

**Contract of Purchase**  
**No. 2018/40026**

**Buyer:**

Name: **Vojenský technický ústav, s.p., branch VTÚVM**  
Place of Business: **Dlouhá 300, 763 21 Slavičín, Czech Republic**  
Authorized to represent the company:  
**Ján Roman, VTÚVM Branch Director**  
Registered in: **Companies Register kept at Municipal Court in Prague, section A,  
Enclosure No.: 75859**  
Reg. No./ VAT No.: **242 72 523/ CZ24272523**  
Bank connection: **Československá obchodní banka, a.s.**  
Account No.: 


Authorized to represent the company:  
in contractual matters:

in technical matters:

point of contact:

**(hereinafter referred to as the "Buyer")**

**Seller:**

Name: **WORKS 11 Sp.z o.o.**  
Place of Business: **Porcelanowa 51 street, 40-246 Katowice, Poland**  
Authorized to represent the company:  
**Grzegorz Niedzielski – Chairman of the Board**  
Registered in: **National Court Register kept at the District Court Katowice-East in  
Katowice, VIII Commercial Department**  
Reg. No./ VAT No.: **KRS 0000363626, NIP 646-289-51-70**  
Bank connection: 

Contact persons:  
in contractual matters:

in technical matters:

**(hereinafter referred to as the "Seller")**

## PREAMBLE

Vojenský technický ústav, s.p., branch VTÚVM is a producer [REDACTED] and is authorized to trade with military materiel.

WORKS 11 is an exclusive supplier of the [REDACTED] fuze that may be assembled into [REDACTED] produced by VTUVM. WORKS 11 is authorized to trade with military materiel.

Both Contracting parties regard the following Contract as an opportunity to serve their interests.

### 1. SUBJECT OF THE CONTRACT

- 1.1 The Seller undertakes to deliver to the Buyer under this Contract of Purchase **10 197 each** of the [REDACTED] fuze all of one series, as specified in Technical Specification in Annex 1 that is an integral part herein (hereinafter referred to as "Goods").
- 1.2 The Seller hereby undertakes to hand over the Goods to the Buyer, including requested accompanying documents for the Goods, and shall allow the Buyer to take title to the Goods. The Buyer undertakes to accept the Goods and settle the purchase price pursuant to article 3 and under the conditions agreed herein.
- 1.3 The Goods will be of 2020 production and unused.

### 2. STATEMENT OF THE PARTIES

- 2.1 The Seller declares he is an exclusive owner of the Goods and the Goods are not encumbered by any third party rights that would prevent the transfer of ownership right to the Buyer or an exclusive use of the Goods by the Buyer. The Buyer shall not accept any defects of the Goods.
- 2.2 Both Contracting parties undertake to inform the other Party immediately about the facts that preclude or impose significant limitation on the performance of this Contract or contractual liabilities of both Parties. The Party incurring such circumstances undertakes to propose a method of solution acceptable for both parties.

### 3. PURCHASE PRICE AND PAYMENT CONDITION

- 3.1 The Contracting parties have agreed upon the final purchase price in the amount of **EUR 36.20** excl. VAT per each unit, i.e. EUR 369 131.40 excl. VAT (three hundred sixty nine thousands one hundred thirty one euro and forty cents) for the **total of 10 197 fuzes**.
- 3.2 The above-mentioned price is DAP ammo depot at STV Group a.s. facility, Boriny 1145, Horni Predmesti, 572 01 Policka, Czech Republic, according to INCOTERMS 2010 (hereinafter referred to as the "purchase price"). The price is final and effective for the entire term of the contract covering all the costs incurred to the Seller in relation with the performance of contractual liabilities, including packaging and transportation costs to the place of destination at STV Group a.s.
- 3.3 The Buyer shall provide the Seller with [REDACTED] of the total price. The Seller has right to issue the advance payment invoice on the date of obtaining the Export Permit at the earliest (the due date of the advance payment invoice is 30 days).

- 3.4 The Seller shall provide the Invoice to the Buyer in duplicate. The invoice must include the contract number and specification of the delivered Goods (name, designation, quantity, unit price, total price), a reference to the respective provision of law of the Seller's country, provisions of the European Union directives or other wording stating the performance of the contract is exempted from taxation, if exempted and taking into account the already settled advance payment invoice. The Seller shall issue a tax Invoice within 5 days from the date of acceptance/hand over of the Goods with 30 days due date.
- 3.5 In case the invoice shall not meet the requirements stipulated herein the Buyer is entitled to return the invoice to the Seller for correction within the due date of the invoice without being in default with the payment. New term of payment shall start on the date of delivery of the amended/corrected invoice to the Buyer.
- 3.6 The purchase price shall be settled on the day the Buyer issues an order to his financial institution to settle the invoice issued by the Seller.

#### 4.DELIVERY TERMS

- 4.1 The Seller undertakes to deliver the Goods as per Article 1.1 not later than **15.10.2020**. The Seller shall notify the Buyer of an actual delivery date at least 14 days prior to the delivery, so that the Buyer can arrange the transport permit across the Czech Republic in a timely manner.
- 4.2 Term of delivery is DAP ammo depot at STV Group a.s. facility, Boriny 1145, Horni Predmesti, 572 01 Policka, Czech Republic, according to INCOTERMS 2010.
- 4.3 The Seller undertakes to provide the Goods with accompanying documents necessary for the hand-over and use of the Goods, all in English language.
- 4.4 The Seller is obligated to apply for Polish Export Permit and Police Transportation Permit for the Goods across Poland. The documents requested for permit application: Contract of Purchase, EUC/IIC and Permit to carry out foreign trade with military material. The Buyer shall ensure Police Transportation Permit for the Goods across the Czech Republic.
- 4.5 In the event the Export Licence is not granted by Polish Authorities this Contract terminates immediately.
- 4.6 The following documents shall be delivered by the Buyer to the Seller with the Goods:
- Certificate of Conformity approved by GQAR;
  - Warranty Certificate for the Goods;
  - Final Acceptance Test Reports for the delivered batch;
  - Packing List;
  - Material Safety Data Sheet;
  - Record of receipt / Delivery note.
- 4.7 The contracting parties have agreed that Government Quality Assurance within the scope of final inspection, as per the procedure stipulated in Annex 2 hereto shall be performed with the subject-matter of this contract.
- 4.8 The Buyer shall confirm the Record of receipt / Delivery note upon acceptance of the Goods. The date of the Record of receipt signature shall be deemed as the date of the Goods delivery.
- 4.9 The Buyer is entitled to reject the Goods in case the goods shall not meet the Product Specification as agreed in Annex No. 1 hereto.

- 4.10 Risk of occurrence of damage, accidental destruction and accidental deterioration of the Goods shall be transferred from the Seller to the Buyer immediately upon hand-over of the Goods to the Buyer at the place of destination.
- 4.11 The Buyer has right to use the Goods from the moment of its hand-over.
- 4.12 The Seller undertakes to deliver to the Buyer brand new goods, i.e. not previously used, undamaged, not refined or assembled from components produced before 2019, complying with technical and safety standards and regulations in force. The Seller undertakes to provide documents certifying this fact or provide Certificate of Conformity declaring this fact.
- 4.13 The Goods shall be packed and marked in accordance with laws in force.
- 4.14 The Buyer shall ensure delivery of the original IIC to Seller's office so that the Seller may obtain the Export Permit and Police Transportation Permit from Polish Authorities.
- 4.15 The Buyer shall provide to the Seller complete assistance in ensuring the documents and permits as per par. 4.14 above.

## 5. WARRANTY AND DEFECTS OF THE GOODS

- 5.1 The Seller undertakes to grant quality guarantee to the Buyer covering functionality, performance and quality of the Goods purchased under this Contract (hereinafter referred to as the "warranty"). The warranty period shall be [REDACTED] from the date of the Record of receipt signature.
- 5.2 The Buyer is entitled to claim quantity or quality defects of the goods observed after their handover to the Seller. The notification shall be submitted to the Seller in writing (electronically). The Seller shall confirm whether he accepts or rejects the claim in writing (electronically) within 10 working days and may request a visit or an inspection of his representatives or representatives of an independent Quality Agency at Buyer's site. The Buyer shall facilitate and attend such inspection. In the event the Seller shall not provide his written confirmation (electronically) within 10 working days, the claim shall be deemed to have been accepted.
- 5.3 In the event of a justified claim the Seller shall repair or replace the defective product that is under warranty period within 30 days from the date of Buyer's notification.
- 5.4 The Seller shall not be liable for any claims in any of the following events:
- (a) the Goods were not handled or used according to the Product Specification provided by the Manufacturer;
  - (b) the Goods were altered or modified or repaired in any way;
  - (c) the Goods were misused by the user or subjected to conditions they were not designed for and not recommended by the manufacturer in the Product Specification as per Annex 1 hereto.
- 5.5 The Seller and the Buyer undertake to ensure effectiveness of their Import/Export Permits for the duration of the warranty period necessary for in- warranty repairs.

## 6. LIABILITY FOR DAMAGE

- 6.1 The Parties shall be liable for any incurred damage in accordance with an applicable law, unless otherwise stipulated herein. The Contracting parties undertake to make the maximum effort to prevent damages and to minimize incurred damages.

## 7. CONTRACTUAL PENALTIES AND LATE PAYMENT INTEREST

- 7.1 In the event the Seller is in delay with delivery of the Goods, the Buyer is entitled to charge the Seller a contractual penalty amounting [REDACTED] of the total price of the undelivered Goods for each day of delay. The contractual penalty is limited to the [REDACTED]
- 7.2 In the event the Buyer is in delay with the Invoice payment, the Seller is entitled to charge the Buyer a contractual penalty amounting [REDACTED] of the invoiced amount for each day of delay with invoice payment. The contractual penalty is limited to the [REDACTED]
- 7.3 In the event of delay with in-warranty remedy of the defected goods, the Buyer is entitled to charge the Seller a contractual penalty [REDACTED] of the invoiced amount for each day of delay in defect remedy, as stipulated in par 5.2 above.
- 7.4 The due date of the contractual penalty is 60 (sixty) days from the date of delivery of a written demand for payment. In case of any objections from the liable Party to the amount or the reason of the contractual penalty, the liable Party is required to raise a written objection not later than 3 days prior to the due day of the contractual penalty.
- 7.5 Settlement of the contractual penalty shall not affect any claim for damage nor default interests. Settlement of the contractual penalty shall not cease the liability under the contractual penalty terms.
- 7.6 The contractual penalty shall be settled by the liable Party, regardless of whether and to what extent the damage occurred to the other Party in this respect. Compensation for damage may be claimed separately in addition to contractual penalty in full amount.

## 8. CHANGES AND DISCHARGE OF THE CONTRACT

- 8.1 This Contract may be changed or amended only by written, mutually agreed, sequentially numbered amendments which become integral parts hereof.
- 8.2 The Contract terminates in the event of:
- a) signature of the Record of receipt of the Goods in due form and time and by effecting the payment of the Goods as per this Contract;
  - b) a written agreement between the Contracting parties;
  - c) the permits as per par. 4.5 above are not issued.
- 8.3 The contract may be terminated by a written notification. Termination becomes effective on the date of notifying the other Party. The terminating Party is liable to set grounds for contract withdrawal in the notification.
- 8.4 Termination of the contract by the Buyer shall not affect any other rights under the contract including but not limited to warranty, payment of contractual penalties and damages.

## 9. FINAL PROVISIONS

- 9.1 Concerning the matters not regulated by this Contract, the contracting parties shall follow the provision of the Czech law. The Contract shall come into force and becomes effective on the date of its signature by both Contracting parties and may be changed or amended only by written, mutually agreed, sequentially numbered amendments agreed by the Parties.
- 9.2 The Seller understands Buyer's obligation to make the contract public in accordance with Act no. 340/2015 Coll. on special requirements for the effectiveness of certain contracts, to make these contracts public and on contract register (Act on contracts register) as a legal person stipulated in § 2, par. 1, letter k) of Act on contracts register.

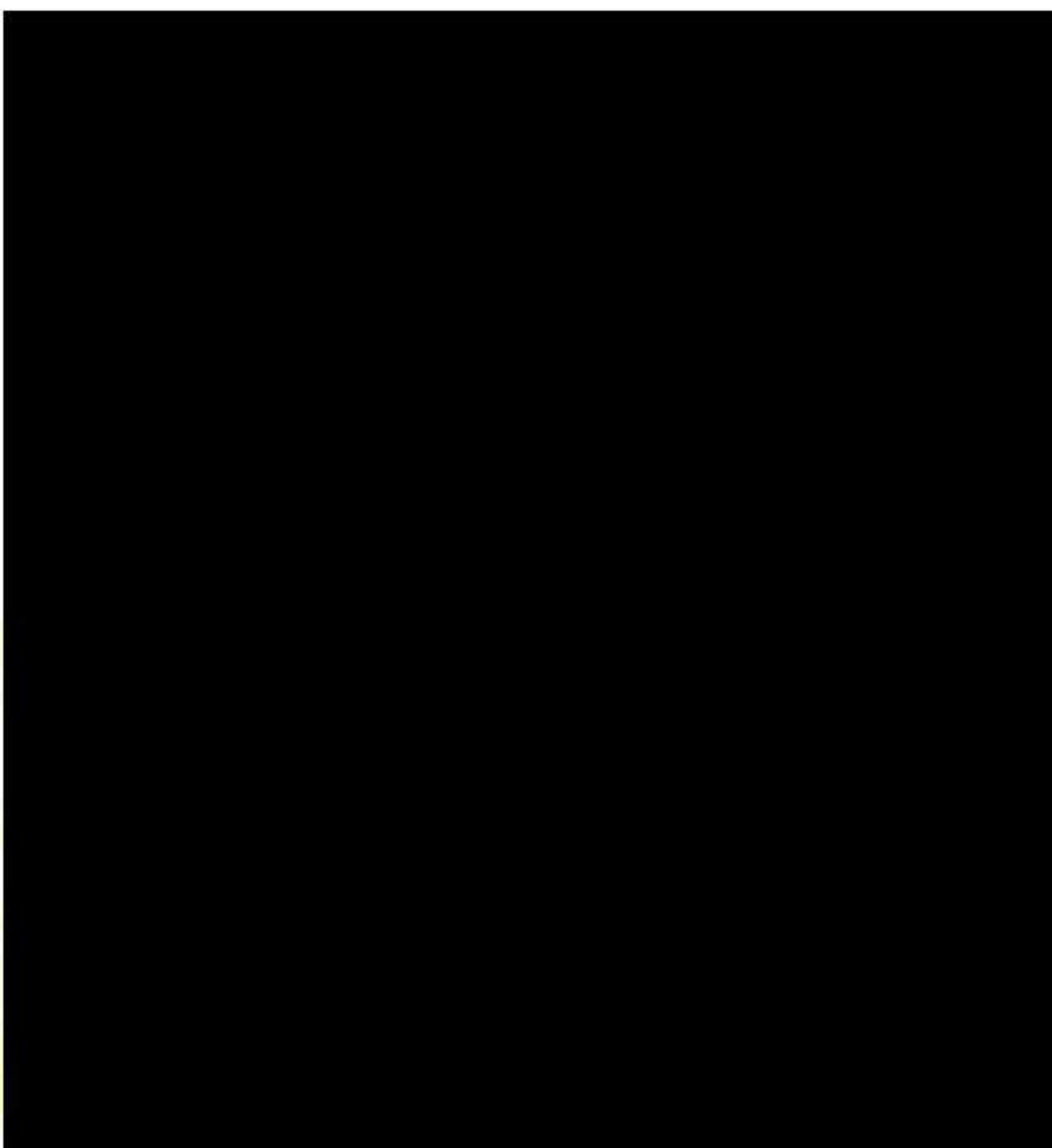
- 9.3 Any disputes between the Contracting parties arising in connection with the present Contract shall be settled through amicable negotiations. Any disputes that cannot be settled through amicable negotiations shall be finally settled in accordance with the Czech law.
- 9.4 The Contract has been executed in two originals, one copy for each Party.
- 9.5 The Contracting parties declare that the content hereof is clear and comprehensible to them and expresses their free will in witness whereof they set their hands.

**Annexes:**

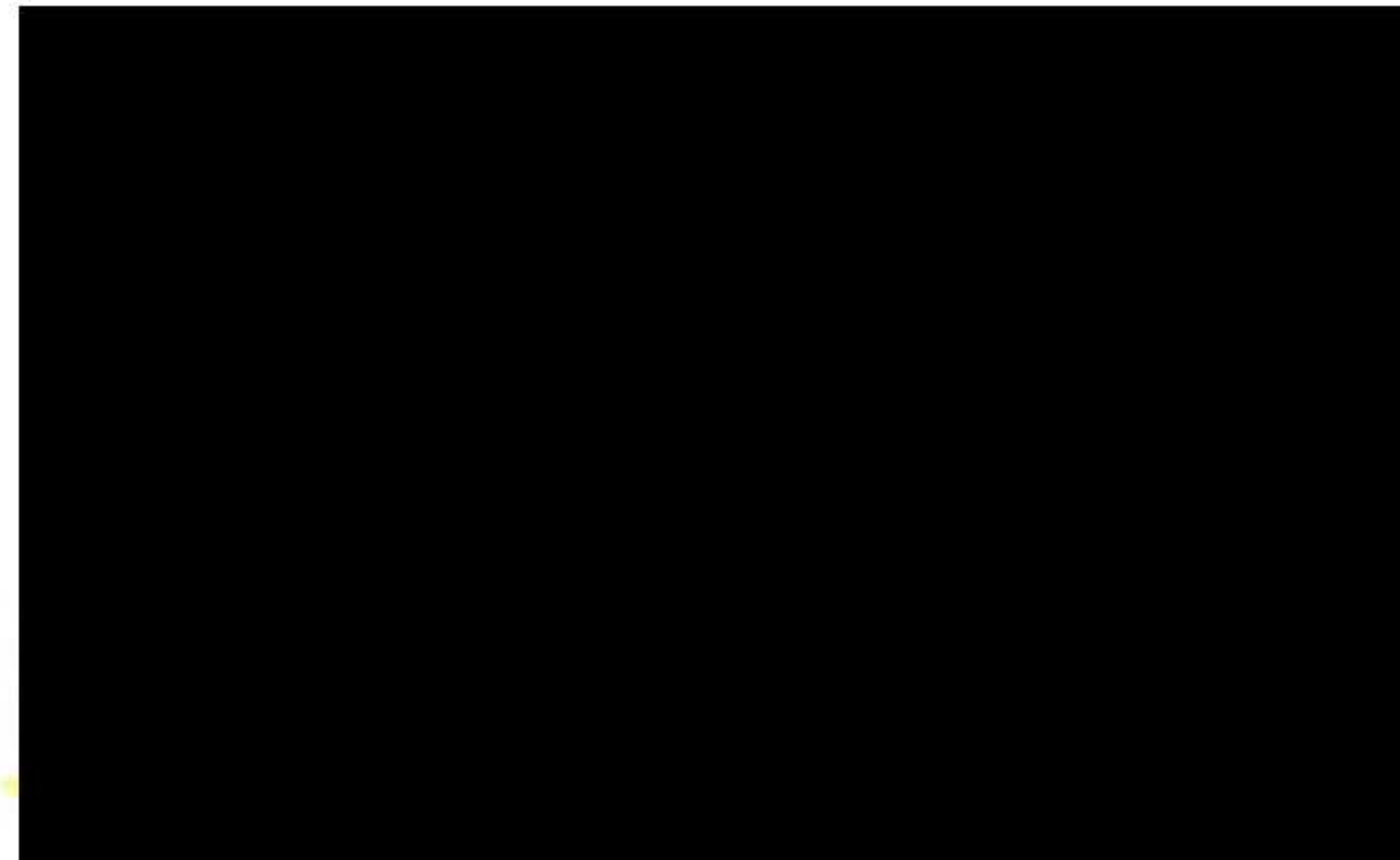
Annex 1: 

Annex 2: GQA procedure

Slavičín, date and seal: 28.02.2020



Katowice, date and seal:



Chairman of the Board

