

General Purchasing Conditions of TRIMILL, a.s.

1. Introductory Provisions

1.1. These General Purchasing Conditions (*hereinafter "GPC"*) regulate the contractual relationship between the seller (supplier) and the buyer (customer) TRIMILL, a.s., with its registered office at Jasenice 2061, 755 01 Vsetín, Identification No.: 25598325, registered in the Commercial Register maintained by the Regional Court in Ostrava, Section B, File No. 4121 (*hereinafter the "Buyer"*). These GPC are an integral part of the Contract of Sale concluded by and between the Seller and the Buyer in the form of confirmation of the Buyer's purchase order whose subject is the obligation of the Seller to provide and hand over the goods specified in Buyer's order to the Buyer (*hereinafter the "Goods"*). The conditions stated in these GPC are a part of the Contract of Sale conditions, unless expressly stated otherwise in the Contract of Sale.

2. Origination of the Contract of Sale

2.1. The Contract of Sale is made at the moment the Seller confirms the Buyer's order made in writing, by e-mail or fax. The Buyer's order delivered to the Seller is considered a draft contract of sale and is binding upon the Seller upon its delivery. Any change in the Buyer's order made by the Seller is considered a new offer to enter into a Contract of Sale that has to be approved by the Buyer. Electronic data exchange carried out between the parties has a nature of a written legal act and is equal to the other commonly used form of written communication.

3. Terms of Delivery, Acceptance of the Goods

3.1. The Seller is obliged to supply the Goods in quantity, quality and design pursuant to the Contract of Sale and all legal regulations related to the Goods. The Seller undertakes to deliver the Goods to the place of performance according to the schedule agreed in the Contract of Sale.

3.2. The place of delivery and handover of the Goods is according to the Buyer's choice made in the purchase order the premises of the Buyer at:

- a) Jasenice 2061, 755 01 Vsetín,
- b) or Dlouhé Díly 447, 763 02 Zlín – Louky
- c) or another place determined by the Buyer.

The Seller shall deliver the Goods at its own expense and risk to the agreed place together with the relevant delivery note and other agreed documents. The Seller undertakes to perform the delivery and handover of the Goods within delivery term, i.e. during Monday to Friday from 7:00 am to 3:00 pm, while taking into account that after this time the delivery of the Goods is not possible and they are in arrears.

3.3. Each delivery of the Goods is fulfilled by the Seller and shall be accepted by the Buyer provided that together with the Goods an accompanying document (delivery note) is delivered, which is a part of the delivery and contains at least the following particulars:

- a) Corporate name and the address of the registered office of the Seller and the Buyer, their Identification No and Tax Identification No;
- b) Designation of the delivery note and its number;
- c) Reference to the Buyer's order number (Contract of Sale);
- d) The scope and subject-matter of the delivery (type and name of the Goods);
- e) The date of issue of the delivery note;
- f) The quantity of Goods in pieces or in physical units;

Or other documents that are necessary for the sale of the Goods pursuant to the applicable legislation or that the parties have agreed on in advance. The Buyer is not obliged to accept the Goods and the delivery is considered unfulfilled without the above mentioned documents and/or in the case the minimum essentials specified above are not stated in the accompanying documents.

3.4. Failure to meet the agreed term of the Goods delivery by more than 7 days by the Seller or reduction or exchange of the Goods in the purchase order by the Seller without the Buyer's approval entitles the Buyer to withdraw from the Contract and put forward a claim for damage against the Seller.

3.5. The Buyer is obliged to accept the Goods only if they correspond with the conditions agreed in the Contract of Sale. The delivery will be considered duly fulfilled only in the case the Seller hands over the Goods in required quantity, quality and design determined by the Contract of Sale and together with the Goods they hand in the delivery note and other documents stipulated by another Contract of Sale or legislation. The Seller is particularly obliged to give the Buyer

documents concerning quality control carried out by the Seller, or more precisely measurement protocols, unless the Seller agrees with the Buyer otherwise.

3.6. The interested parties shall make a record of the reception of the Goods (in the delivery note) that will be signed on behalf of both contracting parties.

4. Purchase Price of the Goods, Payment Terms

4.1. The purchase price of the Goods has been negotiated in the Contract of Sale.

4.2. The purchase price shall always be agreed under DAP terms of delivery pursuant to Incoterms 2010, and the transport costs are therefore charged to the Seller, unless the contracting parties agree otherwise.

4.3. The Buyer shall pay the purchase price for the benefit of the Seller on the basis of an invoice duly issued by the Seller. The Seller shall issue and deliver an invoice to the Buyer for the Goods within 2 days of the delivery of the Goods to the Buyer. The maturity period of the invoice will be 60 days from the day of the invoice delivery to the Buyer, however not earlier than 60 days from the day of the Goods delivery to the Buyer. The invoice will be duly paid if the whole invoiced price is deducted from the Buyer's account within the maturity period. The Seller is obliged to send the issued tax document (invoice) to the Buyer to: Dlouhé Díly 447, 763 02 Zlín – Louky or by e-mail at fakturace@trimill.cz

4.4. The invoice – tax document of the Seller has to contain the following:

- a) Corporate name and the address of the registered office of the Seller and the Buyer, their Identification No and Tax Identification No;
- b) The place of delivery and acceptance of the Goods;
- c) Invoice designation and its serial number;
- d) The scope and subject-matter of delivery (type and name of the Goods);
- e) The date of issue of the tax document;
- f) Date of taxable supplies;
- g) The price without value added tax for quantity unit and total sum;
- h) Value added tax rate in %;
- i) The total sum of value added tax;
- j) The total sum including value added tax;
- k) The quantity of Goods in pieces or in physical units;
- l) The day of sending the invoice;
- m) The reference to the Buyer's order number;
- n) Designation of the financial institution, the Seller's bank account, bank routing number;
- o) Maturity period determined in accordance with these GPC;
- p) A delivery note confirmed by the Buyer must be attached to the invoice.

4.5. If the issued invoice does not have the essentials of a tax document, contains different prices than those negotiated, does not correspond with the actually delivered Goods or does not have all essentials stated at 4.4., the Buyer will have the right to return it without payment to the Seller who always has to issue a new invoice. The original maturity period will cease to elapse by justified return of the invoice and maturity begins to elapse with the delivery of a corrected invoice.

4.6. Unless the contracting parties agree otherwise, the Buyer is entitled to claim the following rules for the purchase price discount:

- a) If a properly issued and delivered invoice is paid by the Buyer to the Seller within 14 days of the delivery of the invoice to the Buyer, the total purchase price discount without VAT pursuant to this invoice will be 3 %;
- b) If a properly issued and delivered invoice is paid by the Buyer to the Seller within 30 days of the delivery of the invoice to the Buyer, however later than within 14 days of the delivery of the invoice to the Buyer, the total purchase price discount without VAT pursuant to this invoice will be 2 %.

4.7. The Seller is not entitled to assign any of its claim against the Buyer created on the basis of the Contract of Sale to a third party without a prior written agreement of the Buyer.

5. Sanctions

5.1. In the case the Buyer is in default with payment of the invoice for more than 14 days after its maturity date, the Seller will be entitled to charge default interest in the amount stipulated by law.

5.2. In case the Seller is in delay with delivering the Goods, contractual penalty of 0.2 % of the whole purchase price of these Goods without VAT for every day of default is agreed to be paid by the Seller to the Buyer. The Seller takes into account that proper observance of the delivery dates and proper delivery of the ordered Goods are fundamental for the Buyer, when possible delivery shortfalls are eligible to cause significant financial damage to the Buyer and jeopardize its economic activity. For these reasons, the contracting parties consider the contractual penalty fully proportionate to the importance of the ensured contractual duty as well as the potential consequences of its breach. Claim for damages or their amount are not affected by this provision of the contractual penalty.

6. Defective Goods

6.1. If the Goods do not have characteristics stipulated by the Contract of Sale or by legislation and valid standards, they will be considered defective Goods. Delivery of other goods than determined by the Contract of Sale shall also be considered defective Goods. The Buyer is obliged to inform the Seller of the defective Goods.

6.2. The Buyer is obliged to inspect the Goods during acceptance or within 40 days of the acceptance and in this period they are also obliged to report quantitative and qualitative defects of the Goods that they could have noticed when exercising reasonable care. Hidden qualitative defects and quantitative defects as well as other defects that the Buyer could not have detected during acceptance have to be reported within 40 days of their detection.

6.3. The Buyer agrees always to make a complaint of the defective Goods with a description of the defects. The Buyer is obliged to select and assert its claim for the defective performance within 30 days of making a complaint of the defects to the Seller. The claims of the Buyer for defective performance are regulated by the relevant provisions of the Civil Code.

6.4. The Seller is obliged to make a written response on each complaint of the Goods within 5 days of its assertion and handle this complaint duly within 10 days of asserting the claim by the Buyer resulting from liability of the Seller for defects.

6.5. The Seller declares that the delivered Goods will not be burdened by a third party's right.

6.6. The Seller will provide the Buyer with a guarantee of the Goods quality for the period stated in the Contract of Sale. If the duration of the guarantee of quality is not stated in the Contract of Sale, the Seller will provide the Buyer with guarantee of quality of 24 months. The guarantee period shall always be calculated from the day when the Buyer hands over its product that the Goods are a part of pursuant to the Contract of Sale to the customer.

6.7. In addition to the claim for defective performance and guarantee, the Buyer is also entitled to damages, including the reimbursement for lost profit. The Buyer is also entitled to repair the defective Goods on its own or via a third party and at the expense of the Seller. The Seller is obliged to pay these expenses to the Buyer within 10 days of the day when it was invited to do so by the Buyer.

7. Other Provisions

7.1. In the case the Seller appears to the Buyer as a risky value added tax payer, the Buyer has the right to act in terms of Sec. 109a of Act

No. 235/2004 Coll., on Value Added Tax, and adopt preventive measures in the form of dividing the payment for Goods in the price part and the value added tax part. If a situation occurs that a locally competent tax authority calls on the Buyer to pay the VAT instead of the Seller, the Buyer will be entitled to set off its recourse claim against the Seller resulting from this reimbursement for any due claim of the Seller by the Buyer; the negotiated price pursuant to this Contract is considered paid also in the case the Buyer reimburses tax instead of the Seller pursuant to Sec. 109 and 109a of the Value Added Tax Act.

7.2. No document as a whole or its part, prepared in connection with the Contract of Sale must be made available to any other person without express written consent of the Buyer and the Seller, except for the relevant addressees. The parties undertake to maintain trade secret of the other contracting party. Both parties agree not to disclose and not to make any information available to third parties that they learnt in connection with business transactions pursuant to this Contract, or that could jeopardize mutual relationship of both contracting parties or interests and rights of one of the contracting parties.

7.3. Inefficiency or invalidity of any provision of the Contract of Sale shall not have any impact on the effect or validity of other provisions of the Contract. In case any provision of the Contract of Sale becomes or is invalid for any reason, the contracting parties undertake to agree on a legally acceptable method that will ensure the implementation of business intentions contained in such an invalid provision.

7.4. If circumstances after entering into the Contract of Sale change to such an extent that the performance pursuant to the Contract of Sale becomes more difficult for any of the parties, their duty to meet obligations resulting from the Contract will remain unaffected. The Seller assumes the risk of change of circumstances; in this case the provision of Sec. 1765 (1) of the Civil Code shall not be applied.

7.5. Any document delivered in connection with the Contract of Sale is considered delivered on the day of its acceptance by the addressee or the day when the addressee intentionally frustrated the delivery in their registered office or the day when it was returned by post as non-deliverable. In the case of doubts when delivering documents, the third day after their sending by registered delivery mail will be considered the delivery of the document.

7.6. All disputes associated with the Contract of Sale, its interpretation, implementation and termination as well as potential disputes concerning the validity or invalidity of this Contract will be resolved by a locally competent court of the CR according to the registered office of the Buyer. The Contract and all rights and obligations resulting therefrom shall be governed by legislation of the Czech Republic with the exclusion of United Nations Convention on Contracts for the International Sale of Goods and the exclusion of conflict rules of the Czech law. Any trade practices concerning the performance pursuant to the Contract of Sale have no priority over the provisions in the Contract of Sale or statutory provisions even if these provisions did not have coercive effects. The Contract comprises all agreements of the contracting parties associated with the subject-matter of the Contract and replaces all previous provisions and agreements between the contracting parties with regard to the subject-matter of the Contract.

7.7. These GPC shall become effective on 1 January 2017.