

**GENERAL TERMS AND CONDITIONS OF PURCHASE
of deliveries of goods and services (effective as of 21 November 2025)**

These General Terms and Conditions of Purchase (hereinafter referred to as "GTC") regulate relationships when purchasing goods and services (hereinafter referred to as "Deliveries") between the company **První Brněnská strojírna Velká Bíteš, a. s.**, with its registered office in Velká Bíteš, Vítkovská 279, Postal Code 595 01, Company ID No.: 0176109, registered at the Commercial Register maintained by the Regional Court in Brno, Section B, File 204 (hereinafter referred to as "PBS") and the other contracting party (hereinafter referred to as the "Supplier"). Any deviations from these GTC must be agreed on directly in the relevant agreement or stated directly in the order, or in the draft agreement drawn up by PBS. Contractual agreements in the form of a written agreement take precedence over the GTC. The rights and obligations of the Contracting Parties not regulated by the agreement or GTC are governed by the Act No. 89/2012 Sb., the Civil Code. If the Supplier confirms an order of PBS or acts in compliance with it, the Supplier thereby undertakes to accept these general terms and conditions of purchase.

I. AGREEMENT CONCLUSION

1. A proposal for concluding an agreement, or order, must be submitted in writing and acceptance of the proposal for concluding an agreement, or confirmation of order, must also be made in writing (also by email). The Supplier acting according to the order is also considered as acceptance.
2. A proposal for concluding an agreement, or order, submitted by PBS shall be confirmed by the Supplier in writing (or by email) within the period for confirmation by PBS in the proposal. After the fulfilment of the period, the sent order or proposal for concluding an agreement loses validity. Unless PBS sets a period for accepting the proposal, the period is 5 days after receipt of the proposal to the Supplier.
3. If the Supplier confirms a proposal for concluding an agreement with making any changes in its confirmation as opposed to the received proposal, the agreement is not concluded. In such case, it is a new proposal for concluding an agreement submitted by the Supplier, while PBS may refuse the submitted proposal or confirm it in writing within 10 days from its receipt. If PBS does not do so within the stipulated period, it shall be deemed the agreement has been concluded and changes of the Supplier have been accepted and are binding for the Contracting Parties.
4. PBS as well as the Supplier exclude the use of trade practices for the pre-contractual and contractual relationship, as defined in the provision of Section 558 paragraph (2) of Act No. 89/2012 Sb., the Civil Code, and they are only bound by the trade practices which the parties agreed on in writing in advance. The provision of Section 558 paragraph (2) of the Civil Code does not apply to pre-contractual negotiations nor to individual agreements.
5. Unless provided otherwise, the Delivery shall be performed in compliance with the last approved version of the drawings and technical terms and conditions for manufacture, inspection and acceptance.

II. DELIVERY TIME

1. The delivery times stated in the order or PBS are binding. Earlier delivery is possible only with the prior written consent of PBS and does not affect the agreed maturity of the price. The Supplier is not liable for delay only for reasons of exceptional, unforeseeable and insurmountable obstacles arising beyond its control, and only provided that the Supplier sufficiently proves these reasons and that it immediately notifies PBS of this fact.
2. The Supplier undertakes to inform PBS immediately of any foreseeable delays to Deliveries.
3. In the case that the delivery time is not met, PBS is entitled to demand delivery and compensation for damage and lost profits resulting from the delay, or compensation due to failure to fulfil obligations, and is entitled to withdraw from the agreement, in addition to other legal rights. Liability for delay caused by subcontractors of the Supplier or third parties shall be borne by the Supplier.
4. PBS is entitled to return earlier or excessive Deliveries or not to accept them, all at the expense of the Supplier.

III. PRICE

1. Unless otherwise agreed in the agreement, the price is final and includes all costs associated with delivery, including necessary packaging and packing, insurance, and transport to the destination.
2. Unless otherwise specified in the agreement, the price shall be quoted without VAT and VAT will be added to the price in accordance with applicable law. Each party shall bear its own bank charges related to the execution of payments.

IV. REQUIREMENTS OF DELIVERY NOTES AND INVOICES

1. The Supplier is obliged to issue a delivery note or other similar legal document for each individual delivery no later than with the unloading, which must contain at least the following requirements:
 - a) number of the delivery note,
 - b) designation of both contracting parties and their registered offices in accordance with the record in the Commercial Register, Company ID No., VAT No.,
 - c) number of the agreement (or agreements) according to the records of PBS (i.e. number indicated in the order or proposal for concluding an agreement), for the performance of which the Delivery is implemented,
 - d) number of the agreement (or agreements) according to the records of the Supplier,
 - e) list of individual items of the delivered goods or services, including the relevant numerical designation (serial number, drawing number, the number of casting mould, etc.), or other distinctive sign (possibly including binding data on the composition, surface treatment, etc.) and quantity,
 - f) the exact address of the carrier, shipper, etc. who provides transportation of the subject of performance to PBS,
 - g) section designed to confirm the proper takeover of the subject of performance by PBS,
 - h) delivery (dispatch) note must be forwarded to PBS in its needs in two copies.
2. The Supplier is obliged to indicate at least these requirements in the invoice for the delivered goods:
 - a) invoice number,
 - b) designation of both contracting parties and their registered offices in accordance with the record in the Commercial Register, Company ID No., VAT No.,
 - c) number of the agreement according to the records of PBS (i.e. number indicated in the order or agreement), for the performance of which the invoice amount is issued,
 - d) number of the agreement according to the records of the Supplier,
 - e) number of delivery or dispatch note or multiple notes, provided that the invoice relates to the agreement fulfilled by several delivery (dispatch) notes,
 - f) subject of taxation in accordance with the delivery (dispatch) note,
 - g) list of individual items of the delivered goods or services, including the relevant numerical designation (serial number, drawing number, the number of casting mould, etc.), or other distinctive sign (possibly including binding data on the composition, surface treatment, etc.) and quantity,
 - h) unit price for each type of invoiced item (without VAT) + VAT rate,
 - i) the invoiced amount including VAT,
 - j) total VAT invoiced,
 - k) the total invoiced amount including VAT,
 - l) currency,
 - m) bank account to which the invoice is to be paid,
 - n) date of the taxable event, date of issuance of the invoice and date of maturity of the invoice.
3. Before the expiry of the due date, PBS is entitled to return the invoice without payment, if the invoice does not contain any of the above-mentioned requirements or if the data is stated incorrectly.
4. In such case, the Supplier is obliged to correct this invoice or issue a new one depending on the nature of the deficiencies. The original maturity period of the invoice stops upon return of the invoice; the entire period starts again on the day of delivery of the corrected or newly issued invoice.
5. Unless otherwise agreed in the agreement, the Supplier shall be entitled to invoice on the day of fulfilling the subject of the agreement and is obliged to issue a tax receipt within 15 days from the date of the taxable event. The prepared form is sending to the e-mail address: faktury@pbs.cz.
6. The maturity of the invoice is at least 30 days from the date of invoice issuance. Unless explicitly agreed otherwise in the agreement, the interest on arrears is 0.05% of the owed amount for each day of delay, and by confirming the draft agreement, an interest on arrears is agreed in this amount instead of the rate set by the Civil Code and the implementing regulation.

V. ASSIGNMENT AND SET-OFF

The Supplier is entitled to assign the receivables from PBS and obligations towards PBS only on the basis of a prior written consent of PBS. The Supplier is not entitled to unilaterally set off any receivables of the Supplier from PBS against receivables of PBS from the Supplier, without prior written consent of PBS.

VI. PLACE OF DELIVERY - FULFILMENT OF DELIVERY

1. Unless otherwise specified in the order, the place of performance is the registered office of PBS in accordance with DAP (Incoterms 2020).
2. Unless stipulated otherwise in the agreement, the Supplier is obliged to deliver the subject of performance together with the documents relating to it, as well as any other documents necessary for the use of the subject of performance, and documents expressly stated in the agreement. These are mainly handover protocol, certifications, warranty cards, certificate of composition of the delivered alloys, safety data sheets or safety certification for chemicals, test reports, certificates of professional competence of the Supplier and individual workers providing PBS with those kinds of subjects of performance, for which the valid system of laws, including relevant technical and other standards, prescribe a certain specific professional examination or knowledge, operation manuals (when purchasing in the Czech Republic in the Czech language), operating regulations, technological procedures and regulations, etc. In the case of chemical substances and the applicable safety data sheets, these documents shall always be sent electronically to the central address info@pbs.cz. Without complete documentation, the Delivery cannot be considered fulfilled and cannot be taken over without reservations.
3. Agreement (order) number must be stated in all documents related to the Delivery.

4. If the Supplier needs to enter the PBS premises (headquarters) on the basis of mutual cooperation, the Supplier undertakes to comply with the "Rules for the Entry, Access, and Conduct of External Persons on the PBS Premises".

VII. SUPPLIER'S DELAY AND CHANGES IN IMPLEMENTATION OF LONG-TERM DELIVERIES

1. If the Supplier is in delay, PBS is entitled to demand a contractual penalty in the amount of 0.05% of the agreed price of the performance, in which the delay was incurred, for each day of delay, and to unilaterally withdraw from the agreement after 15 days of delay without any agreed additional period for performance, without affecting the rights and claims of PBS for compensation for damages and lost revenue caused by the Supplier's delay.
2. If the Supplier is unable to fulfil its obligation in the agreed period, it is obliged to immediately notify PBS of this fact, and simultaneously inform and negotiate an additional period for performance with PBS. PBS is bound by such deadline only if it does not exceed 15 days from the original date of performance, and PBS agreed to this extension in writing. Otherwise, PBS is entitled to withdraw from the agreement unilaterally and in writing, without affecting the rights and claims of PBS for compensation for damages and lost revenue caused by the Supplier's delay.
3. In the case of long-term recurring Deliveries of goods, if it is decided that there should be any changes to the composition of the delivered material, etc., the Supplier is obliged to submit a written consent of PBS with any changes to the composition of the processed material or other intended changes compared to the previous Deliveries, prior to the beginning of such production.

VIII. WARRANTY PERIOD, APPLICATION OF LIABILITY FOR DEFECTS - COMPLAINT

1. Unless it is agreed otherwise in the agreement and in writing, the Supplier undertakes to provide a warranty period of 24 months from the date of delivery covering the subject of performance. If the subject of performance is a part of the delivery of PBS to another entity, the warranty period shall begin on the date of placing this Delivery in service, or the date of delivery to this other entity. PBS is obliged to prove to the Supplier the date of starting the operation, or delivery date of the Delivery to another entity. However, the total warranty period is no more than 36 months from the date of delivery of the subject of the performance by the Supplier to PBS.
2. The warranty period for construction works and for buildings is 5 years from the date of receipt by PBS.
3. When detecting defects by PBS while taking over the subject of performance, PBS is obliged to notify the Supplier of the identified defects by a complaint in writing without undue delay, in which it shall describe the number or otherwise specified quantity of the subject of performance affected by the defects, describe the types of defects, or describe how the defects show. The Supplier is obliged to replace defective products with new ones immediately, unless PBS expressly requests repair of each of the delivered products, or a discount from the price. This written complaint has a numerical designation corresponding with the established system of registration of complaints at the authorized PBS centre. This written complaint must also include the number of the delivery note (or notes), by which the goods were delivered, and number of the relevant invoice (or invoices), which relate to the complaint.
4. In the case of a complaint submitted within the warranty period, the Supplier is obliged to send a written statement on the complaint to PBS within 5 days of its receipt. If the Supplier is unable to remove the defect of the subject of the complaint within 30 days from receipt of the complaint, it is obliged to provide a replacement. After the mutual written agreement of the parties, the reparation removal of defects or replacement of the subject of the complaint can be carried out at workplaces of PBS by representatives of the Supplier or by PBS at the Supplier's expense. Based on a written agreement between the parties, other fully functional goods can be lent to PBS free of charge for the time of settlement of the complaints, in exceptional cases.
5. If the Supplier does not remove the defect of the subject of the complaint nor does he provide a replacement performance to the extent of the defective goods, PBS has the right to withdraw from the agreement after 30 days from delivery of the complaint, and invite the Supplier to pick up the defective subject of performance to the extent to which it can be technically separated from other goods. The Supplier is obliged to issue a credit note for the relevant amount from the invoice, based on which the relevant subject of performance under complaint was delivered and paid for, within 15 days after picking up the defective subject of performance, and send it by registered mail to PBS. The Supplier is obliged to pay the price to the extent of the defective performance, within 15 days after receiving the invoice for the returned goods, under the variable symbol of the number of its issued credit note.
6. PBS may demand from the Supplier the costs associated with the legitimate complaints procedure at a flat rate of CZK 5,000 based on issuance of an invoice by PBS within 15 days from receipt of the invoice.

IX. THIRD PARTY RIGHTS

The Supplier represents and warrants that the performance provided under these GTC, i.e. the use or application of Deliveries for the internal needs of PBS, in PBS final products or in accordance with PBS established procedures, does not infringe the rights of third parties, in particular copyrights, industrial property rights or other intellectual property rights. The Supplier shall be fully liable for all claims of third parties asserted in connection with the alleged infringement of these rights and undertakes to protect PBS and, if necessary, compensate it for any damage incurred in this connection.

X. PACKAGING, DISPOSAL OF UNWANTED GOODS

1. The Supplier is obliged to send the Delivery in packaging that ensures sufficient protection against damage during transport and during any storage in the appropriate PBS premises.
2. The Supplier undertakes to comply with all obligations set out in Act No. 477/2001 Sb., on Packaging, including the obligation to provide the customer with complete information on how to handle and dispose of packaging. At the same time, the Supplier undertakes to proceed in accordance with Act No. 541/2020 Sb., on Waste, in relation to all waste generated by or related to the subject of the Delivery. The Supplier is responsible for fulfilling the above obligations and bears all consequences associated with their violation.

XI. PROHIBITION ON PROVIDING PRODUCTS TO THIRD PARTIES AND INFORMATION PROTECTION

1. The Supplier undertakes not to provide, make available, or otherwise enable the use of any Delivery (goods, products) that it has manufactured, procured, or had manufactured for PBS on the basis of tender documentation, technical data, calculations, drawings, models, or other specifications provided by PBS, to any third party without the prior written consent of PBS. This obligation also applies to any parts of these products, and the Supplier shall adhere to the need-to-know principle with regard to all related technical or other documentation. Special equipment, moulds, or similar items provided to the Supplier for the production of Deliveries for PBS may not be made available by the Supplier to third parties without the prior written consent of PBS, unless otherwise agreed.
2. This also applies if the Supplier acquires special equipment, moulds, etc. at its own expense, and if for any reason there are no more agreements concluded between PBS and the Supplier. For that case the Supplier and PBS are obliged to conclude an agreement on settlement of the costs of acquisition of the special equipment, moulds, etc., within 60 days from the date on which both parties probably learn about the termination of Deliveries. The Supplier must not demand from PBS a higher price for handling over special equipment or moulds to PBS etc., than the actual costs of their acquisition after deduction of depreciations.
3. If any improvements of the current methods of the Supplier arise in connection with implementation of the Delivery, PBS has a free, non-exclusive user right to the industrial use of the new knowledge thus gained or subject of the improvement, and any eventual related rights.
4. The Supplier is obliged to request prior written consent of PBS to shared use, changes or destruction of special equipment or tools manufactured according to PBS specifications.
5. All commercial, financial, or technical documents (e.g., models, designs, material composition, calculations, drawings, technical changes) of any kind that are not publicly available and that PBS has provided to the Supplier in connection with the concluded agreement or order shall remain the property of PBS for the entire duration and shall be considered sensitive (confidential) information and subject to trade secrecy. The Supplier undertakes to adequately protect the above-mentioned sensitive information from unauthorized misuse and is not entitled to provide or use this sensitive information for its own purposes or to provide it to a third party without the prior written consent of PBS.
6. The Supplier is obliged to immediately return or irretrievably destroy all sensitive information provided at the request of PBS, including all copies made after delivery, or, if agreed by the contracting parties, to store it for the processing of further orders. The same applies to Deliveries manufactured by the Supplier according to PBS specifications. These conditions also apply to the Supplier's subcontractors, and the Supplier is obliged to transfer all obligations to its subcontractors to the same extent. The Supplier is not entitled to disclose to any third parties information about the establishment, conditions, and content of the contractual relationship between the Supplier and PBS and the business cooperation between the Supplier and PBS without the prior written consent of PBS.
7. Unless otherwise agreed on the basis of a mutually concluded Confidentiality Agreement, the contracting parties agree that in the event of a breach of any of the above provisions of Article XI, PBS shall be entitled to a contractual penalty equal to three times the total agreed price for the Delivery or the fair price of tangible assets, as well as fair price of intangible assets that have been used without authorization for the benefit of the Supplier or a third party, as determined by a court-appointed expert in the relevant field, according to the decision of PBS.
8. Based on mutual cooperation, the Supplier is obliged to comply with the obligations in accordance with Act No. 101/2000 Sb., on Personal Data Protection, and Act No. 264/2025 Sb., on Cybersecurity. PBS implements and enforces security measures to the extent necessary to ensure the cybersecurity of the information system in the form of the document "PBS Velká Bíteš Cybersecurity and Information Security Rules," which is binding for the Supplier upon acceptance of these GTC.

XII. GOODS OWNERSHIP RIGHT AND PASSAGE OF THE RISK OF DAMAGE TO THE GOODS

PBS acquires the ownership title to the goods upon handover of the goods to PBS, and at the same time, risk of damage to the goods shall pass to PBS, too.

XIII. FORCE MAJEURE

1. The events of Force Majeure are according to the contracting parties such unusual events or circumstances, which temporarily or permanently prevent fulfilling the obligations set by the

agreement, and which arise after the agreement comes into force, have a direct impact on fulfilling obligations under the agreement and could not have been anticipated or averted by either of the contracting parties.

2. The party, which is prevented from fulfilling the contractual obligations by force majeure, is obliged to inform the other party immediately when the force majeure event arises, and to provide the other party with evidence that the events or circumstances causing the event of force majeure have significant impact on the fulfillment of the contractual obligations. Should an event of force majeure continue for more than 90 days, both parties shall negotiate to modify the contract.

XIV. TERMINATION AND WITHDRAWAL FROM THE AGREEMENT

1. PBS is authorized to terminate the agreement at any time. If PBS terminates the agreement, the potential compensation paid by PBS to the Supplier shall not exceed the part of the agreed price which the Supplier is entitled to for the performance the Supplier provided to PBS upon the day of termination of the agreement, though maximally up to the total agreed price for the Delivery in accordance with the particular terminated agreement. In case of withdrawal from agreement or its termination by notice, the claim of PBS for compensation for damages against the Supplier is not affected.
2. PBS is entitled to withdraw from the agreement in case of a gross breach of the agreement or these GTC – without prior written notice to the Supplier.
 3. The following shall be considered a gross breach:
 - a) a delay in delivery of more than 15 calendar days from the agreed delivery date,
 - b) delivery of defective performance to the extent exceeding 10% of the volume of Delivery from one concluded agreement,
 - c) when the Supplier is bankrupt, becomes insolvent, or PBS could believe that this case may happen imminently, especially in the case of initiation of insolvency proceedings or similar proceedings under the laws of the Supplier,
 - d) breach of any obligation set in Art. XI of GTC.
4. In the case of withdrawal, PBS shall return only the part of performance which it is possible to technically separate and, therefore, return. A proportional part of the paid purchase price reduced by 10% belongs to the Supplier for the net repair part of performance.

XV. GOVERNING LAW, JURISDICTION

1. The Supplier is aware of the fact that the delivered goods are intended for manufacture mainly in the engineering industry, and, therefore, it is necessary to deliver them to PBS properly and timely according to the agreed times and in the maximum manufacturing quality and in compliance with all legal and technical standards of the Czech Republic and the EU, as well as the final destination, because otherwise extensive damage including loss of revenue may be caused to PBS.
2. The Supplier acknowledges that delays or defects in Delivery may cause stoppages or restrictions in production at the PBS plant and result in extensive damage. The Supplier assumes responsibility for all damage or lost profits arising in connection with a breach of its obligation to deliver the Delivery to PBS properly and on time.
3. The Supplier bears full responsibility for the quality of the goods as required by the technical specifications and relevant PBS quality guidelines and requirements, with which the Supplier has been familiarized in a timely manner. Pre-contractual and contractual relationships to which these GTC apply are governed by the laws of the Czech Republic. The application of the provisions of the "United Nations Convention on Contracts for the International Sale of Goods" is excluded. The court competent to resolve legal disputes is determined according to subject matter and local jurisdiction by the Civil Procedure Code (Act No. 99/1963 Sb., as amended) or by the law that would replace it.

XVI. REQUIREMENT OF THE AS 9100 STANDARD

These GTC are based on principles established in accordance with international best practices and international quality and environmental management system standards according to ISO 9001:2015 and ISO 14001:2015. Based on the requirements of the AS9100 standard, PBS requires the Supplier to implement the following quality management system standards:

- a) Implement a quality management system.
- b) Ensure that the stakeholders are aware of their contribution to product or service conformity; their contribution to product safety; the importance of ethical behaviour.
- c) Use customer-specified or approved external providers, including processes.
- d) Approval of suppliers and subcontractors. Approval is not performed automatically by PBS, but may be specified in an individual order or agreement, etc.
- e) Notify PBS of non-compliant/non-conforming processes, products, or services and obtain approval for their handling.
 - f) Prevent the use of counterfeit parts and false certificates.
 - g) Inform PBS of changes to processes, products, or services, including changes to external providers or manufacturing locations, and obtain PBS approval.
 - h) Communicate all applicable and valid requirements, including customer requirements, to providers.
 - i) Provide samples for design approval, inspection/verification, investigation, or audit.
 - j) Maintain records in accordance with the requirements of AS 9100, as well as with EASA regulations (in particular Regulations (EU) No. 748/2012 and (EU) No. 1321/2014), and with the laws of the Czech Republic, in particular Act No. 49/1997 Sb., on Civil Aviation, as amended.
 - k) Allow authorized representatives of PBS, its customers, and supervisory authorities direct access to all relevant areas of all facilities at every level of the supply chain included in the order and to all records used.
 - l) Comply with the rules and principles of ethical conduct.

In Velká Bíteš, November 21, 2025

Ing. Milan Macholán
CEO