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The Hague, 25-02-2022

### PROPOSAL – JEDX MEDCARE FFP2 MASKS

Dear [REDACTED] 5.1.2e

Please find attached the first of two proposals that Nedtechcorp BV submits to you in regard to the JedX Medicare FFP2 respirator masks. Thank you for your patience and I sincerely hope that our latest development to create the DECA-LINE respirator with a 10 year shelf-life will not only prove to be a solution to the current distribution dilemma but also be a model to be considered for the exchange of your other stocks of FFP2 with only 5 or 3 year shelf lives.

I have provided an introduction and the logic for this first proposal as a priority. There are six options of which we think the first two are not viable as we understand it from the VWS/LCH perspective. Of the four remaining options, we have clearly marked one (option 5A) which we propose is most beneficial.

We are also willing of course to discuss other possible scenarios and solutions that you may propose,

Should you have any questions, please do not hesitate to contact me.

Sincerely

[REDACTED] 5.1.2e



**CONFIDENTIAL**

**NTC-LET.22022501/vws**

## NEDTECHCORP BV PROPOSAL FOR THE EXCHANGE AND UP-GRADING OF FFP2 RESPIRATOR FACE MASKS

### INTRODUCTION

Nedtechcorp BV would like to make two independent proposals to the Ministerie van Volksgezondheid, Welzijn en Sport (VWS), in regard to the JedX products supplied by it during 2021 and the FFP2 masks held by LCH/VWS as a national safety inventory.

These are prompted by the developments during last 6-9 months surrounding the Corona Pandemic and the establishment of the Landelijk Consortium Hulpmiddelen (LCH) organization tasked with the central purchase, management and distribution of emergency personal protective equipment (PPE) for the Dutch Health sector.

This proposal, **PROPOSAL 1** addresses specifically the 5,5 million JedX masks purchased by VWS and is made taking into account, the most recent positive reduction in COVID-19 infections within the Netherlands, the easing of the overall demand for PPE as well as the reduction in market prices. It also recognizes the facts that ;

- (i) an emergency stock of PPE will still be required,
- (ii) both the determination and management of this stock is extremely problematic (where neither demand nor supply can be accurately known),
- (iii) that the fabrication materials have a limited shelf-life and;
- (iv) that these are unfortunately de facto dangerous to the environment (example FFP2 masks have a biodegradability of 450 years).

As a follow-on to this proposal, Nedtechcorp has also provided a second proposal **PROPOSAL 2**, which it requests to be considered and which addresses the issue of the known excess stocks of FFP2 face masks other than those manufactured by JedX which are held by VWS which , as we speak, are depreciating at between 20% - 33,3% per year. ***This proposal is submitted as a separate document.***

**PROPOSAL 1**

(including OFFER – dated 23/02/2022 – valid until 15/3/2022 – subject to NTC standard terms and conditions)

**PROPOSAL 1** has three main objectives; to address:

- (1) LCH distribution limitations and compliance concerns (language of instruction)
- (2) conversion of bulk “pandemic” packaging to standard smaller more flexible unit packaging for post-Corona distribution and
- (3) the reduction of the financial burden most visibly, in relation to limited shelf lives and the rapid depreciation (20%-33% per year) of the as of yet VWS undistributed JedX FFP2 respirators and the easing of demand.

**Objective 1:** to remedy the new situation where

- the Nedtechcorp delivered JedX respirators are now required to be distributed directly by LCH in The Netherlands and to as of yet undefined set of users, in undefined quantities and packaging and at an indeterminable rate and questionable price.
- the current JedX stock of 5.5 million FFP2 masks have been supplied in bulk boxing of 1000 pieces and inside this packaging are individually sealed face masks with Swedish/Finnish language markings/instructions.

Required: Dutch language unit packaging conform the Dutch distribution rules under which LCH must operate.

*Non-attainment of the objective would result in distribution and write-off of the full investment made to date.*

**Objective 2:** to enable LCH and VWS to

- more easily distribute the respirators by converting the bulk unit packing from 1000 boxes to smaller more easily distributable packaging allowing for wider distribution possibilities to the wider health care sector without the costs of LCH hand-repacking , allowing smaller minimum prepacked order amounts (ie. 1/10 or 1/20 of initial packaging) to be sold and distributed thereby also establishing a higher resale value of the mask itself.

Required: replacement of existing bulk packaging (1000 units)– with a dispenser box of either 100 or 50 units including all LCH required local language and regulatory markings.

*Non-attainment of the objective would result in much higher distribution efforts and costs for LCH and longer distribution times as well as increased risk of extending past the product expiry date.*

**Objective 3:** to reduce the financial impact and risk for VWS by

- extending the shelf life of the already purchased product. Already the VWS non-distributed JedX stock has declined by approximately 2 million Euro (20%) since being delivered.

Required: New JedX FFP2 product order, with a credit for returned stock and phased return and delivery and potentially extended product life-span – and this should be printed on the unit packaging (along with traceable batch numbering etc.)

*Non-attainment of the objective would result in a straight-line depreciation of 20% per year and total write-off the complete stock in 4 years from now- 2026.*

### Clarification of Terms used

Proposal 1 means	the proposal made in relation to the initial ORDER 1 products
ORDER 1 means	the 5.5 million FFP2 masks supplied by Nedtechcorp to VWS during 2021. Order 1 has been received by VWS and paid in full.
ORDER 2 means	the potential order of FFP2 masks to be supplied by Nedtechcorp to VWS in order to upgrade and where appropriate replace the product delivered in ORDER 1.
DECA-LINE means	the exclusive Nedtechcorp FFP2 and FFP3 line of respirator masks which have a 10 year shelf-life which are manufactured by JedX Medicare to the same if not greater standard than the masks already delivered to VWS. DECA-LINE have PRINTED 10 year shelf-life dates on each unit packaging.
Proposal 2 means	the supplementary, but separate offer which is made by Nedtechcorp to VWS in regard to the potential exchange/replacement of otherthird party stock (with short life-span) held by VWS for the DECA-LINE FFP2 manufactured by JedX Medicare.
Options with "A" mean	the options which are offered by Nedtechcorp which INCLUDE the new DECA-LINE masks with 10 year life-span.

### PROPOSAL SUMMARY

The following Summary (Table 1) provides an overview of the options offered by Nedtechcorp to VWS/LCH in this **PROPOSAL 1**.

These options vary from the simple distribution of current delivered stock (no NTC action) to the replacement with return credit and possible delayed delivery terms to extend the shelf life and availability of the JedX FFP2 stock to up to 10 years from production date (the most recent product development - February 2022 ) through Nedtechcorp's introduction of the DECA-LINE product upgrade (both FFP2 and FFP3 respirators). See note on "A" = new DECA-LINE masks.

A direct swap of the already supplied products (ORDER 1) for new like products in new packaging is not offered.

Nedtechcorp is offering a partial credit for returned goods, upgraded product shelf life plus delayed delivery options with a reduced (and fixed) purchase price when new stock is purchased (a new "ORDER 2"). Nedtechcorp has also in addition to reducing the initial JedX FFP2 mask price paid by VWS by approximately 38%, applied a further 10% standard discount and then offered a credit for stock return.

Nedtechcorp proposes by producing new stock (circa 1 year late) , by extending the shelf-life and availability of the PPE of the existing stock in this way that the additional cost shall be off-set and delivery savings when faced with the alternative of destroying or gifting the stocks.

The summary below tables the options and relative estimated "final" VWS cost of the supply of the 5.5 million respirators into the Dutch Health Care system which is calculated after the executing of the proposed Nedtechcorp options:

Table 1. Summary-cummulative after ORDER 1 (existing) and ORDER 2 (eventual new order for stock replacement)

OPTION		DESCRIPTION	VWS COST EURO (FINAL POSITION in '000)
1	AS IS USAGE	- LCH DISTRIBUTES JEDX - NO NEW ORDER <i>Obviously best option if permitted</i>	5.1.1c
2	WRITE-OFF	- PRODUCT DESTRUCTION / GIFT - NO NEW ORDER	
3	WRITE-OFF & RE-ORDER NL	- PRODUCT DESTRUCTION / GIFT - NEW ORDER PLACEMENT - WITH NL LANGUAGE PACKING	
<b>3A</b>	<b>WITH DECA-LINE</b>		
4	WRITE-OFF & RE-ORDER NL & DISPENSER	- PRODUCT DESTRUCTION / GIFT - NEW ORDER PLACEMENT - NL LANGUAGE PACKING - DISPENSER PACKAGING 50/100	
<b>4A</b>	<b>WITH DECA-LINE</b>		
5	RE-ORDER CREDIT & RETURN	- INITIAL ORDER RETURN & NTC CREDIT - NEW ORDER WITH LANGUAGE MOD & DISPENSER	
<b>5A</b>	<b>WITH DECA-LINE</b>		
6	RE-ORDER CREDIT & RETURN  DELAYED/PHASED DELIVERY	- INITIAL ORDER RETURN & NTC CREDIT - NEW ORDER WITH LANGUAGE MOD & DISPENSER - FIXED PRICE - STAGGERED DELIVERY OVER 3 YEARS	
<b>6A</b>	<b>WITH DECALINE</b>		
note	NEDTECHCORP DECA-LINE	To each of the options (2-6) above upgrading to DECA-LINE will double the shelf life from 5 years to 10 years from production date.	

Nedtechcorp's (given its knowledge) would like to highlight Option 5A.

## Options 1-5 Explanation

Each of the options that Nedtechcorp has investigated in **PROPOSAL 1** is described below. In the Appendices, the various supporting calculations and assumptions have been provided. Please also see the General Notes for the supply details which apply to all options.

**Option 1:** Based on the communicated LCH evaluation and decision NOT to be able to distribute the current supplied stock of JEDX FFP2 facemasks without having Dutch language individual packaging, the described Option 1 below is de facto eliminated.

***Nedtechcorp & JedX Medcare will support VWS/LCH as previously undertaken (ie. the swap and replacement of any affected stocks, free of charge, the insertion of the flyer ("bijsluiter NL/EN") and the creation of the QR code/website instructions in Dutch.***

**Option 2:** It is clear that the highest cost and least benefit to VWS is that of Option 2, where there is no residual value at all of the masks and which results in complete loss of the VWS invested amount and there is no emergency stock. Additional costs of either, warehousing, destruction or "gifting" (giving away free of charge to other parties) have not been included. Here all remaining stock will have expired in 2026.

***Nedtechcorp & JedX Medcare will support VWS/LCH as previously undertaken (ie. the swap and replacement of any affected stocks, free of charge, the insertion of the info sheet ("bijsluiter NL/EN") and the creation of the QR code/website instructions in Dutch. Other languages for the info sheet would be also possible.***

Based on the assumption that the JedX respirators SHALL NOT be distributed by LCH, and that these shall either be sold outside of The Netherlands, gifted or eventually destroyed when the product shelf life has expired, Nedtechcorp (NTC) has identified and proposes four alternative options to VWS (Options 3-6).

These options (3-6) all necessarily involve the replacement of the current stock with newly manufactured (to VWS specification in the Dutch language) product and which will need to be supplied by way of new order (ORDER 2) placement with Nedtechcorp at a discounted rate.

**Option 3:** Enables LCH distribution in NL by solving the language packaging issue.

NTC provides to VWS new stock by way of new order placement, on same contractual terms as before for the FFP2 standard facemasks. Colour and Size may be newly determined by VWS, however, a discounted price based on the higher (cumulative) volume ordered shall be provided.

The standard JedX FFP2 product will have the same standard shelf-life of 5 years but may be upgraded to the DECA-LINE version at an additional cost.

All products supplied are to have a production date not later (older) than 10 weeks from the delivery date.

The DECA-LINE version which has the same technical properties as the standard has however a 10 year shelf-life.

The MOQ (minimum order quantity) is 1 million pieces for DECA-LINE.

In this Option 3 NO stock returns/credit is undertaken by NTC.

Option	Supplementary Costs
3	FFP2 respirator mask (white or black) with Dutch and English/German /other Standard JedX Shelf Life : 5 years
3A	DECA-LINE Shelf-Life extension (to 10 years – 2032)
NO MASK RETURN	

5.1.1c

**Option 4:** Enables LCH distribution to wider user base by changing packaging (adding 50/100 dispenser)

Option 4 has the same conditions and benefits as Option 3, however has the added advantage that the bulk packaging would include a face mask dispenser box (sub-unit) containing either 50 or 100 masks (and not packaged only in the Corona 1000 unit bulk packaging).

This will allow VWS/LCH to distribute more easily and to a wider range of users (eg. smaller health sector practitioners/doctors rooms etc.) who are not able to take off the 1000 unit boxes.

The size of the dispenser packaging can be either 50 or 100 units. Instruction inserts may also be added to the dispenser boxes.

Option	Supplementary Costs
4	FFP2 respirator mask (white or black) with Dutch and English/German Standard JedX Shelf Life : 5 years Dispenser Box 50 or 100 (no price difference)
4A	DECA-LINE Shelf-Life extension (to 10 years)
NO MASK RETURN	

5.1.1c

**Option 5:** Enables LCH wider distribution in the Netherlands and with NTC credit for returned masks. Is the same as Option 4 / 4A with the agreement of Nedtechcorp to provide a credit for any of the purchased JedX masks already delivered (maximum 5.5 million).

The masks to be returned shall no be older than 24 months at time of shipment. For masks older a reduced credit shall be applied (pro-rata).

Option	Supplementary Costs	
5	FFP2 respirator mask (white or black) with Dutch and English/German Standard JedX Shelf Life : 5 years Dispenser Box 50 or 100 (no price difference)	5.1.1c
<b>5A</b>	<b>DECA-LINE Shelf-Life extension (to 10 years)</b>	
<b>WITH MASK RETURN - NTC CREDIT PER MASK INCL.</b>		

**Option 6:** Enables LCH wider distribution in the Netherlands and with NTC credit for returned masks and delayed take-off. Is the same as Option 5/5A including the additional agreement of Nedtechcorp to provide a credit for any of the already purchased JedX masks (maximum 5.5 million). To this offer is added the possibility to use a "call-off" principle": allowing either all or a minimum quantity (per year) to be delivered. This staggered ordering can be permitted for the 5,5million to up to 3 years after Year 1 initial order being delivered (based on ratios 40/20/20/20 for the years).

Option	Supplementary Costs	
6	FFP2 respirator mask (white or black) with Dutch and English/German Standard JedX Shelf Life : 5 years Dispenser Box 50 or 100 (no price difference)	5.1.1c
<b>6A</b>	<b>DECA-LINE Shelf-Life extension (to 10 years)</b>	
	NTC CREDIT PER MASK Please note credit provided against ordered and delivered masks in a maximum 1:1 ratio with maximum quantity of 5.5 million	
	STAGGERED/DELIVERY (OVER 3 YEARS) of all 5,5 million Minimum 2022 – 40% 2023 – 20% 2024 – 20% 2025 – 20% (example extending shelf life to 2035 for DECA-LINE)	
<b>WITH MASK RETURN - NTC CREDIT PER MASK INCL.</b>		

## SUMMARY AND NEDTCHCORP RECOMMENDATION

- Nedtechcorp has the only FFP2 mask DECA-LINE (from JedX Medcare) which has a printed and factory guaranteed shelf-life of 10 years.
- JedX Medcare masks are 100% European(Finland) : manufactured, machinery, production technology and materials.
- Nedtechcorp/JedX will customize all packaging to VWS/LCH requirements including Dutch/English/German
- Offer solution to reduce the depreciation problem by crediting the return of the already purchased undistributed stock for new stock with 10 years shelf life.
- Nedtechcorp is prepared to extend the exchange to include NON -JedX manufactured FFP2 masks (and possibly other PPE) for JedX FFP2 DECA-LINE masks.

### The option which NTC recommends is : OPTION 5A

This option will allow VWS/LCH to exchange and upgrade the current (already 20% depreciated) stock of 5,5 million masks with 5 year shelf-life for the DECA-LINE masks which are newly produced, smaller packaged units, with a 10 year shelf-life. The add-on cost (additional) for VWS for the upgrade will be 5.1.1c million Euro after the return and credit at 5.1.1c per mask.

Further, assuming a conservative LCH selling price of 5.1.1c per mask, a total revenue of 5.1.1c Euro can be derived from sales over the next 10 years. Cumulatively the costs of Order 1 and Order 2 minus the revenue from the now distributable masks would mean a de facto saving 605.000,- Euro in comparison to the alternative of writing off the entire investment of 5.1.1c Euro.

Finally the result is that VWS has 5,5 million stock to distribute and when depreciated over a 10 year period, the masks shall cost/depreciate at 5.1.1c Euro per year in place of the current stock of more than 5.1.1c Euro per year.

Overview Calculation OPTION 5A - (in EUR and excluding any applicable taxes).

JedX FFP2 – DECA-LINE (10 YEAR SHELF LIFE) – 5,5 M PIECES delivered DDP The Netherlands			
No.		Price/mask	Total ('000) Euro
1	Price Paid Order 1 (existing VWS stock)		
	<b>Option 5A Price calculation</b>		
2	Standard Price new FFP2 DECA-LINE 10 yr life		
3	VWS – volume discount (10%) applied		
4	VWS – add-on cost per mask / based on 5,5 million		
5	LESS VWS – return stock credit (5,5 million)		
6	Actual VWS additional cost excl.BTW		5.1.1c
7	LCH revenue @1,35 Euro/mask (now possible)		
8	Total New Cost VWS (Order 1)+(Order 2)minus LCH Revenue		
	<b>Result</b>		
9	Saving over Write-off of Order 1 (write-off) minus VWS new cost		
10	Depreciation of New stock (Order 2) over shelf-life term per anum / over 10 years.		5.1.1c

## General Notes

**Quality:** In considering the replacement of the current stock, it should be noted that the newly ordered stock will be of the latest production batches (at minimum the same quality of the previous stock delivered) and with a BFE of over 98.5% for FFP2 which we contend rank as being in the highest quality products globally and also making them useable for an even wider usage within the health sector.

**Shelf Life:** For each of these options, the FFP2 respirators may be upgraded to the Nedtechcorp's DECA-LINE of JedX FFP2 masks which has double the shelf-life (to 10 years) of the standard product already delivered. This will be printed on unit packaging. For all DECA-LINE products, Nedtechcorp will provide Batch tracking records to VWS/LCH.

**Production Dates:** Generally, for all JedX FFP2/3 products to be supplied, the production dates will not be older than 8 weeks from the actual delivery date.

**Return shipments & Set-off:** When agreed by JedX and Nedtechcorp to receive returns, return stocks may be returned either full or part. Returns may be either in one immediate return shipment or delayed/staggered returns. Crediting, however, will be done accordingly only as partial set-off against orders received and paid for in full. All return shipment costs are for VWS. Stock returns are credited based on agreed net value of the credit (excluding any applicable taxes eg. BTW etc.).

**Product Approvals :** VWS/LCH shall be supplied a final physical "Proof" of the product and its packaging for approval. The following shall be supplied (as applicable) :

- (i) Individual unit packaging
- (ii) Dispenser box
- (iii) Inserts (optional)
- (iv) Outer box
- (v) Web-site access – info incl. QR code.

**Size:** In the case of respirator sizing (either small or standard) : for all the options provided with the new ordering, VWS may redefine the proportions between small and standard with no additional cost. All sizing to be prominently displayed on all packaging.

**Colour:** During the past year JedX has added the possibility to deliver as standard (no additional cost) BLACK coloured masks. Other colours are available on request.

**Languages on Packaging:** all instructions and packaging shall be in Dutch (NL) with option for English (EN) or German (DE). Three language (NL/DE/NL) may be possible depending on VWS/LCH finally approved packaging texts.

**Technical Specifications & Certifications:** all technical specifications and certifications of the product to be delivered shall be updated and supplied.

**Manufacture date:** all products shall be delivered with a manufacturing date post-February 2022.

**Delivery Conditions:** All proposals assume that delivery shall be made as previously; with direct transport from JedX Finland manufacturing site to VWS/LCH warehousing in Rotterdam. Partial delivery to be allowed.

**Production Lead Times:** Delivery can be made to Netherlands for complete (100%) replacement within 14 weeks from contract signature. This including 4 weeks new Dutch language packaging creation (and in turn assumes VWS/LCH proof approval within 1 week of proof submission).

#### **Contractual Terms / Legal aspects**

**Conditions of Sale:** any new sales contract for the supply of any new product (Order 2) shall be concluded based on same commercial terms as previous contract (Order 1) .

**Price:** All prices shall be fixed for the periods stated in the new contract. All prices are quoted in Euros and exclude BTW & any applicable taxes.

**Fixed Price Guarantee:** Nedtechcorp and JedX shall guarantee the prices shall remain fixed for the term of the applicable sales agreement – including all staggered or delayed deliveries.

**Payment Terms:** DDP. Delivery Duty Paid. Incoterms 2020 (same as previous contract).

**Validity:** The proposals made by Nedtechcorp for Order 2 shall be valid for 14 days.

#### **Other**

**Production date / Expiry date Issue:** regardless of the option chosen by VWS, Nedtechcorp and JedX shall as appropriate replace free of charge any affected stock where the production date equalled the expiry date on the packaging.

**Cost Price Calculation Overview – different Options**

OPTION	NTC (NL LIST PRICE)	APPLIED DISCOUNT	VWS PRICE (discounted)  DDP NL	NTC Mask Credit	Actual VVS add-on price paid / MASK
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1	5.1.1c				
2					
3					
3A DEC					
4					
4A DECA					
5					
5A DECA					
6					
6A DECA					

APPENDICES 1 – CALCULATIONS – REFERENCE

NETTECHCORP PROPOSAL OVERVIEW – VWS LCH

CRITICAL DESCRIPTION	LCH Distribution (Units)	SHLF LIFE (Days)	NLS DE Language (LCH)	Bulk Packaging (Cans)	Dispenser (Box)	Immediate Delivery Options (LCH)	Additional Costs (Deduction, Freight, Storage etc.)	Add-on DOPN Price (LCH)	TOTAL DBP COST NEW W/ISK UNDERE	NTC Return Credit to VWS (LCH)	VWS Stock Pending (Units)	Final Price (TCO) (LCH)	Total Cost for VWS (LCH)	Current Stock Value (LCH)	VWS Loss (from date of delivery) (LCH)	LCH SALE PRICE (LCH)	LCH TOTAL REVENUE (LCH)	FINAL VWS Position (LCH)
1																		
2																		
3																		
3A																		
4																		
4A																		
5																		
5A																		
6																		
6A																		

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