

PBS GENERAL SALES TERMS AND CONDITIONS

První brněnská strojírna Velká Bíteš, a. s., (valid as of 1 December 2018)

These General Sales Terms and Conditions (hereinafter referred to as the “**Terms and Conditions**”) form an integral part of contracts entered into by **První brněnská strojírna Velká Bíteš, a. s.**, with its registered office at Velká Bíteš, Vlkovská 279, Postal Code 595 01, Company ID: 0176109, incorporated in the Commercial Register kept with the Regional Court in Brno, File No. B 204, as a supplier (hereinafter referred to as “**PBS**”), as the first party, and individual clients and buyers (hereinafter referred to as the “**Buyer**”), and shall apply to any and all supplies of products and other goods, works or services (hereinafter referred to as the “**Subject of Performance**” or “**Supplies**”) that are or shall be carried out by PBS, except for a separate written supply agreement entered into between PBS and the Buyer, specifically excluding these Terms and Conditions. **Any changes hereto made by the Buyer shall only be valid upon a written confirmation thereof by PBS.**

The Parties explicitly confirm that they enter into this Contract as entrepreneurs conducting their business, and none of them is in a position of a weaker party towards the other one.

I. INTRODUCTORY PROVISIONS

1. Unless the PBS offer specifically states otherwise, the PBS offer expires after 30 days from the date of delivery thereof to the Buyer.
2. Any oral order of the Buyer shall always be confirmed in writing. In the event of an oral order, the Contract shall not be entered into until confirmed in writing by PBS.
3. Any derogating undertakings in the Contract shall take precedence over the provisions hereof.
4. Any changes or amendments of the Contract may only be made in the form of written amendments signed by both Parties.

II. DELIVERY CONDITIONS, DELIVERY PERIODS

1. Unless agreed otherwise in writing, products shall be delivered FCA Velká Bíteš according to INCOTERMS 2010 rules. Where the Buyer requires the goods to be packed in packaging, this needs to be explicitly stated in the order. The costs on packaging shall be borne by the Buyer.
2. Where the Buyer requires the products to be modified (customized as requested by the Buyer), PBS shall check whether the required modifications can be made and shall also determine a date on which the modified products can be delivered. Under no circumstances, standard delivery dates shall apply for deliveries of modified products, not even should PBS fail to specify the delivery date. If PBS fails to specify the date, it shall deliver the modified products within a time period reasonable for the required modifications.
3. PBS shall not be responsible for the choice and suitability of products or services ordered by the Buyer for the purposes intended by the Buyer.
4. Unless agreed otherwise, PBS is entitled to perform the Supply through partial supplies, and the Buyer is obliged to accept the partial supply. In such a case, the Buyer must pay the respective part of the price upon the completion of the respective partial supply at the latest.
5. The Buyer is obliged to accept the Subject of Performance at the agreed place and time of performance. The Supply shall be considered

completed by PBS once it is delivered at the agreed place and time of performance, even should the Buyer fail to arrive or refuse to take over the Supply or where the Buyer refuses to confirm the Handover Protocol. Unless agreed otherwise in writing, PBS is also entitled to deliver the Subject of Performance before the agreed time of performance. Should the Buyer be in default with regard to the takeover of the Subject of Performance, the risk of damage shall pass to the Buyer.

6. Should the Buyer fail to take over the Subject of Performance at the agreed time of performance or, where the date of the handover/takeover has not been agreed between the Parties, within fourteen (14) days following the delivery of the PBS's notice to the Buyer stating that the Subject of Performance is ready to be taken over, PBS shall store the Subject of Performance and the Buyer shall pay any costs related to such storage. PBS shall inform the Buyer of the storage in writing. Should the Buyer be in default with the takeover for more than 2 weeks, PBS is entitled to withdraw from the Contract.

7. **Should, for reasons for which is PBS liable, PBS fail to provide the contracted delivery within the agreed time period, and such a time period is exceeded by more than 14 days, the Buyer may claim a contractual penalty of 0.1 % of the price of the contracted delivery, with delivery of which PBS is in default, for each full calendar week of delay, however, the total sum of the contractual penalty shall not exceed the amount equal to 5 % of the price of the respective contracted delivery. PBS is obliged to pay the contractual penalty within ten (10) calendar days from delivery of the request for payment of the contractual penalty.**

8. **Inspection Obligation:** When the Supply is taken over, the Buyer is obliged to carry out inspection in order to check whether the Supply is not defective. The Buyer is obliged to notify PBS in writing of any defects of the Supply (including quantity-related defects) at the time of takeover or without undue delay, however, no later than 7 days after the takeover. PBS shall not be responsible for defects of the Supply if the Buyer fails to carry out the inspection or fails to notify PBS in writing in proper and timely manner.

9. PBS is entitled to interrupt or suspend its performance towards the Buyer whenever the Buyer is in default with the payment of any of the PBS's payable receivables against the Buyer or is in default with the fulfilment of other contractual obligation arising from any contract entered into between the Buyer and PBS; in such a case, PBS must notify the Buyer in writing at least 7 days prior to the interruption or suspension of the performance towards the Buyer. Regardless of whether PBS decides to suspend its performance, in the event of the Buyer's default with the payment of any of the PBS's payable receivables against the Buyer or with the fulfilment of other contractual obligation arising from any contract entered into between the Buyer and PBS: (i) the time of performance shall automatically extend for PBS by the time for which the Buyer is in default with the payment of any payable receivable or with the fulfilment of other contractual obligation; and (ii) the Buyer shall pay PBS any and all costs incurred by PBS due to the Buyer's default with the payment of any due claim

to PBS (including costs of financing and storage, demurrage, etc.) or as a result of the Buyer's failure to fulfil other contractual obligation arising from any contract between the Buyer and PBS.

III. PRICES, PAYMENT TERMS

1. All Supplies shall be made for the prices specified at the time when PBS has made an offer or confirmed an order.

The price shall be negotiated by agreement, exclusive of value added tax (hereinafter referred to as “VAT”). VAT at the statutory rate as of the date of taxable supply shall be added to the price. Unless explicitly agreed otherwise, the price shall not include any costs of transport, postage, packaging etc.

2. If the price of materials, energy or components purchased increases by more than 5 % between the date when the Contract enters into force and the date of taxable supply, PBS is entitled to increase the price of the Subject of Performance adequately by an amount equal to the increase of the price of materials, energy or components purchased, in which case PBS is obliged to prove the resulting additional costs to the Buyer upon request.

3. The price of Supply shall mean the price FCA Velká Bíteš (INCOTERMS 2010), exclusive of VAT, duties, charges, costs and other similar payments and costs of transport and insurance.

4. Where PBS has also committed itself to install, assemble or commission the Subject of Performance, the Buyer is also obliged to pay PBS, in addition to the agreed price for the installation, assembling or commissioning, any and all other costs effectively and demonstrably incurred in connection therewith.

5. Unless the Parties agree otherwise, the Buyer is obliged to pay PBS the price based on an invoice that may be issued by PBS at any time after the conclusion of the Contract.

6. All payments shall be made by the Buyer by a wire transfer to the PBS's bank account. Unless another due date is stated in the invoice, each invoice shall be payable within 30 calendar days from the date of issue. The price shall be considered paid at the moment when the sum is credited to the PBS's account. Each Party shall pay its own respective bank charges.

7. **Should the Buyer be in default with the payment, even of a part of the invoiced sum, the Buyer must pay PBS a contractual penalty of 0.05 % of the outstanding amount for each commenced day of delay, without the need of written notice by PBS. The payment of the contractual penalty shall not affect any other PBS's claims arising from the Buyer's default, in particular, the claim for damages. The contractual penalty shall be payable on the day following the day on which the claim arises.**

8. The Buyer may only set off unilaterally its outstanding receivables towards PBS against the PBS's receivables towards the Buyer provided that the offset has been approved in writing by PBS in advance. PBS may set off unilaterally any of its receivables towards the Buyer against any Buyer's receivables towards PBS regardless of the legal relationship under which the claim arises. The Buyer agrees that PBS may also set off its receivables against such receivables that are not yet due or are time-barred. The Buyer may not

assign or pledge any of its receivables against PBS to a third party without the PBS's prior written consent.

IV. WARRANTY AND LIABILITY FOR DEFECTS

1. Unless the product documentation or confirmation of the Buyer's order by PBS specify for the respective product, service or another performance of PBS otherwise, PBS shall provide the Buyer with a warranty (quality guarantee) for 12 months from the date of handover of the Subject of Performance to the Buyer, or of delivery to the place of delivery according to the agreed delivery terms, whichever comes first.

2. 2.1 Any Buyer's rights under the warranty or defective performance shall be excluded if the defect results from normal wear and tear, mechanical damage to the product during the operation or manipulation thereof, or otherwise, improper storage, modification or disassembly of the product by any person other than a technician fully trained in the field, through the fault or omission of the Buyer, improper or non-recommended use of the product, or operation of the product in a mode other than the one for which the product is designed, for example, failure to observe the installation, assembly, operation and maintenance instructions.

2.2 Any Buyer's rights under defective performance shall also be excluded should the Buyer fail to provide assistance necessary to examine whether the warranty claim is justified.

2.3 If the Buyer has not paid the price of the subject of performance properly and timely, PBS is entitled to refuse to settle the warranty claim, until the Buyer provides a remedy.

2.4 Under no circumstances, PBS shall assume responsibility for defects, incompleteness, discrepancies or inconsistencies arising from models, drawings, designs, blueprints, production documentation or other information provided by the Buyer. **PBS is not obliged to notify the Buyer of the defects above.**

2.5 In addition, PBS is not responsible for any defects or inconsistencies in the product functionality (manifestation of defects) caused by interference with the operation of the Buyer's system/equipment/product or the system/equipment/product supplied by a third party.

3. The Buyer is obliged to notify PBS in writing of any defects covered by the warranty, as well as of any defects existing in the Subject of Performance at the time of handover, within 3 days after the defect has been or should have been discovered, otherwise the Buyer's rights from defects shall cease to exist. Any defect must be notified in writing, and, for these purposes, the written form shall also mean email. Each warranty claim shall be examined by PBS within 30 calendar days, and the Buyer shall be notified in writing whether or not the claim is justified. The choice of claim under defective performance shall be determined by PBS. PBS shall, at its sole discretion, remove the defect by repairing or replacing the defective product (or any part thereof) with a defect-free product or by providing a reasonable discount from the purchase price. Defective parts replaced free of charge may be kept by PBS. Unless the Parties agree otherwise, the Buyer's right to receive a reasonable discount from the purchase price shall only pertain to the Buyer, if repair or replacement of a defective product, or any part thereof is not economical or ineffective or if PBS is

not able to carry out the repair within the agreed time period or the repair or replacement cannot be carried out due to non-existence or unavailability of the part that could be replaced for the defective part, always at the choice of PBS.

4. If PBS is not responsible for the defect, any costs on the works performed (repair and/or delivery of the replacement goods or product) shall be charged to the Buyer based on the currently valid standard PBS's price list, as well as any costs of dispatch, loading and unloading and preparatory work.

5. If the warranty claim is justified, the warranty period shall be extended by the time period required to settle the claim.

6. The warranty (quality guarantee) provided hereunder supersedes any rights arising from defective performance provided for by law; this shall not apply to the PBS's liability for apparent defects existing at the time of handover of the Subject of Performance.

7. Unless agreed otherwise, any Buyer's claims arising from the breach of the Contract by PBS, based on mal-performance or non-performance by PBS shall become time-bared 12 months after the respective claim has arisen at the latest.

8. Rights under the warranty cannot be assigned to a third party without the prior written consent of PBS.

9. The Buyer's right to withhold a part of the price corresponding to the Buyer's entitlement to a discount is excluded.

V. TRANSFER OF TITLE AND RISK OF DAMAGE

1. If the Subject of Performance is taken over by the Buyer before the payment of the agreed purchase price, the title to the Subject of Performance shall pass to the Buyer only when the purchase price is fully paid to PBS, provided that the legislation of the country where the place of delivery is located permits so.

2. Should the Buyer be in default with the taking over the Subject of Performance, the risk of damage to the Supply shall pass to the Buyer on the first day of such default. Should the Subject of Performance be despatched or handed over to the carrier late for reasons attributable to the Buyer, or the start or completion of the installation, assembly or test run be delayed for reasons attributable to the Buyer, PBS shall not be in default, and the risk of damage shall pass to the Buyer on the day on which the Subject of Performance should have been handed over to the carrier or despatched, or on the day on which the installation, assembly or test run should have started or been completed.

3. Where the Parties have agreed that the transport shall be arranged by PBS, either by its own means or through a third party, the risk of damage to the Supply shall pass upon handover thereof to the first carrier.

VI. FORCE MAJEURE

1. If PBS fails to comply with its contractual obligation or fails to deliver the Supply within the agreed time period due to the existence of unusual or unpredictable circumstances beyond PBS's control (hereinafter referred to as the "Force Majeure"), PBS shall not be responsible for the failure to comply and the time period for the completion of the Supply shall be extended by the time for which the Force Majeure event exists.

2. The Force Majeure event shall mean, in particular, natural disaster (e.g., flood, storm, thunder, unusual heat, unusual cold, unusual drought, hail, landslide, avalanche, earthquake

and consequences thereof, etc.), war, mobilization, riots and similar events, as well as the strike (including reported strikes), lock-out, unintended interruption of operation, import or export embargo, irreparable or costly removable defects of equipment and machines necessary for the delivery of the Subject of Performance (costly removable defects shall mean defects the repair of which costs more than 3% of the purchase price of the machine or equipment), as well as holding or non-granting an official authorization (in particular, an export license granted by the competent authority) that is necessary to carry out the Supply, although the obligated party has applied for the official authorization timely and properly. The same shall also apply to PBS if the Force Majeure event occurs at any of PBS's subcontractors.

VII. PROTECTION RIGHTS AND CONFIDENTIALITY

1. Under no circumstances, shall the Buyer acquire any intellectual property rights (including, without limitation to copyright) regarding the agreed Subject of Performance and the design, technical information, software, documents, drawings and/or similar specifications relating thereto, provided by or on behalf of PBS unless agreed with PBS in writing otherwise.

2. The Buyer is not entitled to damage, overlap or remove PBS's trademarks, trade names and logos placed on PBS's products.

3. The Buyer undertakes to treat the technical information and any other information corresponding by their nature to trade secrets or marked as "confidential", as well as any information of which the Buyer may reasonably believe that PBS is interested in keeping it in secrecy or its secrecy is in PBS's interest, provided orally or in writing (as well as electronically), as confidential information (hereinafter referred to as the "Confidential Information"). In this respect, the Buyer undertakes to maintain confidentiality regarding the Confidential Information for the duration of the contractual relationship between PBS and the Buyer, and then for an unlimited period of time after the termination thereof; not to provide or otherwise disclose it to third parties, except where the disclosure thereof is required by law or state authorities; not to use it for its own benefit or enrichment or for the benefit or enrichment of a third party; not to use it without the prior written consent of PBS for any purposes other than for which it has been provided. The Buyer shall adopt any organisational, technical and other reasonable measures to protect the Confidential Information from unauthorised use, shall restrict the access to such information only to employees who need to know it in order to be able to perform their job duties, and, where PBS has previously agreed in writing that the Buyer may disclose the Confidential Information to a third party, the Buyer shall ensure that the third party is bound in writing to maintain confidentiality to the same extent as the Buyer, and shall also ensure that such a third party shall observe the confidentiality obligation under these Terms and Conditions, in which case the Buyer is obliged to reimburse PBS for any damage incurred by PBS due to the breach of the confidentiality obligation by the third party to the same extent as it has been breached by the Buyer itself. **In the event of a breach of the confidentiality obligation, PBS is entitled to claim a contractual penalty of CZK 100,000 from the Buyer per each individual breach of such obligation. The payment of the contractual penalty shall not affect any other**

PBS's claims arising from the Buyer's breach of confidentiality, in particular, the claim for damages. The Buyer is obliged to pay the contractual penalty within ten (10) calendar days from delivery of the request for payment of the contractual penalty.

VIII. COMPENSATION FOR DAMAGES AND OTHER LOSS

1. The total liability of PBS for damages and other loss resulting from the breach of the Contract, tort, statutory duty, good morals or otherwise arising, shall be limited in each individual case and in aggregate to the amount equal to the value of a partial Supply, if it involves partial Supplies, or to the price for the Subject of Performance under the Contract.

The Parties have agreed that if the Buyer incurs any loss due to the breach of PBS's obligations (contractual or statutory) or good morals, PBS shall only reimburse the Buyer for the actual damage, and not the lost profit. For the purposes hereof, the actual damage shall not mean any indirect consequential damage or damage under contracts of the Buyer with third parties.

The above agreed limitation shall not apply to compensation for damages caused intentionally or by gross negligence or to compensation for damages to person's natural rights, as well as to cases where the obligation to compensate damages cannot be limited according to applicable law.

No contractual penalties or other sanctions paid by the Buyer to PBS affect the PBS's right to claim for damages or other loss in the amount exceeding the contractual penalties paid, and the payment thereof shall not relieve the Buyer of the duty or obligation to which the respective contractual penalty applies.

2. Where the PBS's liability is excluded or limited, the exclusion or limitation shall also apply to personal liability of employees, officers, representatives, subcontractors and auxiliary persons.

3. PBS is entitled to compensation for loss incurred by the Buyer's failure to pay a pecuniary debt even though the loss is covered by default interest. The provisions of Section 1971 of the Civil Code shall not apply.

IX. WITHDRAWAL FROM THE CONTRACT

1. The Parties may only withdraw from the Contract in cases of material breach of the Contract, or in cases explicitly specified in the Contract or herein, or in cases explicitly provided for in legal regulations. The withdrawal shall take effect as of the day of delivery of a written withdrawal notice to the other Party.

2. A material breach of the Contract shall mean, in particular, the following: (i) the Buyer is in default with any payment or invoiced sum for more than 30 days; (ii) the Buyer is in default with providing assistance of his for more than 30 days; (iii) the Buyer has breached the confidentiality obligation under Art. VII (3) hereof; and (iv) PBS is in default with fulfilling its obligation under the Contract for more than 90 days, and such an obligation has not been fulfilled even after the prior written notification by the Buyer and providing with additional reasonable grace period for the fulfilment of the respective obligation.

3. Any of the Parties is also entitled to withdraw from the Contract if: (i) insolvency proceedings have been initiated against the Buyer, or (ii) the court refused an application for the establishment of a decision of bankruptcy of the Buyer due to the

lack of the Buyer's assets, or (iii) the other Party becomes an unreliable payer within the meaning of Section 106a of Act No. 235/2004 Coll., on Value Added Tax.

4. The Parties are also entitled to withdraw from the Contract if any Force Majeure event prevents delivery of the Supply for more than 3 months.

5. **Further, PBS is entitled to withdraw from the Contract if the Buyer is in default with the payment of any pecuniary debts owed to PBS for more than 30 days, even though such debts arise from a contract other than the one that is terminated hereby.**

6. Without prejudice to any other rights of PBS under the Contract or by law, the Buyer is obliged, within 14 days from delivery of the withdrawal notice, to pay PBS:

- (a) The unpaid part of the agreed contractual price for the already performed Supply;
- (b) Any and all costs that have been incurred by PBS in connection with the performance of the Supply until the date of delivery of the withdrawal notice and that have not been paid by the Buyer yet, plus a contractual penalty of 10% of the agreed price for the performance, unless the Parties agree otherwise. The entitlement to claim damages shall not be affected by the payment of the contractual penalty.

X. EXPORT RESTRICTIONS

1. PBS is not obliged to perform under these Terms and Condition if such performance is affected by any obstacles arising from national or international regulations relating to international trade law, or based on embargoes or other sanctions, including, but not limited to, restrictions imposed by the United Nations, the European Union or the United States of America, which may expose PBS or any related party thereof to sanctions, penalties or other actions of public authorities. In such a case, PBS is also entitled to withdraw from the Contract.

2. Where the Buyer assigns the subject of delivery of PBS (including any types of technical support) provided by PBS to any third party, the Buyer is obliged to comply with any applicable national and international regulations relating to export and re-export control, in particular, regulations of the Czech Republic, the European Union and the United States of America.

3. If it is required to allow the authorities or PBS to carry out export control, the Buyer is obliged to provide promptly upon PBS's request any necessary assistance and any information relating to the respective end customer, destination and the intended purpose of use of the subject of delivery of PBS, as well as information regarding all existing export restrictions.

4. The Buyer is obliged to notify PBS in writing of any reimport of the Subject of Performance to the country of origin before such reimport is carried out.

5. The Buyer is obliged and undertakes to indemnify and hold PBS harmless from any claims, actions, penalties, losses, costs, expenses and damages arising from or in connection with any Buyer's breach of export control regulations.

XI. FINAL PROVISIONS

1. If any provision of the Contract of these Terms and Conditions is or becomes invalid, unenforceable, implied or ineffective, this will not affect the validity, enforceability and effectiveness of the remaining provisions of the Contract or these Terms and Conditions. In such a case, the

Parties are obliged to make every effort to enter into a written amendment to the Contract by which the respective invalid, unenforceable or ineffective provision shall be replaced with a new one that will better satisfy the initially intended purpose.

2. With regard to any paper documents, any notice shall be deemed delivered once it has been accepted by the addressee, or on the third day after it has been deposited with a postal operator, even if the other Party fails to collect the document, or on the day of refusal to accept the consignment, whichever comes earlier. Email correspondence shall be deemed delivered the following day after it has been sent, unless it is factually delivered earlier.

3. PBS is entitled to assign the Contract to a third party within the PBS Group without the Buyer's written consent. A third party within the PBS Group shall mean any entity pursuant to the provision of Section 71 et seq. and Section 79 et seq. of Act No. 90/2012 Coll., as amended, in particular, an entity controlled or regulated by PBS, or an entity controlling or regulating PBS, or an entity under joint control or management with PBS.

4. **Legal relationship of the Parties, as well as any issues regarding the validity and existence of the Contract, shall be governed by laws of the Czech Republic. Application of the United Nations Convention of 11 April 1980 on the International Sale of Goods shall be excluded.**

5. Waiver of any PBS's rights or failure to exercise any rights arising from the breach of any Buyer's obligation shall not be interpreted as a waiver of rights relating to the breach of the Contract or applicable legal regulations.

6. The Buyer shall assume the risk of change in circumstances pursuant to Sections 1764 to 1766 of the Civil Code.

7. **Any disputes arising from or in connection with this Contract that could not be settled amicably by the Parties as well as any disputes relating to the validity and effectiveness of the Contract shall be resolved by ordinary courts of the Czech Republic. The Parties have agreed upon the local jurisdiction of the District Court in Žďár nad Sázavou, or the Regional Court in Brno, if the case falls within the substantive competence of the Regional Court.**

8. These Terms and Conditions, together with the document to which they are annexed, as well as annexes hereto, form an entire agreement and supersede any previous arrangements between the Parties regarding the subject matter of this contractual relationship. The Parties have agreed that no rights and obligations can be inferred beyond the scope of this Contract from any existing or future practice established between the Parties, or from business practices maintained in general or within the industry relating to the subject matter hereof.

Velká Bíteš, 28 November 2018

Ing. Milan Macholán
CEO