

TERMS AND CONDITIONS FOR THE SALE OF GOODS

PERFOLINEA a.s.

1. INTRODUCTORY PROVISIONS

- 1.1. In accordance with Section 1751 of Act no. 89/2012 Sb., the Civil Code, as amended, these Terms and Conditions (**the “Terms”**) govern the conditions for the sale of goods of the following company:

PERFOLINEA a.s., registered office at Chrudim IV, K Májovu 1262, 53701, ID No.: 25957716, CC file: B 2193 kept with the Regional Court in Hradec Králové (**“PERFOLINEA”**);

- 1.2. These Terms do not apply to the sale of goods of the above-mentioned companies through the on-line shop at www.perfolinea.cz

2. DEFINITIONS

- 2.1. **“Seller”** means either TAHOKOV-TECHNOTRON or TECHNOTRON–METAL, depending on which of these companies is specified in the Purchase Agreement entered into pursuant to Section 3 of these Terms.
- 2.2. **“Buyer”** means any natural or legal person who enters into a Purchase Agreement with the Seller in the manner pursuant to Section 3 of these Terms.
- 2.3. **“Goods”** mean the items and their components, which, pursuant to the Purchase Agreement, the Seller agrees to deliver, and whose title the Seller agrees to transfer to, the Buyer, and the Buyer agrees to pay to the Seller the purchase price, regardless of how these items are identified in the Purchase Agreement.
- 2.4. **“Purchase Agreement”** means the purchase agreement entered into between the Seller and the Buyer pursuant to Section 3 of these Terms.
- 2.5. **“Delivery”** means delivery by means of an authorised postal operator, fax, email or by means of delivery to the data box or by personal delivery. Unless expressly stated otherwise, any notices under these Terms must be in writing and delivered using any of the methods in the first sentence of this provision. The Buyer agrees that the Seller will deliver notices to the data box.
- 2.6. **“Delivery Note”** means a document certifying the receipt of Goods by the Buyer, such as a Delivery Note, shipping list, etc.

3. CONCLUDING THE AGREEMENT

- 3.1. **Manners to conclude the Purchase Agreement** The Purchase Agreement may be concluded in one of the following manners:
- 3.1.1. when the Seller confirms in writing to the Buyer an order for the purchase of the Goods (the **“Order”**);
- 3.1.2. when the Buyer confirms the Seller's offer for the sale of the Goods (the **“Offer”**);
- 3.1.3. when the Seller delivers to the Buyer, and Buyer accepts, the Goods pursuant to the Order or the Offer;
- 3.2. The Buyer's Order must contain at least:
- 3.2.1. the Buyer's identification data;
- 3.2.2. specification and quantity of the Goods (i.e. including, but not limited to, the type of product, quantity, length);
- 3.2.3. the time and place of performance;
- 3.3. The Seller's Offer means in particular a quotation concerning the Goods which the Seller sends to the Buyer at his request. The Offer also means a proposal of the Purchase Agreement sent by the Seller to the Buyer.
- 3.4. **Acceptance with a variation** If the Seller accepts an Order with an amendment or a variation which does not substantially alter the conditions for the delivery of the Goods specified in the

Order, the Purchase Agreement is concluded as amended by this variation (amendment), unless the Buyer notifies the Seller in writing within 2 working days that he disagrees with such a change. If the Buyer accepts the Seller's Offer with an amendment or a variation, such an acceptance is regarded to be a new proposal of the Purchase Agreement, whose acceptance requires express consent of the Buyer, even if the terms of the Offer are not substantially altered.

3.5. **Form of Order, Offer and acceptance** The Order, Offer and their acceptance may be sent by electronic mail (e-mail), fax or mail. For this purpose, written form also means an exchange of e-mail or other electronic messages (without certified electronic signature) to the addresses that the parties have clearly communicated to each other, or fax messages.

3.6. By concluding the Purchase Agreement, the Buyer confirms that he became acquainted and agrees with these Terms. The provisions of the Purchase Agreement prevail over these Terms.

4. QUALITY

4.1. The Seller warrants to the Buyer that he only supplies Goods in his sole ownership and that Goods are free of any third party rights.

4.2. Unless other standards have been agreed in the Purchase Agreement, the Seller must deliver the Goods, whose quality and dimensions are defined in DIN 791, DIN 24041, DIN 24537-1 standards.

4.3. The Seller is not responsible for the Goods not being fit for the purpose for which they were purchased, even if the purpose of their use is expressly stated in the Purchase Agreement.

4.4. Unless otherwise agreed in the Purchase Agreement, the Goods are to be delivered unpacked and unprotected against corrosion.

5. TERMS of delivery

5.1. The terms of the delivery of the Goods to the Buyer are governed by the Purchase Agreement, unless otherwise stipulated in the Purchase Agreement and these Terms.

5.2. Time of delivery

If the parties to the Purchase Agreement do not stipulate the time of delivery of the Goods, the Seller must deliver the Goods within a reasonable time given the manufacturing and logistical capacities of the Seller, but no later than 21 days from the conclusion of the Purchase Agreement. The Seller will notify the Buyer of the exact date of delivery of the Goods in advance. If there are exceptional circumstances preventing the Seller from providing proper performance, which are beyond the control of, and could not have been averted by, the Seller (force majeure), the Seller may reasonably extend the deadline for the delivery of the Goods (at least by the period of the duration of the force majeure preventing the discharge of obligations).

5.3. **Place of delivery** If the parties to the Purchase Agreement do not stipulate the place of delivery, the Seller discharges his obligation to deliver the Goods by allowing the Buyer to dispose of and take over the Goods at the following address: the establishment of the Seller at K Májovu 1262, Chrudim a Šlikova 9, Prostějov.

5.4. **Deviation of quantity** The Seller may adjust the quantity of the Goods with respect to its nature and the form in which it is produced (e.g. rounded to running meters, kilograms, the number of manufacturing lengths, etc.). However, the deviation may not exceed +/- 10% of the amount agreed in the Purchase Agreement without the consent of the Buyer.

5.5. **Confirmation of delivery** The Buyer must provide the Seller with a written confirmation of the delivery of the Goods by signing the Delivery Note; otherwise the Seller is not obliged to hand over the Goods to the Buyer.

5.6. **Acceptance of Goods transported by the Seller** If the Purchase Agreement stipulates that the transport of the Goods to the place of delivery is to be arranged by the Seller, the Buyer shall ensure that a person is present at the place of delivery on the delivery date (the Seller may determine the exact time in advance by communicating it to the Buyer by telephone), such a person being authorized by the Buyer to take over the Goods and ensure that the Goods are unloaded from the vehicle immediately after its arrival; otherwise, the Buyer is liable towards the Seller for any damage that the Seller may incur thereby (especially for the cost of waiting incurred

by the carrier, lost profits, damages and penalties claimed from the Seller by third parties for the delay of other deliveries effected within one transport, etc.).

Unless the Buyer informs the Seller in writing of the identity of the person entitled to take over the Goods from the Seller at the place of delivery at least 1 day prior to the delivery of the Goods, the person in the place of delivery may take over the Goods on behalf of the Buyer, inspect the Goods and notify the Seller of any defects.

- 5.7. If the Buyer fails to arrive at the place of delivery even within one hour after the time of arrival of the vehicle carrying the Goods to the place of delivery communicated by the Seller to the Buyer, the Seller may withdraw the vehicle and demand that the Buyer pay the cost of the unrealised transport and the associated costs. If the Seller withdraws the vehicle because of the Buyer's delay in taking over the Goods and the parties do not agree a substitute delivery date, the Seller discharges his obligation to deliver the Goods by allowing the Buyer to dispose of the Goods at the registered office of the Seller, notifying the Buyer thereof.
- 5.8. **Arrangements for the unloading of the Goods** Unloading of the Goods from the vehicle is arranged and performed by the Buyer at his own expense and risk. The Buyer is liable for any damage or losses incurred during unloading, storing and handling of goods at the place of delivery.
- 5.9. **Inspecting the Goods** When taking over the Goods, the Buyer must properly examine them in order to determine whether or not the delivered Goods conform to the Purchase Agreement in terms of quality and quantity and have no defects. The Buyer must inspect the Goods at the place of delivery before they are unloaded from the vehicle (where transport of the Goods is arranged by the Seller) or before they are loaded to the vehicle at the place of delivery (where the transport of the Goods is arranged by the Buyer). If, for any reason, the Buyer is unable to carry out a detailed inspection of the Goods upon takeover, he shall indicate so on the Delivery Note and undertakes to store the Goods so as to ensure maximum protection against damage, loss and destruction, particularly from the effects of weather (e.g. rain, high humidity) and third-party access. If the Goods are packed, the Buyer must take the necessary measures to prevent humidity condensation in the packaging. In this case, the Buyer must inspect the Goods without undue delay after the removal of the obstacle that prevented him from performing the inspection upon the takeover of the Goods. If the Buyer breaches his duty to store the Goods under this paragraph, and if, subsequently, the Goods are returned to the Seller due to the Seller's liability for defective Goods, the Seller may claim that the Buyer pay damages for the defective Goods up to 70% of the price of the returned Goods (the exact amount to be determined by the Seller at his discretion, usually depending on the extent of the damage to the Goods). The Seller may set off such an amount of damages against his obligation to return the purchase price of the returned Goods to the Buyer.
- 5.10. **Right to refuse delivery** The Seller is not obliged to deliver the Goods to the Buyer within the agreed time limit, if, at the time of delivery:
 - 5.10.1. the Buyer has any outstanding liabilities towards the Seller (the purchase price of goods from previous deliveries, advance payment required by the Seller, damages, etc.);
 - 5.10.2. insolvency proceedings have been commenced against the Buyer;

If the Seller refuses to deliver the Goods to the Buyer for any reason mentioned in this paragraph, the date for the delivery of the Goods changes automatically, the new date being the 14th (fourteenth) day after the day on which of the reason for which the Seller refused to deliver the Goods ceased to exist.

6. RISK OF DAMAGE AND TITLE

- 6.1. Risk of damage to the Goods passes to the Buyer upon the takeover of the Goods at the place of delivery, or when the Buyer gets into delay in complying with his obligation to take over the Goods, whichever occurs first. Where the transport of the Goods to the place of delivery is arranged by the Seller, the risk of damage to the Goods passes in each case to the Buyer before unloading the Goods from the vehicle.
- 6.2. The Buyer acquires the title to the Goods upon full payment of the purchase price.

7. CLAIMS CONCERNING THE GOODS

- 7.1. **Scope of liability** The Seller is liable for defects of the Goods upon the passage of the risk to the Buyer (Article 5 of the Terms).
- 7.2. **Form of claim** The Buyer must always claim the defects of the Goods in written form. For this purpose, written form also means electronic notifications sent to the Seller's email address specified in the Purchase Agreement; in such a case, the Buyer must demonstrate the delivery at least by means of an electronic confirmation of the receipt of the email message by the Seller.
- 7.3. **Deadlines to claim defects** The Buyer must notify the Seller of defects to the Goods by the following deadlines:
- 7.3.1. the Buyer must specify defects in terms of quantity no later than upon the takeover of the Goods by stating them in the Delivery Note;
- 7.3.2. the Buyer must specify apparent defects upon the takeover of the Goods in the Delivery Note. If apparent defects cannot be detected with all care upon the takeover of the Goods, the Buyer shall notify the Seller of these defects in writing without delay after their discovery, but in each case within 10 days after the takeover of the Goods;
- 7.3.3. the Buyer shall notify the Seller of hidden defects to the Goods immediately after their discovery, but no later than 6 months after the risk of damage to the Goods passes to the Buyer;

After the deadlines for notification of defects to the Goods, the Buyer will no longer be entitled to assert any rights arising from defects.

- 7.4. **Elements of the claim** In the notice of defects, the Buyer must specify the identification of the delivery from which the Goods originate (number of the Purchase Agreement or Delivery Note), the number of defective units and the description of the defect. The Buyer must attach photographs of all detected defects to the notification. The Buyer must prove that the delivery of claimed Goods comes from the Seller.
- 7.5. **Cooperation when asserting a claim** The Buyer undertakes to provide the Seller with necessary cooperation to determine the legitimacy of the claim, including the verification of compliance with the conditions for proper storage of the Goods under Article 5.9 of these Terms.
- 7.6. **Removing defects.** The Seller agrees that no later than within 14 days after the notification of the claim, he will inform the Buyer whether or not he considers the claim to be justified, and if justified, how he will remove the claimed defects. The Seller has the right to choose, at his discretion or upon agreement with the Buyer, either to remove the defects within a reasonable time or deliver to the Buyer new goods under the same conditions as the claimed Goods or provide the Buyer with a reasonable discount on the Goods.

8. PRICE AND PAYMENT TERMS

- 8.1. **Purchase price** The Buyer must pay for the delivered Goods the purchase price agreed in the Purchase Agreement. If no purchase price has been stipulated in the Purchase Agreement and the Buyer still takes over the Goods, then the parties are presumed to be willing to conclude the Purchase Agreement with the agreed purchase price being the price at which the Seller took over the Goods from the Buyer last time before concluding the Purchase Agreement, or otherwise the price at which comparable goods are usually sold under similar contractual terms. Unless otherwise agreed in the Purchase Agreement, the purchase price excludes the transport of the Goods to the place of delivery and the packaging of the Goods for transport (if the Seller is obliged to pack the Goods under the Purchase Agreement). The Seller may add VAT to the purchase price pursuant to applicable law, unless the Purchase Agreement expressly stipulates that the agreed purchase price already includes VAT.
- 8.2. **Payment in advance** Before the delivery of the Goods, the Seller may require the Buyer to pay an advance of up to 50 % of the total purchase price of the Goods. If the Seller has a due monetary claim against the Buyer (e.g. an unpaid purchase price of the Goods from previous deliveries), he may request advance payment of up to 100% of the total purchase price.
- 8.3. **Due date of the purchase price** The Buyer shall pay the purchase price of the Goods based on an invoice, which the Seller may issue together with the delivery of the Goods. The purchase price is due within 14 days from the date of invoice, unless a longer period is specified in the invoice or the Purchase Agreement stipulates another due date. The invoice must contain all

statutory requirements; otherwise the Buyer may return the invoice without making the payment. In this case, a new period commences from the date of the delivery of the corrected invoice. The day of payment is the date the amount is credited to the account of the Seller or the date the Seller receives the payment in cash.

- 8.4. Contractual penalty If the Buyer is in delay with the payment of the purchase price, the Buyer agrees that for the first 30 days of the delay, the he will pay the Seller a penalty of 0.05% of the outstanding amount for each day of delay and, for each day of delay after the 30th (thirtieth) day of delay, a penalty of 0.1% of the outstanding amount until the payment of the purchase price. Billing and payment of the penalty does not affect the Seller's right to claim damages, even in excess of the amount of the contractual penalty.
- 8.5. **VAT** The Seller agrees that on all invoices he will specify his bank account in the Czech Republic published in the "Register of VAT payers and identified persons". If, on the date of taxable supply, any of the conditions has been met for the creation of the Buyer's liability for unpaid VAT as referred to in Act no. 235/2004 Sb., on value added tax, as amended (the "**VAT Act**") or, on the date of the taxable supply, the Buyer will have reasonable suspicion that such a condition has been met, the Buyer may pay the amount of VAT to the competent tax authority instead of the Seller.

9. WITHDRAWAL FROM THE AGREEMENT

- 9.1. The parties may withdraw from the agreement only where allowed by law or these Terms, or if so stipulated by the parties in the Purchase Agreement. The withdrawal from the agreement becomes effective on the date when the withdrawal is delivered in writing to the other party. The withdrawal from the Purchase Agreement may only be done in writing, which excludes withdrawal in the form of an email message, unless provided with a guaranteed electronic signature.
- 9.2. **Reasons for withdrawal by the Buyer** The Buyer may withdraw from the Purchase Agreement in the following cases:
- 9.2.1. if the Seller is in delay in delivering the Goods for a period longer than 30 days;
 - 9.2.2. if a court declares the Seller bankrupt or the Seller enters into liquidation;
 - 9.2.3. if the Seller assigns his obligations, duties and/or rights arising from the Purchase Agreement to a third party without the prior written consent of the Buyer.
- 9.3. **Reasons for withdrawal by the Seller** The Seller may withdraw from the Purchase Agreement in the following cases:
- 9.3.1. if the Buyer is in delay in taking over the Goods for a period longer than 5 days;
 - 9.3.2. if the Buyer is in delay in the payment of the required advance payment of the purchase price for the Goods or the purchase price for the Goods for a period longer than 14 days;
 - 9.3.3. if a court declares the Buyer bankrupt or the Buyer enters into liquidation;
 - 9.3.4. if the Buyer assigns his obligations, duties and/or rights arising from the Purchase Agreement to a third party without the prior written consent of the Seller.
- 9.4. if any of the parties withdraws from the Purchase Agreement, the withdrawing party may request the other Party to pay the costs associated with such withdrawal; this does not affect the provisions of Section 2005 of the Civil Code.

10. PROTECTION OF CONFIDENTIAL INFORMATION

- 10.1. The Parties acknowledge that any information or communications they acquired in the course of the negotiation and/or performance of the Purchase Agreement are confidential within the meaning of Section 1730(2) of the Civil Code and, depending on their nature, may also be subject to commercial secret of any of the parties pursuant to Section 504 of the Civil Code and therefore must remain confidential.
- 10.2. The parties agree that without the prior written consent of the other party they will not disclose any information about the Purchase Agreement or any information about the other Party or any other information which they acquired in the course of the negotiation and/or performance of the

Purchase Agreement. This does not apply if the disclosure of such information is required by a law or decision of a competent public authority.

11. SETTLEMENT OF DISPUTES

- 11.1. **Jurisdiction of the court** The Seller and Buyer agree that any dispute arising from the Purchase Agreement or in direct connection with the Purchase Agreement, including disputes over the validity of the Purchase Agreement which could not be resolved amicably, or other legal matters relating to the contractual relationship between the Seller and Buyer arising from the Purchase Agreement shall be adjudicated in civil proceedings by the competent court of the Czech Republic. In accordance with Section 89a of Act no. 99/1963 Sb., the Code of Civil Procedure, as amended, the Seller and Buyer agree on the District Court for Prague–West as the court of territorial jurisdiction in the event that the dispute resolution or other legal matters fall within the substantive jurisdiction of the district court and on the Municipal Court in Prague as the court of territorial jurisdiction in the event that the dispute resolution or other legal matters fall within the substantive jurisdiction of the regional court.

12. OTHER ARRANGEMENTS

- 12.1. The Buyer acknowledges that he may assign the rights and obligations or any claim arising from the Purchase Agreement to a third party only with the prior written consent of the Seller.
- 12.2. Unless otherwise agreed in writing, the Buyer may not unilaterally set off any claim arising from the Purchase Agreement against a claim of the Buyer.
- 12.3. The Purchase Agreement may only be amended in writing. For this purpose, written form also means exchange of email or other electronic messages.

13. FINAL PROVISIONS

- 13.1. The mutual rights and obligations of the parties not governed by these Terms and/or the Purchase Agreement are governed by the laws of the Czech Republic.
- 13.2. Should any of the provisions of these Terms and/or the Purchase Agreement turn out to be invalid or unenforceable, it does not affect the validity or enforceability of the remaining provisions of these Terms and/or the Purchase Agreement.
- 13.3. Should any of the provisions of these Terms and/or Purchase Agreement turn out to be ostensible (null), the influence of the defect on other provisions of the Terms and/or Purchase agreement shall be assessed in accordance with Section 576 of the Civil Code by analogy.
- 13.4. These Terms as amended are publicly available at the registered office of the Seller and also at www.perfolinea.cz.
- 13.5. These Terms come into force and effect on 15 August 2015.

In Chrudim, on 15 August 2015

Dušan Frič
Sales director.