



GENERAL TERMS AND CONDITIONS OF PURCHASE

These General Terms and Conditions of Purchase of the **ARKERO GROUP** companies (Purchaser) regulate the rights and obligations of the Parties consisting in the delivery of products or performance of work by the contractor (Contractor). The Purchaser can refer to:

- **HESTEGO a.s.**, ID No.: 634 75 073;
- **KSK Precise Motion, a.s.**, ID No.: 247 82 947;
- **Dendera a.s.**, ID No.: 222 93 876.

The General Terms and Conditions of Purchase apply in particular to contracts concluded by the (i) acceptance of the Contractor's offer with reference to these General Terms and Conditions of Purchase, (ii) confirmation of the Purchaser's order with reference to these General Terms and Conditions of Purchase or attachment thereof, or (iii) in relation to a framework agreement that refers to these General Terms and Conditions of Purchase. The General Terms and Conditions of Purchase will apply subsequently to any and all following similar contracts concluded by and between the Purchaser and Contractor.

1. CONCLUSION OF THE CONTRACT

1.1. The contract can be concluded in particular as follows: (a) by the conclusion of an individual contract or order in either printed or electronic form, (b) by the confirmation of the Purchaser's order on the part of the Contractor or the Contractor's offer on the part of the Purchaser by e-mail or any other similar way, or (c) by the confirmation of the Contractor's offer by at least the Purchaser's consideration in fact based on such an order (all the forms of conclusion are hereinafter referred to as the "**Contract**").

1.2. If the Contractor accepts the Purchaser's offer with departures, the Contract is not concluded without any further action; the same provision applies if the Contractor attaches its own terms and conditions of purchase to the offer acceptance. In such cases, the Contract is only concluded if: (a) the Purchaser expressly confirms the Contract conclusion, or (b) the Purchaser accepts the subject-matter of performance.

1.3. If the Purchaser accepts the Contractor's offer with amendments, the Contract is binding in the amended form on condition that the Contractor does not refuse such terms and conditions within 3 working days as of delivery of the amended offer acceptance.

1.4. The Contract fully supersedes any verbal or written agreements concerning the subject-matter of the Contract unless such agreements are expressly mentioned in the Contract.

2. SUBJECT-MATTER OF PERFORMANCE

2.1. The subject-matter of performance is delivery of products or making of a work based on the specification provided in the Contract.

2.2. Unless a specific quality, design, or purpose of the product/work is stipulated in the Contract, the Contractor is obliged to perform at the highest quality level and in a design suitable for the purpose that is either obvious from the Contract, or that must have been known to the Contractor.

2.3. The performance must also include any and all documentation required by the applicable legal regulations and stipulated specifications (instructions for use, declaration of conformity, certificates, test certificates, etc.).

3. DELIVERY TERMS AND CONDITIONS

3.1. Unless agreed otherwise in the Contract, the Contractor (i) will deliver the products as per DDP INCOTERMS 2020, or (ii) will perform the work, namely as per the intended Purchaser:

- if for HESTEGO a.s.: at the following address Cukrovarská 510/32, 682 01 Vyškov, Czech Republic on weekdays from 6:00 a.m. – 2 p.m.;
- if for KSK Precise Motion, a.s.: at the registered office of the Purchaser on weekdays from 6:00 a.m. – 2 p.m.;
- if for Dendera a.s.: at the registered office of the Purchaser on weekdays from 6:00 a.m. – 2:30 p.m.



The product is always delivered upon handover at the place of delivery, not upon handover to the first forwarder.

3.2. The Contractor must pack the products (i) in a manner eliminating damage to the product or health of persons, and other property during transport, and (ii) as per the Purchaser's instructions. Packaging and transport materials are only to be returned if stipulated in the Contract and at the expense of the Contractor.

3.3. The Contractor must attach a delivery note to the products with details specified in the Contract (in particular the Contract number, registration numbers of the products, exact identification of the products as per the Contract, and the quantity thereof). For a work, the Contractor is obliged to state such details in the completion certificate.

3.4. Upon acceptance of the product or work by the Purchaser, it is necessary for the Purchaser to confirm the acceptance in writing in the delivery note, completion certificate, or by a record attesting the acceptance of the consignment from the forwarder. Such acceptance does not deprive the Purchaser of its right to later object to obvious defects in the performance.

3.5. The Purchaser is not obliged to accept (i) only a part of the delivery or a part of the work, nor (ii) the performance that exhibits any defect.

3.6. The title to the item provided by the Contractor will pass over to the Purchaser on the date specified by legal regulations.

3.7. The risk of damage to the product or work will pass over to the Purchaser upon the handover of the products or work in the place of performance free of any defects (not upon handover to the first forwarder). In the event of defects occurring upon delivery, the risk of damage will pass over only after the defects have been remedied or another claim arising from the defect has been selected other than the remedy of the defect.

3.8. If there is a risk of delay in the delivery of the product or performance of the work, the Contractor is obliged to notify the Purchaser in writing without any undue delay and request the Purchaser's instructions.

3.9. The Purchaser reserves the right to request the Contractor to suspend the performance until a specified date or until the Purchaser requests

resumption of the performance. The term of delivery of the product or completion of the work will be extended by the duration of the suspension. During the first 90 days of the suspension, the Contractor will not be authorized to request storage fees or any other compensation for its costs incurred as a result of the suspension.

3.10. Should the Contractor be in delay with the delivery of the product or performance of the work, the Contractor is obliged to pay to the Purchaser a stipulated fine of 0.3% of the price of all products or the entire work as per the Contract (exclusive of VAT) for each and every day of delay, however at least CZK 2,000 per a started day of delay.

4. PRICE AND TERMS OF PAYMENT

4.1. The price of the performance is stipulated in the Contract. Unless provided for or agreed otherwise in the Contract, prices and payments are agreed exclusive of VAT.

4.2. Unless provided for otherwise in the Contract, the price includes all costs incurred by the Contractor related to the delivery of the products or the performance of the work, specifically (i) for transport and unloading, (ii) tax, customs, and similar fees, (iii) provision of materials, works, tools, and conditions for the performance of the work, (iv) insurance, (v) packing, (vi) assembly, or (vii) documentation preparation.

4.3. The price is payable based on invoice within 60 calendar days as of delivery thereof unless agreed otherwise in the Contract or unless a later due date is specified in the invoice. The Contractor is authorized to issue the invoice after all products are delivered or the work completed.

4.4. The Contractor is authorized to invoice a part of the purchase price, a part of the price of the work, or an advance payment, only if this has been stipulated in writing, including the conditions for such invoicing.

4.5. The price of the product or work is paid by debiting the relevant amount from the Purchaser's account to the credit of the Contractor's account.

4.6. The invoice must comply with the essentials imposed on tax documents and must include the Contract number. Should the invoice fail to include the essentials imposed by the applicable legal regulations (in particular the essentials

imposed on tax documents as per Act No. 235/2004 Coll.) or the essentials agreed by and between the Parties to the Contract, the Purchaser is authorized to refuse it. In such a case, the Contractor is obliged to issue a new regular invoice that will be decisive for the new maturity period of the invoiced amount.

4.7. Should the Contractor (VAT payer) become an unreliable payer as per Section 106a of Act No. 235/2004 Coll. to regulate value added tax, or where a different reason for the Purchaser's guarantee could be present as per Section 109 of the same act, the Contractor expressly agrees with returning the value added tax amount by the Purchaser directly to the tax administrator.

4.8. Should the Purchaser be in default with the payment of the amount, the Contractor is not authorized to charge interest on late payment for the first 14 days of default. The Contractor is authorized to request interest on late payment only if the Purchaser fails to settle the outstanding amount even within 5 working days as of the Contractor's written reminder to do so.

5. LIABILITY FOR DEFECTS, WARRANTY, AND COMPLAINTS

5.1. Unless stipulated otherwise, the Contractor provides the Purchaser with a quality warranty for a period of 24 months from the delivery of the product or the completion of the work. The warranty is provided to ensure that the product or the work retains the required quality and properties.

5.2. The Purchaser will inspect the products or the work as follows:

(i) if the products or the work are intended for use by the Purchaser, the Purchaser must inspect them before use (e.g., before the processing of the product, before the commissioning of the work), however, no later than within 3 months as of the delivery or handover of the work;

(ii) if the products or the work are intended for the Purchaser's customer, the Purchaser is authorized to postpone the inspection until the product or the work is used by the customer; however, no longer than 12 months as of the delivery or handover of the work;

(iii) in the case of a larger quantity of products or works, the Purchaser is authorized to inspect the products or works only on a random basis,

which does not deprive the Purchaser of the right to report newly discovered defects at a later date.

5.3. The Purchaser is authorized to report a defect covered by the warranty as follows:

(i) the time limit for reporting a defect by the Purchaser will always be at least 1 month; and

(ii) the Purchaser is authorized to report other than an obvious defect at least within the warranty period. If no warranty period has been agreed, then at least for a period of 12 months as of the delivery of the product or the completion of the work;

(iii) if the products or the work are intended for the Purchaser's customer, the Purchaser is always authorized to report the defect after the customer's filing a complaint concerning such a defect.

5.4. A notified defect (covered by the warranty) will be handled as follows:

(i) In the event of any defect, the Purchaser is authorized to (i) have the defect remedied by repair, (ii) have the defect remedied by replacement, (iii) receive a price reduction, or (iv) withdraw from the Contract;

(ii) unless the Purchaser chooses another claim in the notification of the defect, the Contractor is obliged to remove the defect (by repair or replacement, at the Contractor's discretion);

(iii) Upon request, the Contractor is obliged to notify the Purchaser in writing of the measures taken to prevent the recurrence of the same type of defect in the future;

(iv) should the Contractor be in default with the fulfilment of a claim arising from the defective performance or from the warranty, the Purchaser is authorized to change its claim, even repeatedly.

5.5. Where the Contractor is required to remedy the defect, it is obliged to do so within 5 working days as of the notification of the defect, unless the Purchaser allows in writing for the defect to be remedied within a longer time limit.

5.6. If the Purchaser is authorized to request a discount on the price, such a discount must always be at least equal to the costs of removing the defect (by the Purchaser or a third party). Where the removal of the defect is not possible,

the discount must be at least equal to the costs of replacement performance.

5.7. In the event of the Contractor's delay in fulfilling a claim arising from the defective performance or the warranty, the Purchaser is authorized to request a stipulated fine of 0.1% of the price of all products or the entire work under the Contract (exclusive of VAT) for each and every started day of delay, but at least CZK 500 per a started day of delay.

5.8. In addition to fulfilling the claim arising from the defective performance, the Contractor is obliged to pay to the Purchaser, in the event of a defect, in particular the following:

- (i) the costs incurred by the Purchaser in remedying the consequences of the defect;
- (ii) the costs incurred by the Purchaser to no effect as a result of the defect (e.g. processing of the product to no effect or deterioration of other materials);
- (iii) the Purchaser's costs associated with reporting the defect and removing the defect by the Contractor (e.g. including transport costs); and at the same time
- (iv) a stipulated fine of 1% of the price of the defective product or work (exclusive of VAT) for each type of defect; however, at least CZK 2,000.

5.9. The Purchaser is authorized to request reimbursement of the costs reasonably incurred in exercising the Purchaser's rights arising from defective performance within the general limitation period.

5.10. The Contractor is also liable for defects covered by the warranty caused by inappropriate specifications, orders, instructions, or items supplied by the Purchaser, unless (i) such inappropriateness could not have been determined by the Contractor as an expert, or (ii) the Purchaser, having been notified of such inappropriateness by the Contractor, insisted in writing on a given specification, order, or item.

5.11. Should the Parties be in dispute over the Contractor's liability for a defect (covered by the warranty) and should the dispute be submitted to a court-appointed expert or a different expert for assessment, then the costs related to such an assessment will be borne by the Party whose

opinion is not affirmed based on the assessment.

5.12. Until the satisfaction of the claim arising from defective performance or the warranty, the Purchaser is authorized to suspend the payment of the price.

6. INTELLECTUAL PROPERTY RIGHTS

6.1. All drawings, models, specifications, technical documentation, samples, and other materials provided by the Purchaser to the Contractor remain the property and rights (including intellectual property rights) of the Purchaser.

6.2. The drawings, models, technical documentation and any and all other technical information and materials handed over by the Purchaser to the Contractor for the purposes of the manufacture and delivery of the products may not be used for any other purpose without a prior express consent of the Purchaser. Such materials may not be, in particular, copied, or reproduced, nor may they be disclosed to any third parties without a prior written consent of the Purchaser.

6.3. The Contractor is liable for ensuring that the performance under the Contract and the materials, procedures, or outputs used do not infringe the rights of third parties, in particular intellectual property rights. Should the Contractor breach this obligation, the Contractor must compensate the Purchaser for all damage sustained and costs incurred by the Purchaser in connection with the assertion of third-party claims, including the costs of legal representation and advice.

6.4. Where the subject-matter of the Contract is the delivery of an item subject to intellectual property, then the Purchaser acquires a non-exclusive licence to such an item: (i) unlimited in terms of quantity and territory, (ii) limited in time by the duration of the titles, (iii) to all known and imaginable methods of use, (iv) with the possibility of any modifications and combinations with other items subject to intellectual property, and (v) without the duty to specify the author or other originator.

7. CONFIDENTIAL INFORMATION AND DATA PROTECTION

7.1. Confidential information refers to the information in any form that a Party (receiving party) acquired from the other Party (providing party) in relation to the Contract and (i) such

information is marked as confidential, or (ii) considering the nature of the information or circumstances, the receiving party must have appreciated that the providing party is interested in the protection of such information. The Purchaser regards as confidential information on its products, in particular technical information.

7.2. Information that (i) is generally known or available to the public for other reason than a violation of the Contract, (ii) on the grounds of its nature is intended for disclosure, or (iii) is or becomes known to the receiving party provably without the involvement of the providing party, is not regarded as confidential.

7.3. The Parties undertake not to disclose the other Party's confidential information to any third parties with the exception of (i) the Parties' employees, contractors, and consultants where such a disclosure is required for performance or exercising the Parties' mutual rights, and (ii) public authorities where required by the applicable legal regulations. The receiving party is liable for adherence to confidentiality obligation on the part of the persons specified in subparagraph (i).

7.4. In addition, the Parties will not utilize confidential information for any other purpose than the fulfilment of their mutual obligations.

7.5. The confidentiality obligation and restriction on the use of confidential information for different purposes shall apply for the term of the Contract and 10 years after the Contract expires.

7.6. If the Contractor breaches its confidentiality obligations or the prohibition on using confidential information for other purposes, the Contractor is obliged to pay the Purchaser a stipulated fine of CZK 500,000 for each and every such a breach.

7.7. Where an individual non-disclosure agreement or data protection agreement is concluded by and between the Parties, such an individual agreement takes precedence over these General Terms and Conditions of Purchase.

7.8. In relation to the Contract, the Purchaser may process the personal data of persons on the part of the Contractor. The Contractor undertakes to familiarize such persons with the information on such data processing:

– if for HESTEGO a.s.:

www.gdprhestego.cz

– if for KSK Precise Motion, a.s.:

www.ksk-pm.cz/privacy-policy

– if for Dendera a.s.:

www.dendera.cz (the footer of the page)

8. COMMUNICATION AND SET-OFF

8.1. Written form of legal acts also refers to communication from the e-mail addresses that have been expressly agreed by the Parties or were employed repeatedly by the Parties in relation to communication concerning the Contract, and the manifestations of will delivered by fax. To make a legal act effective, the other Party must confirm the receipt of the e-mail or fax (either expressly or by reference to the e-mail/fax in the follow-up communication, or by reaction to the content of such an e-mail/fax in the follow-up communication).

8.2. The Purchaser is authorized to unilaterally set off its claim against the Contractor's claim even if (i) the Purchaser's claim is not due or if (ii) the claim is uncertain. The Contractor is not authorized to set off its claims against the Purchaser on a unilateral basis.

9. LIABILITY FOR DAMAGE

9.1. The Purchaser is authorized to request from the Contractor compensation for damage sustained due to a breach of an obligation arising from the Contract, including immaterial damage.

9.2. Any claim asserted by the Purchaser for a stipulated fine does not exclude the Purchaser's claim for compensation for damage sustained.

10. ADHERENCE TO SANCTIONS

10.1. Upon concluding the Contract, the Contractor declares that it is neither a party subject to sanctions within the meaning of legal regulations of the Czech Republic, the European Union, the United Nations Organization, and the United States of America, nor a party controlled by such a party.

10.2. With respect to the Contract and the consideration received from the Purchaser, the Contractor undertakes to adhere to any and all sanctions imposed on persons, countries, or articles by legal regulations of the Czech Republic, the European Union, the United Nations Organization, and the United States of America.

10.3. The Contractor undertakes to adhere in



particular to Regulation (EU) No 833/2014 concerning restrictive measures in view of Russia's actions destabilising the situation in Ukraine and all related implementing and amending regulations.

10.4. A false declaration or violation of the obligation imposed by the previous subparagraphs of this Article is regarded as a material violation of the Contract as a result of which the Purchaser is authorized in particular (i) to withdraw from the Contract as well as other contracts concluded by and between the Parties, (ii) to suspend performance under the Contract as well as other contracts concluded by and between the Parties until the situation is remedied, and (iii) to request to be paid a stipulated fine of 25% of the price of the products or work (exclusive of VAT).

10.5. The Contractor will inform the Purchaser in writing without any undue delay of any violation, risk of violation or suspected violation of the obligation under this Article, even by third parties.

11. TERMINATION OF THE CONTRACT

11.1. The Contract may be terminated prior to its discharge in the following cases only:

- (i) based on a written agreement of the Parties;
- (ii) by withdrawal for agreed reasons;
- (iii) by the ways arising from applicable legal regulations unless the application thereof cannot be validly excluded.

11.2. The Contractor is authorized to withdraw from the Contract if (i) the Contractor is in delay with the delivery of the goods, the milestone of the work or with the performance of the work exceeding 5 days, (ii) if it is apparent that the Contractor will breach its obligation, e.g. if it repeatedly performs the work in contravention of the instructions, if it is unrealistic to perform the work within a given time limit, or if the Contractor announces that it will breach its obligation, (iii) the Contractor is bankrupt or enforcement proceedings have been initiated against it, (iv) the Contractor has entered into liquidation, or (v) the Contractor has violated its obligation in a material manner.

11.3. The Contractor is authorized to withdraw from the Contract if (i) the Purchaser is in delay

with the settlement of a significant part of the price or advance payment exceeding 14 days and fails to remedy the delay even within 5 working days as of the Contractor's written reminder to do so, or (ii) the Purchaser is in delay with the provision of assistance necessary for the Contractor's performance exceeding 15 days and fails to provide the assistance even within an additional reasonable grace period provided in the Contractor's written reminder.

11.4. If the Contract is terminated for any reason (withdrawal, invalidity, or otherwise), the Contractor will be obliged (i) to return any advance payments and prices for the products or work already received within 3 days and (ii) to reimburse, upon request, all costs incurred by the Purchaser in connection with the performance under the Contract to date.

11.5. In the event of a delay on the part of the Contractor in returning the advance payment or price as per the previous paragraph, the Contractor will pay the Purchaser a stipulated fine of 0.1% of the amount in question (exclusive of VAT) for each and every started day of delay.

12. AMENDMENTS TO THE CONTRACT AND GENERAL TERMS AND CONDITIONS OF PURCHASE

12.1. The Parties accept the risk of change in circumstances. The Contract may only be amended in writing. Where the General Terms and Conditions of Purchase are part of the framework agreement or the framework agreement includes a reference to the General Terms and Conditions of Purchase, or the Contract regulates repetitive or regular performance, the Purchaser reserves the right to amend these General Terms and Conditions of Purchase unilaterally within a reasonable extent. The Purchaser will inform the Contractor of such amendments to the General Terms and Conditions of Purchase at least 2 months prior to the effect of the amendment concerned. Should the Contractor fail to agree with the amended General Terms and Conditions of Purchase, the Contractor is authorized to withdraw from the respective framework agreement or the Contract regulating repetitive or regular performance as of the date of effect of the amended General Terms and Conditions of Purchase.

12.2. Should any of the provisions of these General Terms and Conditions of Purchase or the Contract be or become ineffective, invalid or unenforceable, the Parties undertake to replace

such a provision with a new one having the same or similar economic purpose. The other provisions of the General Terms and Conditions of Purchase and or the Contract shall remain in effect.

12.3. The Contractor is not authorized to assign or put into pledge a claim against the Purchaser without a prior Purchaser's consent; the only exception in the transfer of the Contractor's business company or assignment within the framework of the Contractor's group of companies.

13. GOVERNING LAW AND JURISDICTION

13.1. Business relationships between the Parties are governed by the rule of law of the Czech Republic. The Parties exclude the application of the Vienna Convention on Contracts for the International Sale of Goods (CISG).

13.2. All disputes arising from the Contract and in relation thereto that will not be remedied by negotiations between the Parties, will be decided by the courts of general trial jurisdiction of the Czech Republic with territorial competence based on the registered office of the Purchaser