

GENERAL BUSINESS CONDITIONS - POLNA corp. s.r.o.

1. The General Business Conditions of the company POLNA corp. s.r.o. (hereinafter referred to as "GBC") are business conditions pursuant to the provision of Section 1751 et seq. of Act No. 89/2012 Coll., Civil Code, valid on the territory of Czech Republic, as amended (hereinafter referred to as "Civil Code"), and the legal relation established by a contract between the buyer, which is the company POLNA corp. s.r.o. (hereinafter referred to as "Buyer") and a seller - a corporate body or natural person (entrepreneur), which delivers the goods to the Buyer (hereinafter referred to as "Seller") is regulated hereby.

2. The GBC along with particular conditions of sale, which are included in the contract of sale (order), constitute an entire agreement of the contractual parties on conditions of sale and substitute all previous verbal or written provisions. In the event that a contract of sale (order) includes a provision different from the GBC, it is applied that the different provision of the contract of sale (order) shall prevail.

3. The Buyer is bound by a draft contract of sale, which integral part is the GBC, for the period of 10 days as of the day by which such a draft contract is dated unless another period for its acceptance is expressly stated in the draft contract of sale. The contract of sale is concluded if the Buyer receives the draft contract of sale in the stipulated option period, along with marked acceptance of the Seller, not including any conditions, reservations or other amendments and supplements to the draft contract. The contract of sale is also concluded in the event that the Seller accepts the draft contract of sale even after the stipulated option period and the Buyer confirms to the Seller within 10 working days after the day of its acceptance that the acceptance is considered to be timely.

4. The Buyer excludes the possibility to accept a draft contract of sale (order) with amendments or variations, even not changing the proposed conditions substantially.

Delivery Conditions

5. Goods shall be delivered on the delivery clause of DDP POLNA corp. s.r.o., Třinec, according to INCOTERMS 2010 unless otherwise agreed in the contract of sale (order), including documents related to the goods stated in the contract of sale (order) or arising from the legal regulation in force.

6. Acceptance of goods by the Buyer shall be confirmed by signature of the person in charge on the bill of delivery or by signature on the handover certificate in case that the competent person of the Seller is present at the place and time of delivery of the goods.

7. The Seller shall supply the Buyer with goods within the term stated in the contract of sale (order) as the term of delivery. In case that the Buyer is liable for default in payment of advance payment, the Seller may extend the term of fulfilment by such a period.

8. If the Seller is in delay with delivery of goods to the Buyer, the Seller shall pay to the Buyer a contractual penalty amounting to 0.5% of the purchase price of non-delivered goods, exclusive of VAT, for each finished day of delay.

9. The Buyer shall become an owner of goods upon acceptance in accordance with the agreed delivery clause. By the acceptance the risk of damage to goods is transferred to the Buyer. Upon acceptance of goods the Buyer is entitled to handle the goods in accordance with their determination and purpose, for which the Buyer has bought the goods.

Terms of Payment

10. Contracting Parties agreed on payment of purchase price of goods on the basis of a proper tax document. Invoice shall be issued within 15 days after the date of taxable supply and shall be delivered to the Buyer by mail or e-mail. Invoice due date is 30 days after its issue unless otherwise stated in the contract of sale (order). Payment of the purchase price is considered crediting of the amount corresponding to the purchase price and relevant VAT thereto to the Seller's account.

11. The Seller is not entitled to ask the Buyer for prepayment of the purchase price unless stipulated otherwise in the contract of sale (order). In that case the Buyer shall deposit the required advance payment and related VAT to the Seller's account at the period stated in the contract of sale (order). Within 15 days after the date of receipt of the advance payment and related VAT the Seller shall issue a tax document containing statement of the advance payment and related VAT.

12. Each payment corresponding to the contract of sale (order) shall be made by direct debit to the Seller's account stated in the relevant tax document (statement) or prepayment invoice.

13. In case of any delay with fulfilment of a monetary obligation of the Buyer towards the Seller, the Seller is entitled to ask the Buyer for a contractual penalty amounting to 0.02% of the amount due for each, even commenced day of delay.

14. The Buyer is entitled to retain payment of the purchase price if at the time of its maturity the Seller is in delay with provision of fulfilment on the

basis of any other contract concluded by the Buyer, for the period of the fulfilment.

15. The Buyer is also entitled to retain the purchase price for goods in case of exercise of any right arising from faulty performance related to unpaid goods until the proper settlement of the right on the part of the Seller. The Buyer is thus entitled to retain the total purchase price for defective goods, i.e. even the purchase price beyond the discount otherwise belonging to the Buyer as a result of such faulty performance. For the period of retention of the purchase price, the Buyer is not responsible for any delay with its payment.

16. In case that the purchase price is charged for VAT payment, the Seller is registered for VAT purposes on the territory of Czech Republic and the Seller's bank account stated in the tax document is not so called "published account" at the moment of payment, or at the moment of taxable supply the tax administrator having long-distance access publishes the fact that the Seller is so called an "unreliable payer" (within the meaning according to Czech tax law), the Buyer is entitled to pay the purchase price only at its amount, exclusive of VAT, and is entitled to pay VAT related to the payment on behalf of the Seller in the form of so called "special way of tax security".

Cancellation of the Contract of Sale

17. It is possible to withdraw from the contract of sale in case of any material breach of contractual obligations, which is considered, besides the cases stipulated by law or cases stated elsewhere in the GBC,:

- the Buyer's delay with payment of the purchase price (advance payment) for the period exceeding 60 days,
- the Seller's delay with delivery of goods for the period exceeding 14 days.

18. The Buyer is also entitled to withdraw from the contract of sale in the event that:

- the Seller is cancelled with liquidation, or
- execution towards the Seller in the form of sale of the plant or its part is initiated, or
- decision on bankruptcy towards the Seller is issued.

19. It is possible to withdraw from the contract of sale within reasonable time, not later than within thirty (30) days after the date when the withdrawing contractual party is concerned or could be concerned to hear about the reasons authorizing it to withdraw. Effects of withdrawal from the contract of sale come upon delivery of a written notice of withdrawal from the contract to the addressee.

20. Within 15 days after the day when the withdrawal from the contract of sale have come into effect, unless another period agreed, the contracting parties are obliged to make settlement of performance provided mutually until that time. Unless otherwise agreed, the settlement shall include fulfilment of:

- the Seller's obligation to repay to the Buyer the amount corresponding with the paid purchase price and related VAT, including accrued statutory interest for the period from its payment until its repayment, standing against
- the Buyer's obligation to deliver to the Seller delivered goods on the delivery clause EXW POLNA corp. s.r.o. Třinec according to INCOTERMS 2010 or to pay monetary indemnity,
- the obligation to compensate the contracting party which has withdrawn from the contract of sale for damage on property or other damage, including loss profit,
- issue and delivery to the Buyer a correction tax document to the invoice provided that the invoice with settlement of the purchase price has been delivered to the Buyer at the moment of withdrawal from the contract of sale.

The Buyer has the right to condition delivery of goods to the Seller by repayment of the purchase price, including appurtenances, payment of costs claimed in connection with withdrawal from the contract of sale and settlement of all other due financial claims towards the Buyer, arising from the cancelled contract.

21. The Buyer may unilaterally cancel the contract of sale (order) (i.e. make cancellation of the order) expressly in the written (fax or e-mail) form and only until the Buyer is delivered by the Seller's notice informing about delivery of the goods.

22. In case that the contract of sale (order) is cancelled by the Buyer in the form of so called "cancellation of the order", settlement according to the clause 19 hereof shall not be applied. In such a case the Buyer is obliged to compensate the Seller only for cancellation costs, which are considered effectively proven costs accrued to the Seller in connection with security of the subject-matter of the contract of sale. The Seller does not have the right to the claim for compensation for damages to property and other loss or loss profit.

Transfer

23. Transfer of any due claim of the Seller to the Buyer, arisen from the contract of sale, its breach or in another connection thereto, is excluded without a previous written consent of the Buyer. If such a claim cannot be transferred to anyone, it cannot be pledged to secure meeting of own Seller's

obligations or obligations of third persons. If the Seller concludes a contract on transfer or payment of a due claim with a third person without a previous written consent of the Buyer, such a contract is considered invalid and the Seller shall pay to the Buyer, at its written request, a contractual penalty amounting to 20% of nominal value of the claim which the Seller has tried to transfer or pledge without authorization. The Buyer's right to damages incurred due to the Seller's action in contradiction with the ban on transfer/pledging a due claim is not affected.

24. Transfer of the contract of sale (order) or its part is possible only with a previous written consent of the transferred party.

Guarantees

25. Guarantee period for delivered goods is twenty-five (25) months and commences by the day of delivery of the goods to the Buyer.

26. The Buyer's rights arising from faulty performance shall be applied in the form of written complaints. All complaints of goods defects shall include identification data of the goods under complaint and description of the defects found (defect impeding - non-impeding use of the goods). Complaints of goods defects may include the Buyer's right arising from faulty performance and a required period for removal of defects.

27. The Buyer shall notify the Seller, within reasonable time, of apparent defects of goods, i.e. defects found at takeover of the goods, not later than within five (5) days after the day of takeover of the goods. The Buyer shall notify the Seller of the other hidden defects immediately after their finding, however, not later than by the end of the agreed guarantee period.

28. If the Buyer keeps the goods claimed, the Buyer is obliged to give access to the Seller to the goods claimed to check legitimacy of the complaint. In such a case the Buyer is obliged to provide separate storing of the goods under complaint until the day on which the Seller is obliged to confirm the complaint pursuant to the clause 29 hereof.

29. As to any applied defect, the Seller is obliged to confirm the period of exercise of the right arising from faulty performance in writing within two (2) days after the day of receipt of the complaint. Simultaneously, the Buyer shall state whether it refers to a defect that can be removed or not, the way of its removal and the period for removal of the defect.

30. The Buyer is entitled to choose the right arising from faulty performance, which shall notify the Seller in writing, not later than within five (5) days after the day of delivery of the Seller's opinion concerning the complaint. The Buyer is entitled to choose the right arising from faulty performance regardless the contents of the Seller's opinion concerning the complaint so that the situation when delivered goods are not fit for proper use or if the defect of performance is characterized by the Seller as non-removable is considered to be the material breach of the contract of sale.

31. If the Buyer demands removal of a defect of goods and if the defect does not refer to the non-removable defect, the Seller is obliged to remove the defect of the goods within 5 days after the day on which the Seller received the complaint unless otherwise agreed. At removal of defects of the goods the Seller is obliged to proceed systematically and within reasonable time so that the defect could be removed as soon as possible.

32. The Buyer is entitled to remove a defect of goods itself to the account of the Seller under the condition that

- the defect prevents proper use of the delivered goods and
- removal of the defect shall be made by exchange of the defected component of the goods for a functional component with identical technical parameters,

and also unless the Seller removes the defect of the goods properly and in due time.

33. If the goods are delivered with defects, the Seller shall pay to the Buyer, at the Buyer's written request, a contractual penalty amounting to 10% of the purchase price of the faulty performance, exclusive of VAT. In case of delay of the Seller to meet its obligations according to the clause 29 hereof or in case of delay of the Seller to meet any other obligations corresponding with the rights arising from faulty performance exercised by the Buyer, the Seller is obliged to pay to the Buyer, at the Buyer's written request, a contractual penalty amounting to 1% of the purchase price of the faulty performance, exclusive of VAT, for each, even commenced day of delay.

34. In the event that the faulty goods have been implemented into final products of the Buyer or the final products have already been delivered to the Buyer's customers, the Buyer, within requirement for damages, has a claim for compensation of all effectively spent costs incurred in connection with withdrawing final products from the market or with taking measures preventing from the spread of defected final products as well as costs related to removal of the defects of final products or settlement of sanctions applied by the Buyer's customers. The Seller is obliged, at the Buyer's written request, compensate all the costs.

The Other Provisions

35. The contracting parties agreed to solve relevant disputes arisen from the contract of sale amicably. If a dispute is not solved amicably, the contracting parties agreed that all disputes arisen from the contract of sale, including the disputes concerning its validity, interpretation or cancellation, shall be solved by a court having subject-matter jurisdiction pursuant to Act No. 99/1963 Coll., Code of Civil Procedure, as

amended, whereas local jurisdiction of the court shall be determined according to address of the Buyer's registered office.

36. If any provision of the contract of sale becomes invalid or ineffective due to circumstances occurred after conclusion of the contract of sale and either contracting party could presume that it occurs or is going to have such an effect, such a fact has no influence on validity and effect of the other provisions of the contract of sale and the contracting parties undertake to observe them.

37. The injured contracting party is entitled to demand compensation of damage to property and other damage, independently and besides the contracting penalty agreed within the contract of sale or stated herein, by which the breach of the obligation is affected, due to which loss occurs.

38. For purposes of the contract of sale, force majeure (and simultaneously circumstances excluding liability) includes the facts stated in the provision of Section 2913, Sub-section 2 of Civil Code. The contracting parties are obliged to notify each other of any event of force majeure so that for the period of duration of such an event, neither contracting party is in delay with fulfilment of its obligations affected by the event of force majeure. If such an event is not communicated within three working days after the day on which the event of force majeure occurs, the contracting party affected by the event has the right to call to its existence. If the event of force majeure lasts more than 3 months, the contracting party affected by the event of force majeure is entitled to withdraw from the contract of sale and the contracting parties shall make settlement similarly as stated in the clause 21 hereof. If the reasons of force majeure for which performance of the contract of sale is interrupted cease, the contracting parties undertake to inform each other and renew performance of their obligations, whereas they are obliged to proceed in mutual cooperation so that the impact of the event of force majeure would be minimized.

39. All documents, data materials and information delivered to each other in connection with performance of the contract of sale (order) (except for standard user's documentation to the goods issued according to valid legislation) as well as the contents of the contract of sale (order) may be released to third persons only with the previous written consent of the other contracting party. All the facts have a nature of the trade secret of the releasing contracting party so that it is its will to protect and keep the trade secret. The above stated is not valid if it refers to releasing to meet obligations imposed by law or on the basis of law or releasing to exercise the right properly.

40. Each contracting party undertakes that if any facts preventing proper performance of the contract of sale (order) or complicating the performance occur, although they do not refer to events of force majeure according to the previous clauses hereof, the concerned contracting party shall notify the other party of the facts within reasonable time and cause negotiations to adapt the contractual relation to the changed conditions.

41. Rights and obligations of the contracting parties, arising from the contract of sale / order and the GBC are governed by the law of the Czech Republic, namely by the provisions of Act No. 89/2012 Coll., Civil Code, as amended, excluding the UN Convention on Contracts for International Sale of Goods (Vienna, April 14, 1980). The language of the contract of sale is English language. Application of the provision of Section 1799 and Section 1800 of Civil Code on adhesion contracts is excluded.

42. The Seller takes over the risk of a change in circumstances pursuant to Section 1764 to 1766 of Civil Code.

43. The Seller undertakes to handle all personal data of natural persons made available to him by the Buyer in written form (usually in legal, technical or other documentation submitted) or in any other form, in accordance with Regulation (EU) 2016/679 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (so-called GDPR) and other legislation on the protection of personal data. Seller is obliged to pay a contractual fine of 10,000 EUR for each case of breach of this provision; this does not affect the right of the seller to demand payment of damages in full.