

CONTRACT No. 02/18/109
REPLACEMENT OF iRIFs in ATIS/VOLMET System
(ID No. LGS 2018/40)

The present Contract is signed by and between

Latvijas gaisa satiksme, State Joint-Stock Company, VAT registration number 40003038621, with the place of business at Muzeju street 3, Airport “Riga”, Marupe Municipality, Latvia, LV-1053, hereinafter referred to as “**Customer**”, represented by the Chairman of the Board Dāvids Tauriņš and Member of the Board Elmārs Švēde, on one side,
and

FREQUENTIS AG., Registration No. FN 72115 b, having its registered address at Innovationstrasse 1, 1100 Vienna, Austria, represented by Senior Business Development Manager Jan-Patrik Kurmis hereinafter referred to as “**Supplier**”, from another side,

the Customer and the Supplier hereinafter individually referred to as “**the Party**” and collectively referred to as “**the Parties**”,

Whereas,

- the Customer utilizes the ATIS/VOLMET System using iRIF1 components, which is strongly recommended to upgrade to iRIF2 components by the Supplier;
- The Parties have concluded the Contract No.02/17/189 on ATIS/VOLMET System update (hereinafter – ATIS/VOLMET Contract), which is in the process of execution;
- the Supplier, who is the solely supplier of iRIF components, strongly recommends to synchronize the iRIF upgrade with the on-going ATIS/VOLMET System Update before the ATIS/VOLMET system SAT,

NOW THEREFORE the Parties have entered into the following Contract (hereinafter “Contract”), agree as follows:

1. SCOPE OF THE CONTRACT

1.1. Within the provisions and time schedule set out in the present Contract and its Annexes, which are integral part of this Contract, the Supplier shall:

- 1.1.1. Deliver 8 (eight) iRIF2 boards (hereinafter – iRIF2s) with specific interfaces detailed in Annex 1 (Technical Specification).
- 1.1.2. Perform the change from the existing iRIF boards to iRIF2s.
- 1.1.3. Perform appropriate installation and provide testing of iRIF2s.
- 1.1.4. Deliver documentation;
- 1.1.5. Provide warranty;

1.2. The Supplier shall be deemed to comply with its Contractual obligation hereunder insofar in accordance with the agreed Technical Specifications (Annex 1) and Technical Proposal (Annex 2) and Financial proposal form (Annex 3).

1.3. The iRIF2s shall be delivered to LGS premises in the term provided by this Contract, but installation and testing (stated in Clause 1.1.3.) of iRIF2s shall be performed in line with planned ATIS/VOLMET System Update, which is foreseen in the ATIS/VOLMET Contract.

The Supplier shall consider this fact and plan and perform his work accordingly in order to perform the successful FAT of the ATIS/VOLMET system.

2. RIGHTS AND OBLIGATIONS OF THE CONTRACTING PARTIES

2.1. The Supplier's obligations are:

- 2.1.1. The main obligation of the Supplier is to sell and deliver to the Customer iRIF2s in accordance with Technical Specification and Technical Proposal (Annex 1 and 2), which is integral part of this Contract.
- 2.1.2. Additionally, the Supplier shall provide the Customer, at no additional cost, with installation and testing of iRIF2s in addition and in line with the provisions of ATIS/VOLMET Contract.
- 2.1.3. The Supplier undertakes to perform and fulfil his contractual obligations within the agreed period of time as stated in Clause 4.1.
- 2.1.4. The Supplier shall provide the Customer with all the warranty certificates and other related documents upon delivery date. All documentation shall be in English language.

2.2. The Customer's obligations are:

- 2.2.1. The Customer shall accept the delivery of iRIF2s.
- 2.2.2. The Customer shall make the payment considering stated in Clause 3.1. and Clause 3.3. and in accordance with the provisions of Annex 3.

3. PRICE AND PAYMENTS

- 3.1. The total Contract Price is stated **15`128.00 euro** (fifteen thousand one hundred twenty-eight euro and 00 euro cents) excluding the VAT.
- 3.2. The Contract price includes the price for 8 (eight) iRIF2 and its delivery to Customer's place of business.
- 3.3. The Contract price shall be paid by the Customer in one instalment, in EUR currency by a simple bank transfer against Supplier's invoice to the bank account shown on the invoice, within 15 (fifteen) business days counting from the day when the Parties have signed the iRIF2s delivery protocol and the Customer has received the invoice.
- 3.4. The parties herewith agree to accept unsigned electronic invoices (further referred to as e-bills) provided they are always delivered to the Customer's official e-mail lgs@lgs.lv . E-bills sent to e-mail addresses other than lgs@lgs.lv will not be acknowledged. It will be assumed that an e-bill has been delivered and the Customer has received it on the date of the incoming email. If the Customer claims non-receipt, then the Supplier shall prove the delivery of the e-bill.
- 3.5. All taxes, duties and other fees levied by the Supplier's country in connection with the execution of the Contract shall be paid by the Supplier.

4. DELIVERY CONDITIONS

- 4.1. The Supplier shall deliver iRIF2 within 2 (two) months counting from the date when the Contract is mutually signed.
- 4.2. The Supplier shall perform the installation and testing of the iRIF2s in line with ATIS/VOLMET System Update considering the provisions of ATIS/VOLMET Contract.
- 4.3. iRIF2s supplied by the Supplier pursuant to the Contract shall be delivered CIP site LGS as defined in INCOTERMS 2010.

- 4.4. Defective iRIF2s dispatched by LGS to the Supplier pursuant to the Contract shall be delivered to the Supplier office in Austria and all costs from the Customer to the Supplier for return transportation (including insurance) to the Customer shall be at the Supplier's own expense.
- 4.5. The Parties shall sign the delivery protocol on the delivery of iRIF2s.
- 4.6. The Parties shall sign the final acceptance protocol upon successful installation and testing of iRIF2s.
- 4.7. In case of unsuccessful installation/testing of iRIF2s the Parties shall sign the defecting protocol and the Supplier is obliged to repair or correct any defects of iRIF2s within the term stated in Clause 6.3.

5. DELAYS

- 5.1. Once the delivery delay of iRIF2s occurs, the Customer is entitled to deduct from the payment owed to the Supplier contractual penalties in the amount of 0.5% (zero point five per cent) of the total Contract Price for each day of delay, but no more than 10% (ten per cent) of the total Contract price.
- 5.2. If the Customer delays the payment, the Supplier is entitled to calculate and invoice late payment interest for overdue payment, 0.5% of the outstanding amount for each day of delay. The late-payment interest shall not in aggregate exceed 10% (ten per cent) of the total Contract price.

6. WARRANTIES

- 6.1. The Supplier provide warranty of iRIF2s for 24 (twenty-four) months, following the actual iRIF2 installation/testing date, proved by mutually signed final acceptance protocol signed by both Parties.
- 6.2. The Supplier shall upon notification from the Customer without any unreasonable delay investigate and remedy every reported defect of iRIF2s.
- 6.3. This means that the Supplier shall at its own expense repair or correct by replacement any defects of iRIF2s within a period not exceeding 30 (thirty) calendar days.

7. OWNERSHIP

- 7.1. The Customer acquires full ownership of iRIFs at the moment the Supplier has received full Contract Price from the Customer.

8. FORCE MAJEURE

- 8.1. Neither Party will be liable for non-delivery, delay in delivery or installation or any other impairment of performance hereunder in whole or in part, if it cannot perform its obligations because of Force Majeure event, defined as war (whether an actual declaration thereof is made or not), sabotage, insurrection, rebellion, riot, act of terrorism or other act of civil disobedience, act of a public enemy, act of any government, judicial action, labour strike, fire, explosion, epidemic, quarantine, restrictions, storm, flood, earthquake, or any act of God provided if such event is beyond the reasonable control of the affected Party and which this Party cannot prevent or overcome.
- 8.2. The Party referring to the Force Majeure is bound to inform the other Party immediately in writing when such an event has occurred and state the circumstances and reason of its

occurrence. Such notice shall be given at the latest 15 days after the occurrence of a Force Majeure event.

- 8.3. If these circumstances continue over a period of more than 3 (three) months, either Party has the right to refuse further fulfilment of their obligations against this Contract and in this case none of the Parties is entitled to demand from the other Party compensation for possible losses.
- 8.4. The Parties shall decide upon a new delivery plan which shall not be extended more than is due to the Force Majeure cause, also provided that the Supplier makes its best effort to minimize the delay and the effects of that delay.

9. OWNERSHIP AND INTELLECTUAL PROPERTY

- 9.1. All rights transferred to the Customer are covered by the total Contract Price. The Supplier will remain the owner of the software. The Customer will become the owner of the hardware when it has paid for it in full amount.
- 9.2. The Supplier grants to the Customer a royalty-free, irrevocable and non-exclusive license to use any Intellectual Property Right that the Supplier owned or developed prior to or after the Commencement Date and which the Customer reasonably requires in order to exercise its rights and take the benefit of this Contract. The Customer may use the software on any and all of processing units of the system configurations specified in the requirements whether owned, leased, rented or otherwise under the control of the Customer relating to the System only.
- 9.3. The Supplier guaranties that the products do not infringe any patent rights, trade marks or other legally protected rights (referred to as Intellectual Property Rights).
- 9.4. The Supplier shall at its own expense defend the Customer and hold the Customer harmless against any claim or demand brought against the Customer for infringement or alleged infringement of any Intellectual Property Right in materials supplied or licensed by the Supplier. The Customer shall notify the Supplier in writing of any such claim or demand brought against the Customer.
- 9.5. If a claim, demand or action for infringement or alleged infringement of any Intellectual Property Right is made in connection with the Contract or in the reasonable opinion of the Supplier is likely to be made, the Supplier shall notify the Customer and, at its own expense and subject to the consent of the Customer (not to be unreasonably withheld or delayed), use its best endeavors to:
 - (a) modify any or all of the deliveries under this Contract without reducing the performance or functionality of the same, or substitute alternative solution of equivalent performance and functionality, so as to avoid the infringement or the alleged infringement; or
 - (b) procure a license to use and supply the System on terms which are acceptable to the Customer, and in the event that the Supplier is unable to comply with clauses (a) or (b) within 20 (twenty) working days of receipt of the Supplier's notification the Customer may terminate the Contract with immediate effect by notice in writing.

10. LIABILITIES

- 10.1. To the full extent permitted by law, and apart from the warranties expressly stated herein, the Supplier hereby disclaims all warranties, representations, and liabilities, whether express or implied, arising from contract or tort (except fraud), imposed by statute or otherwise, relating to the goods and services provided by the Supplier pursuant to the Contract.
- 10.2. In no event shall the sum total of liabilities incurred by any one Party to the Contract exceed a maximum cumulative amount equal to the Contract Price.

11. ALTERATIONS AND ADDITIONS

- 11.1. All changes and additions affecting the technical and functional contents of the Contract, or affecting the delivery date and defined costs, responsibilities and other assumptions and conditions, will always be specified by written agreements between the Customer and the Supplier.
- 11.2. Both the Customer and the Supplier will have the right to request changes to the Contract and Contractual agreements and obligations. All such requests shall be in writing.

12. COMMENCEMENT AND TERMINATION

- 12.1. The Contract is effective as of the date when signed by both Parties (referred to as Commencement Date).
- 12.2. The Contract shall be deemed accomplished when both Parties have fulfilled their obligations resultant hereof, unless it is otherwise terminated in accordance with the provisions of the Contract, or otherwise lawfully terminated.
- 12.3. This Contract supersedes all previous agreements, verbal or written, made by the Parties prior to signature of this Contract, and it contains the entire agreement of the Parties with respect to the subject matter hereof.
- 12.4. This Contract may be terminated by mutual agreement between the Parties.

13. DISPUTES

- 13.1. The Parties shall make every effort to resolve amicably by direct informal negotiation any dispute arising between them under or in connection with the Contract. If the Parties fail to resolve their dispute by mutual consultation during 30 (thirty) working days, then either Party may give notice to the other Party of its intention to commence legal proceedings, as hereinafter provided, as to the matter in dispute, and no proceedings in respect of this matter may be commenced unless such notice is given.
- 13.2. All disputes arising out of or in connection with the present Contract shall be finally settled at Court of Republic of Latvia under the laws of Republic of Latvia.
- 13.3. By signing the Contract, the Parties agree, that the facts defined in the preamble of this Contract is binding both Parties.

14. GOVERNING LAW

- 14.1. The Contract as well as the questions arising out of it or in connection with it are governed and constructed by the laws of Republic of Latvia.

15. CONTACTS

- 15.1. All general contractual issues shall be referred to the signatories of the Customer and the Supplier.
- 15.2. All technical related issues, including acceptance protocols, shall be referred to the appointed project managers: on behalf of the Supplier – Ms. Maria Schwarzenauer, phone:+43-664-60850-2137, e-mail: maria.schwarzenauer@frequentis.com;
on behalf of the Customer – Mr. Vladislavs Čaščins (Vladislav Chaschin), phone: +371-67-300-780, e-mail: vladislavs.cascins@lgs.lv.

16. SIGNING

This Contract is produced in 2 (two) original copies in the English language. Each Party has one copy. Each copy consists of 6 (six) pages excluding the Annexes. The Contract has 2 Annexes:

1. Technical Specification on 1 (one) page;
2. Financial proposal form on 1 (one) page.

17. SIGNATURES OF THE PARTIES

On behalf of the Customer:

SJSC "Latvijas gaisa satiksme"
Muzeju iela 3, Riga Intl Airport,
Marupe Municipality,
Latvia, LV-1053
Registration No.40003038621
Bank Name: AS "SEB banka"
UNLALV2X
LV20UNLA0003029070855

/signature/

Dāvids Tauriņš,
Chairman of the Board

Date: July 11, 2018

Place: Marupe municipality, Latvia

/signature/

Elmārs Švēde,
Member of the Board

Date: July 11, 2018

Place: Marupe municipality, Latvia

On behalf of the Supplier:

FREQUENTIS AG
Innovationstrasse 1,
1100 Vienna,
Austria
Registration No. FN 72115 b
Bank Name:
Raiffeisen Bank International AG
AT81 3100 0001 0030 7348

/signature/

Jan-Patrik Kurmis,
Senior Business Development
Manager

Date: July 19, 2018

Place: Vienna, Austria