement between the parties with respect to development in order to produce Products. These General Terms and Conditions constitute an integral part of every such Agreement.

2. Scope of the assignment

2.1. Based on the Customer's wishes, the Supplier shall prepare a detailed written specification of that which is to be achieved through the development.

2.2. In addition, the Supplier shall prepare a project plan including a development plan and timetable. The project plan shall state sanctions in the event of delay.

2.3. The specification and project plan shall constitute a part of this Agreement.

2.4. The specification and project plan must be approved in writing by the Customer within 15 days of receipt of such documents by the Customer. Where, in accordance with the Agreement, the Customer is to provide the specification and project plan instead of the Supplier the latter shall in a corresponding manner approve the specification and project plan.

2.5. Where the specification and project plan are not approved in accordance with 2.4 and the parties are unable thereafter to reach agreement on approval, each party shall be entitled to terminate the Agreement with immediate effect. The Supplier shall thereupon be entitled to compensation for preparation of the specification and project plan on a current account basis. The Customer shall be entitled to use the specification and project plan provided he has made necessary payment.

2.6. It is the intention of the parties to enter into an agreement for the manufacture and delivery of the Product following completion of the development.

3. Modification of the assignment

3.1. The assignment may only be modified pursuant to a separate written agreement between the parties. Where a party believes that it is necessary to modify the assignment, the party should notify the other thereof as soon as possible.

4. Performance of the assignment

4.1. The parties shall co-operate and consult in conjunction with performance of the assignment. A party shall immediately notify the other party in writing with respect to modifications, problems, delays, or other circumstances that may be of significance for performance of the assignment.

4.2. The parties shall perform their obligations using qualified and skilled employees and sufficient resources suitable for the purpose. The Supplier may retain sub-consultants for performance of various parts of the assignment.

4.3. The Customer shall regularly provide the Supplier with such know-how as the Customer possesses which is relevant for an expedient development in order to produce the Product. The Customer shall perform agreed measures such that the Supplier is able to deliver in accordance with the Agreement.

4.4. Unless otherwise agreed, the Supplier's work hours shall be between 8am and 4pm on weekdays excluding public holidays.

4.5. The assignment shall be deemed performed when the Supplier reports to the Customer that the assignment has been completed. Unless specifically agreed upon, the completion of the assignment shall not be conditional upon delivery tests or similar approval.

4.6. Without any limitation on employees' rights to freely seek and select employment, the Customer undertakes, during and for a period of 1 year after the performance of the assignment, not to actively recruit employees or consultants in other companies retained or otherwise to engage any of the Supplier's employees.

5. Contact persons

5.1. The parties shall each appoint a contact person. The stated contact persons shall be entitled to take decisions binding on the parties within the scope of this Agreement and to modify the assignment. However, contact persons shall not be entitled to amend the terms and conditions set forth in these General Terms and Conditions.

5.2. Where the parties have agreed that a project group shall be formed in lieu of contact persons in accordance with 5.1, the project group shall have the authority set forth in 5.1.

6. Compensation and payment

6.1. The Supplier's hourly fee shall be paid in accordance with the rates for performance of services applied by the Supplier from time to time. Fees do not include value added tax or other public charges. For work performed by the Supplier following consultation with the Customer at times other than those stated in 4.4, the Supplier shall be entitled to a supplement equal to 50% of the hourly rate.

6.2. For work which, in consultation with the Customer, the Supplier performs as overtime (work in excess of 7 hours on weekdays excluding public holidays), the Supplier shall be entitled, in addition to the hourly rate and any supplement in accordance with 6.1, to a supplement equal to 50% of the hourly rate where the overtime work is performed on a weekday between 8am and 8pm, and equal to 100% of the hourly rate where the overtime work is performed at other times.

6.3. Where an agreement has been reached regarding an hourly rate, the rate shall be adjusted each half-year commencing six months after the execution of this Agreement. Where the parties are unable to agree on a new hourly rate, the Supplier shall be entitled to increase the fees to the extent that is reasonable taking

- into consideration general price increases in the industry.
- 6.4. Where the assignment is performed outside the locality at which the Supplier's operations are situated, the Supplier shall be entitled to reasonable compensation for *per diem* expenses, travel, lodgings and meals in accordance with the Supplier's rules.
- 6.5. The Customer shall bear the cost of all materials required to produce the Product.
- 6.6. Where the Supplier is occasioned additional work, additional costs, or is unable to utilise allotted resources due to circumstances attributable to the Customer, the Customer shall compensate the Supplier for the same in accordance with the principles governing the assignment in general.
- 6.7. The Supplier shall carry out the development on a current account basis. Payment shall be made once per month not later than within 30 days of the invoice date. Where the parties have agreed upon a fixed price, the Supplier shall be entitled to receive payment once per month in an amount constituting 20% of the total payment. However, upon completion of the development, payment shall be made in full unless such has occurred earlier. In the event of delay in payment, penalty interest shall be accrued commencing on the due date. Penalty interest shall be charged at the interest rate in force from time to time in accordance with the main refinancing facility of the European Central Bank plus a supplement of eight percentage points.
- 7. Title to the Product and other intellectual property rights**
- 7.1. Title to the Product shall vest in the Supplier.
- 7.2. Any and all relevant intellectual property rights, know-how, and other information or knowledge in existence at the time of execution of the Agreement (existing intellectual property rights and know-how) shall remain vested in the party that owns such at the aforementioned time. Unless otherwise agreed, intellectual property rights, know-how, and other information or knowledge arising as a consequence of the development pursuant to this Agreement or in connection therewith (intellectual property rights and know-how that arise) shall vest in the Supplier.
- 7.3. In order to commercially exploit the Product, the Supplier shall be entitled, free of charge and for an unlimited period of time, to use and modify the Customer's existing intellectual property rights and know-how provided that such is necessary for utilisation of the intellectual property rights and know-how that arise. The Customer shall be entitled to use the Supplier's existing intellectual property rights and know-how to the extent such is necessary to carry out development of the Product within the scope of this Agreement.
- 7.4. The Supplier does not warrant that the use of any intellectual property right related to the Product does not infringe third party intellectual property rights. To the extent such infringement occurs, the Customer shall be liable therefor to both the third party and the Supplier.
- 7.5. In the event the parties have agreed that the Customer shall receive a licence to manufacture the Product, the Customer shall have a non-exclusive right to utilise the Product as well as intellectual property rights and know-how including, however not limited to, technical documents and drawings that are necessary for the manufacture. In order to carry out manufacture of the Product, the Customer shall also be entitled to sublicense the aforementioned license rights to third parties.
- 7.6. Where the Customer has failed to make payment in accordance with this Agreement, he shall not be entitled to receive licences in accordance with 7.5 or in accordance with any other conditions in this Agreement. Where the Customer has failed to make payment in full, the Supplier shall be entitled, at his own election, either to revoke the licence or terminate the Agreement.
- 7.7. The Customer undertakes to assist the Supplier in conjunction with applications for patents or other intellectual property rights related to the Product. The Customer also undertakes, in order to safeguard the Supplier's title to the Product and related intellectual property rights in accordance with the above, to enter into agreements with employees or other service providers retained by the Customer in order to carry out development pursuant to this Agreement.
- 7.8. The provisions of 7.1 - 7.7 shall survive the termination of this Agreement.
- 8. Liability in damages and limitation of liability**
- 8.1. The Customer shall be entitled to compensation for damage occasioned as a consequence of the Supplier's negligence in the performance of this Agreement. Where the Supplier has not acted negligently, the Customer shall not be entitled to damages. The Customer's entitlement to damages is limited in accordance with 8.2, 8.3, 8.4 and to an amount equal to 7.5% of the contract sum. Where, in collaboration with the Customer, the Supplier has carried out development pursuant to this Agreement at his own cost, the Supplier shall bear no liability whatsoever.
- 8.2. The Supplier's liability to compensate for personal injury or damage to real or personal property caused by the Product shall under no circumstances exceed EUR 500.000 per occasion of loss. The Customer shall indemnify the Supplier for any and all possible liability in excess of the aforementioned amount.
- 8.3. Under no circumstances shall the Supplier be liable for loss of production, loss of profit or other economic consequential loss.
- 8.4. Other than as provided for in this Agreement, each and every claim by the Customer shall be excluded. Accordingly, with the exception of that which is prescribed in 11.4, damages shall constitute the sole and exclusive sanction for breach of contract. However, the limitations on the Supplier's liability shall not apply where the Supplier has acted with gross negligence.
- 9. Confidentiality**
- 9.1. A party may not disclose documents to a third party without the other party's consent, nor in any other manner disclose information of a confidential nature regarding the assignment or regarding the other party, other than to the extent required for the performance of the assignment. A party shall ensure that confidentiality is observed by means of confidentiality undertakings with personnel or in any other appropriate manner. The confidentiality obligation shall not apply to information that a party can demonstrate has duly come to the attention of such party other than as a consequence of the assignment, or information, which is in the public domain. The duty of confidentiality shall survive the termination of this Agreement.

10. Force majeure

10.1. Circumstances that obstruct or significantly aggravate the performance of any of the parties' undertakings pursuant to this Agreement and which are beyond the control of a party including, however not limited to, lightning, fire, earthquakes, flooding, war or mobilisation or large-scale military conscription, riot or revolt, requisition, seizure, currency restrictions, decisions of governmental authorities, restrictions on fuel, general shortages of transport, goods, or power or strikes, blockades, lockouts or other labour conflicts, irrespective of whether the contracting parties are parties to the conflict, as well as defects or delays in delivery by subcontractors due to the aforementioned circumstances, shall constitute *force majeure* and entitle a party to an extension of time and release from liquidated damages and other sanctions. The other party must be given written notice of such *force majeure* immediately upon a party becoming aware, or where it should have been aware, of the existence of the *force majeure*.

10.2. Where the performance of the Agreement is prevented for a period in excess of six months due to circumstances as referred to in 10.1, either party shall be entitled to terminate this Agreement without incurring liability to compensate for damage or otherwise. However, the Supplier shall be entitled to compensation for work performed and costs incurred.

11. Termination

11.1. A party shall be entitled to terminate this Agreement with immediate effect where the other party is placed into insolvent liquidation, suspends payments, or may otherwise be deemed insolvent. Where the Agreement is terminated for any of the aforementioned reasons, the Supplier shall deliver all performed development work and the Customer shall make payment for work performed and costs incurred thereto.

11.2. The Supplier shall be entitled to terminate the Agreement at any time provided he thereupon pays an amount corresponding to the amount received from the Customer as payment for the development work. In such case, the Customer shall also be entitled to penalty interest on the amount in accordance with the rate of interest set forth in 6.7. Penalty interest shall be payable commencing on the day on which the Supplier originally received payment. No additional payment shall be made to the Customer as a consequence of the Supplier's termination of the Agreement in this manner. The Customer shall return to the Supplier that which has been received as a consequence of this Agreement.

11.3. The Customer shall be entitled to terminate the Agreement without cause with respect to non-performed parts, whereupon compensation shall be paid for Products to be delivered pursuant to the Agreement, for work performed, and for verified necessary costs. Where termination occurs for a reason other than as stated in 10.1, the Customer shall also pay compensation for losses incurred by the Supplier as a consequence of the termination, including loss of trading profits.

11.4. This Agreement may also be terminated by either party where the other party is in material breach of its obligations pursuant to this Agreement and fails to effect rectification within 30 days of a written demand therefor by the other party or fails to demonstrate that measures have been taken to remove the breach of contract. Where the Agreement is terminated for the aforementioned reason, the Supplier shall deliver all performed development work and the Customer shall make payment for work performed and costs incurred. In addition, the party in breach shall make payment of

compensation for losses incurred by the other party as a consequence of the termination, however not exceeding 7.5% of the contract sum. However, the limitation on the amount of damages shall not apply where this Agreement is terminated as a consequence of a breach by a party of the provisions of section 7. Where the Supplier has carried out development work without payment being made for his work, no compensation shall be paid to the Customer pursuant to this provision.

12. Permits

12.1. The Supplier's obligation to carry out development pursuant to this Agreement is conditional on the Supplier receiving and maintaining necessary export, import and re-export permits as well as other permits that may be required to carry out the development pursuant to this Agreement. Where such permits are not held or where granted licences are revoked other than as a consequence of the Supplier's negligence, the Supplier shall be discharged from the obligation to deliver the Product and, in such case, the Customer shall not be entitled to raise any claims for liability against the Supplier.

12.2. The Customer undertakes to assist, to the extent necessary, in the acquisition of such permits as referred to in 12.1.

13. Applicable law and disputes

13.1. This Agreement shall be governed by Swedish law with the exception of its choice of law provisions. The language to be used in arbitral proceedings shall be that chosen by the Supplier.

13.2. In the event of default in payment, the Supplier shall be entitled to collect claims through an application for an expedited payment procedure. Where such claim relates to an amount of less than fifteen times the statutory base amount in accordance with the National Insurance Act (1962:381), the dispute may be adjudicated by the Stockholm District Court (Stockholms tingsrätt). Other disputes relating to this Agreement shall be conclusively determined by arbitration in accordance with the applicable Arbitration Act. The arbitration proceedings shall be held in Stockholm.

14. Limitations

14.1. Claims against the Supplier shall be forfeited in the event the litigation or arbitration procedure in accordance with 13.2 is not commenced within two years from the date of delivery of the Product.