

PURCHASE CONTRACT FOR SUPPLY THE HOT STAMPING FOIL WITH DIFFRACTIVE OPTICALLY VARIABLE IMAGE DEVICES FOR THE COMMEMORATIVE BANKNOTE

Registered by the Buyer under Ref. No. 097/OS/2020
(hereinafter referred to as "Contract")

made pursuant to the provision of Section 53 of the Act No. 134/2016 Coll., on public procurement, as amended (hereinafter referred to as the "PPA")
and
pursuant to Section 1746 (2) et seq. of Act No. 89/2012 Coll., the Civil Code, as amended (hereinafter referred to as the "Civil Code")

by and between:

STÁTNÍ TISKÁRNA CENIN, státní podnik

with its registered office at Prague 1, Růžová 6, house No. 943, 110 00, Czech Republic entered in the Commercial Register maintained by the Municipal Court in Prague, Section ALX, Insert 296

Business ID: 00001279
Tax registration No.: CZ00001279
Represented by: **Tomáš Hebelka, MSc**, Chief Executive Officer
Bank details: UniCredit Bank Czech Republic and Slovakia, a.s.
Account number: 200210010/2700
IBAN: XXX
BIC/SWIFT: XXX
(hereinafter referred to as the "**Buyer**")

and

IQS Group s.r.o.

with its registered office at Hlavní 130, Husinec 250 68, Czech Republic entered in the Commercial Register maintained by Municipal Court in Prague, Section C, File 192429

Business ID: 24279501
Tax registration No.: CZ24279501
Represented by: **Mgr. Petr Franc**, Executive Director
Bank details: Československá obchodní banka, a.s., Mírové náměstí 1/1, 400 01 Ústí nad Labem
Account number: CZ90 0100 0001 0721 2356 0277
IBAN: XXX
BIC/SWIFT: XXX

(hereinafter referred to as the “**Seller**”)

(the “Buyer” and the “Seller” are hereinafter collectively referred to as the “Parties”)

Representatives authorized to negotiate in contractual and economic matters:

On behalf of the Buyer: **Tomáš Hebelka, MSc**, Chief Executive Officer
On behalf of the Seller: **Mgr. Petr Franc**, Executive Director

Representatives authorized to negotiate in factual and technical matters:

On behalf of the Buyer: **XXX**
On behalf of the Seller: **XXX**

I. INTRODUCTORY PROVISIONS

1. This Contract is concluded on the basis of the results of a simplified below-threshold procedure within the meaning of Section 53 of the PPA for the public contract entitled “Supply the Hot Stamping Foil with Diffractive Optically Variable Image Devices for the Commemorative Banknote” (hereinafter referred to as the “**Tender Procedure**”) with the Seller that meets any and all tender conditions, and the tender of which was selected as economically the most advantageous. Further, this Contract was based on the Seller’s tender filed under the Tender Procedure on March 2, 2021, the content of which is known to the Parties (hereinafter referred to as the “**tender**”).
2. When interpreting this Contract, the Parties shall take account of the tender terms and conditions and the purpose of the subject of Tender Procedure. The provisions of laws and regulations on interpretation of legal conduct are not affected by this.
3. The Contract regulates terms and conditions for execution of the individual supplies by the Seller, as well as other rights and obligations of the Parties related to the realisation of the subject hereof.
4. The purpose of this Contract is to secure supply of a Security element - Diffractive optical variable image devices (DOVIDs) for Banknote in line with the Buyer’s needs.
5. For purpose of this Contract Parties set these definitions:
 - b) The hot stamping foil means a PES foil with DOVID suitable for hot stamping application. DOVID means a security element - diffractive optical variable image device for the banknote.
 - c) Design of the diffractive security element – DOVID – There are two Motifs of DOVIDs: (i) Motif 1 - DOVID with the motif of the Order of T.G. Masaryk, and (ii) Motif 2 - DOVID with the motif of a Heraldic Silesian eagle according to the Technical Specification – the Annex No. 1 to this Contract and according to submitted design templates. Design templates for the design of DOVIDs shall

be provided by the Buyer to the Seller according to Article II paragraph 3 hereof.

- d) Master means DOVID placed on physical template and made by the Seller's production technology, which is used for the mass production.

II. SUBJECT OF THE CONTRACT

1. The subject of this Contract is the Seller's obligation:
 - a) to create an origination (production of a Master) of hot stamping foil with DOVIDs for the banknote, including creation of diffractive security feature design according to requirements specified in the **Technical Specification – the Annex No. 1** to this Contract (hereinafter referred to as the **"production of the hot stamping foil and design for Master"**);
 - b) to grant exclusive license covering the design of the diffractive security feature and an exclusive license covering the Master and its copies for the use of the sheets for the manufacture of banknote within the extent specified in Article VII to this Contract (hereinafter referred to as the **"DOVID licences"**);
 - c) to produce and deliver the hot stamping foils with DOVIDs for banknote to the Buyer, according to the technical specification contained in the Technical Specification - the Annex No. 1 to this Contract (hereinafter referred to as the **"DOVIDs"**);
 - d) to enable to acquire the ownership title to the supplied DOVIDs to the Buyer.

The subject of the Contract stated in this paragraph will be perform in two Motifs: (i) Motif 1 - DOVID with the motif of the Order of T.G. Masaryk, and (ii) Motif 2 - DOVID with the motif of a Heraldic Silesian eagle according to the **Technical Specification – the Annex No. 1** to this Contract and according to the the design templates for design of DOVIDs. These design templates for design of DOVIDs shall be provided by the Buyer to the Seller according to Article II paragraph 3 hereof.

2. The Buyer undertakes to accept the hot stamping foil with DOVIDs, duly delivered as regards the required quantity and type, quality of the hot stamping foil with DOVIDs in accordance with this Contract, on the required delivery dates, and pay the price for the hot stamping foil with DOVIDs agreed to herein.
3. As design templates for creation of the design of DOVIDs the Buyer shall provide the photograph of the Order of T. G. Masaryk (for the Motiv 1) and drawing of the Heraldic Silesian eagle by the author of the banknote (for the Motiv 2) to the Seller, after effectiveness of Contract and on the basis of a Handover Protocol.

III. PLACE AND TERMS OF PERFORMANCE AND DELIVERY

1. The Seller shall provide performance in the sense of this Article within the deadlines specified in the **Time Schedule – the Annex No. 2** to this Contract.

2. The Seller shall create design and produce a Master of security feature for banknote according to the requirements specified in the Annex No. 1 hereof within the periods according to the Annex No. 2 hereof and submit them to the Buyer to approve them. The creation of the design of the DOVIDs shall be executed by the Seller immediately after providing the design templates for the design of DOVIDs by the Buyer to the Seller and according to this design templates for the design handed over by the Buyer. The design of the DOVIDs will be approved electronically and the Master will be approved by the Buyers' representatives in person. The Seller is obliged to submit the DOVIDs design to the Buyer to approve it and invite the Buyer to approve the Master within the periods according to the Annex No. 2 hereof for preparation of DOVIDs design and production of the Master. Invitation to the Master approval shall be sent to the Buyer at least 5 working days before the proposed date for approval of the Master. The Seller shall send all his notification (submission of the DOVIDs design, invitation for the Master approval) via email to the e-mail address: XXX.
3. In case of approval of Master the Buyer's authorised representative will sign the Acceptance Protocol using Acceptance Protocol (template) contained in the **Annex No. 3** hereof.
4. The day of approval of the Master also passes to the Buyer the right of use the DOVIDs design – DOVID licences according to the Article VII of this Contract.
5. The Seller is obligated to deliver to the Buyer 500 pcs of DOVIDs with Motif 1 and 500 pcs of DOVIDs with Motif 2 as the individual delivery/testing version specified in this Contract (hereinafter referred to only as "**Pilot DOVIDs**"), which will be used by the Buyer to perform tests and manufacture first banknote. Pricing and delivery requirements and regulations specified hereof shall be analogically applied to the Pilot DOVIDs.
6. After the Pilot DOVIDs approval by the Buyer the DOVIDs according to Article II paragraph 1 letter c) hereof shall be delivered within the deadlines specified in the **Time Schedule – the Annex No. 2** to this Contract.
7. The DOVIDs shall be considered as delivered on the day of handover and acceptance by protocol, i.e. the date of signature of the delivery note by the Buyer.
8. Delivery of the DOVIDs shall be accompanied with a **delivery note** to be confirmed by both Parties upon handover and takeover of the DOVIDs, and shall be used as the **DOVIDs acceptance protocol**. The DOVIDs shall be considered as delivered on the day of handover and acceptance by protocol, i.e. the date of signature of the delivery note by the Buyer.

The delivery note shall contain:

- a) Identification data of the Seller and Buyer,
- b) reference number of this Contract
- c) number and date of issue of the delivery note,
- d) Position/serial number;
- e) specification of the required type and properties of the DOVIDs,
- f) the DOVIDs quantity and the unit of measure,
- g) the item name.

9. The place of performance for delivery of the DOVIDs shall be placed in territory of Prague, Czech Republic, specifically **Production Plant I - Růžová 6, house No. 943, 110 00 Prague 1, Czech Republic.**
10. The Seller shall arrange for the transportation of the DOVIDs to the place of performance at its own expense and risk in accordance with Incoterms 2020, DAP.
11. In a demonstrable manner the Seller will announce to the Buyer's electronic address XXX, at least 3 working days in advance, the day of dispatching of the DOVIDs from the plant, name of the carrier, type and registration number of the vehicle and the supposed time of arrival to the address of the Buyer.
12. The supplied DOVIDs shall be packed in a manner that is usual for such type of DOVIDs, taking into consideration the place of delivery of the DOVIDs and the mode of transport, so as to ensure the preservation and protection of the quality of the DOVIDs, as well as protect the DOVIDs from damage by mechanical and atmospheric elements. Detail packaging requirements are specified in the Annex No. 1 hereof.
13. Handover and acceptance of the delivery shall be done at the agreed time and place, as specified in this Article of this Contract and in the Annex No. 2 hereof.
14. In the case of air transport, the shipment shall be packed in containers and shall be adhered to packing quantities and container specifications and handlings defined under the Annex No. 1 hereof. Whole process of packaging and transport of DOVIDs shall be in accordance with the requirements and conditions of the standard TAPA (TSR + FSR) a standard IATA code TACT - The Air Cargo Tariff and Rules standard VUN. Specification of the conditions are available on web side <https://www.tapa-global.org/>.
15. Authorized employees of the Buyer shall accept the DOVIDs delivery during the established delivery date as specified in paragraph 1 and paragraph 6 of this Article. During the handover process these employees shall inspect the integrity of individual packages/containers and seals and confirm status by signing the relevant delivery document. Any defects apparent during the handover process will be resolve according to the Article VIII hereof.
16. The ownership title to the DOVIDs supplied under this Contract shall pass on to the Buyer at the moment of takeover of the DOVIDs, i.e. upon the handover protocol for the DOVIDs (delivery note) being signed by the Buyer. The risk of damage to the DOVIDs is transferred to the Buyer at the same moment.

IV. PRICE

1. The total price for performance of the subject of the Contract has been established on the basis of the Seller's tender submitted in the Tender Procedure. The total price is

20 000,00 in EUR, excluding VAT

2. The total price consists of:
 - 2.1 The price for holographic hot stamping foil with the Motif 1 (motif of the Order of T.G. Masaryk) for total quantity specified in the Annex No. 1 hereof. This price for Motif 1 consists of:
 - 2.1.1 the price for performance according to the Article II paragraph 1 letters a) and b) hereof is **XXX** in EUR, excluding VAT;
 - 2.1.2 the price for performance according to the the Article II paragraph 1 letters c) and d) hereof is **XXX** in EUR, excluding VAT.
 - 2.2 The price for holographic hot stamping foil with the Motif 2 (motif of a Heraldic Silesian eagle) for total quantity specified in the Annex No. 1 hereof. This price for Motif 2 consists of:
 - 2.2.1 the price for performance according to the Article II paragraph 1 letters a) and b) hereof is **XXX** in EUR, excluding VAT;
 - 2.2.2 the price for performance according to the the Article II paragraph 1 letters c) and d) hereof is **XXX** in EUR, excluding VAT.
3. The prices according to the paragraph 2.1.1 and 2.2.1 of this Article hereof contains all cost necessary to successfully complete subject of the performance according to the Article II paragraph 1 letters a) and b) hereof including licenses fees for the use of DOVIDs design and Master as stated according to the Article VII of of the Contract.
4. The prices according to the paragraph 2.1.2 and 2.2.2 of this Article hereof contains any and all the related costs of the Seller, particularly packaging and transportation of the DOVIDs to the place of performance, customs duty, customs charges, any ecological liquidation of the DOVIDs and related services. This price is the final and maximum permissible price.
5. If applied, VAT shall be billed at the rate stipulated in the legislation that is valid and in force on the date of taxable supply.

V. PAYMENT TERMS

1. The Buyer does not provide the Seller with any advance payments for any prices according to the Article IV hereof.
2. The price of the production of DOVIDs design and Master according to the Article II paragraph 1 letter a) hereof and DOVID licences according to the Article II paragraph 1 letter b) hereof (Article IV paragraph 2.1.1 and 2.2.1 hereof) shall be paid by the Buyer after proper acceptance of the Master on the basis of invoice (tax document) issued by the Seller.
3. The Seller's right to issue an invoice (tax document) for the price of production of DOVIDs design and Master and DOVID licences is established on the date of approval of Master, i.e. the date of signature of the Acceptance Protocol by the Buyer's authorised representative. The date of taxable supply is the date on which the Buyer's

authorised representative signed the Acceptance Protocol. Copy of signed Acceptance protocol shall be an annex of the invoice for the price of production of DOVIDs design and Master.

4. The price of the supplied DOVIDs according to the Article II paragraph 1 letter c) and d) hereof (Article IV paragraph 2.1.2 and 2.2.2 hereof) shall be paid by the Buyer after proper delivery of the DOVIDs on the basis of invoice (tax document) issued by the Seller.
5. The Seller's right to issue an invoice (tax document) for the consignment of DOVIDs is established on the date delivery, i.e. the date of signature of the delivery note by the Buyer's authorised representative. The date of taxable supply is the date of handover and acceptance of the DOVIDs with confirmation in the form of a protocol, i.e. the date on which the Buyer's authorised representative signed the DOVIDs acceptance protocol (delivery note).
6. An invoice (tax invoice) shall contain all the prerequisites as for a tax document according to the applicable legal regulations and this Contract. Each invoice (tax document) for purchase price of the DOVIDs shall include a copy of the confirmed Delivery Note relating to the executed delivery.
7. The maturity period of any invoice (tax document) duly issued by the Seller is 30 days as of the issue date. The Seller shall deliver the invoice to the Buyer to the following email address: XXX. For the purposes of this Contract, an invoice shall be deemed paid once the respective amount is credited to the Seller's account specified in the header hereof.
8. In the event that any invoice (tax document) issued by the Seller does not contain the necessary formalities or will contain incorrect or incomplete information, the Buyer is entitled to return the invoice (tax document) to the Seller stating the reason for such return, without getting into arrears with payment. The new maturity period shall commence from the date of delivery of a duly corrected or supplemented invoice (tax document) to the Buyer.
9. If the Seller is an entity liable for VAT registered in the Czech Republic, the following arrangements as contained in this article shall be binding and applicable (paragraphs 10 to 13 of this Article).
10. The Seller shall immediately and demonstrably notify the Buyer, a recipient of the taxable supply, within 2 working days of its becoming aware of its insolvency or its threat at the latest, or of issuing a decision by a tax administrator, that the Seller is an unreliable payer pursuant to Section 106a of the Value Added Tax Act No. 235/2004 Coll., as amended (hereinafter "**VATA**"). Violation of this obligation by the Parties is considered a material breach of this Contract.
11. Each Seller pursuant to paragraph 10 of this Article undertakes that the bank account designated by him for the payment of any obligation of the Buyer under this Contract shall be published and accessible from this Contract conclusion date until its expiry in accordance with Section 98 of VATA, otherwise the Seller is obliged to provide another bank account to the Buyer that is duly published in accordance with Section 98. In the case that the Seller has been indicated by a tax administrator as an unreliable taxpayer

pursuant to Section 106a of VATA, the Seller undertakes to immediately notify this to the Buyer along with the date on which this circumstance arose.

12. If a guarantee for unpaid VAT arises for the Buyer according to Section 109 of VATA on received taxable supply from any Seller, or the Buyer justifiably assumes that such facts have occurred or could have occurred, the Buyer is entitled, without the consent of such Seller, to exercise a procedure according to the special method for securing tax, i.e. the Buyer is entitled to pay the concerned VAT according to the invoice (tax document) issued by the given Seller directly to the competent revenue authority and to do so according to Sections 109 and 109a of VATA.
13. By payment of the VAT to the account of the revenue authority, the Seller's receivable from Buyer is considered as settled in the amount of the paid VAT regardless of other provisions of the Contract. At the same time, the Buyer shall be bound to notify the respective Seller of such payment in writing immediately upon its execution.
14. The Seller is not authorised, without the written consent of the Buyer, to set-off any of its receivables from the Buyer with any of the Buyer's receivables from the Seller or assign any of its rights and receivables from the Buyer to a third party.
15. The Seller agrees that it shall in no way burden its claims against the Buyer in connection with a lien in favour of a third party.

VI. OTHER RIGHTS AND OBLIGATION OF PARTIES

1. The Seller shall supply the DOVIDs to the Buyer in line with the Annex No. 1 hereof, the Seller's tender and DOVIDs design approved by the Buyer.
2. The Seller shall not provide the DOVIDs design and Master of the DOVIDs uniquely designed for the banknote to any third party.
3. The Seller warrants to the Buyer that during the preparation of DOVIDs design, production of Master and/or production and transport of the DOVIDs — the Seller bears there shall be no misuse of the DOVID design used for the production of the DOVIDs, or of the finished DOVIDs, and undertakes to take all necessary and appropriate measures to prevent the DOVID design and Master of the DOVID and also DOVIDs from being lost or stolen. The Seller warrants to the Buyer that during the preparation of DOVID design, production of Master and/ or production and transport of the DOVIDs — as long as the DOVIDs are owned by the Seller or the Seller bears the liability for damage to the DOVIDs — there shall be no misuse of the materials used for the production of the DOVIDs or of the finished DOVIDs, and undertakes to take all necessary and appropriate measures to prevent the DOVIDs from being lost or stolen or used for a purpose other than that specified in this Contract. The Seller shall comply with the applicable legal rules concerning the handling of classified information during the preparation of DOVIDs design, production of Master and/ or production and transport of the DOVIDs.
4. Failure to observe the provisions of paragraphs 2 or 3 of this Article is a substantial breach of this Contract resulting in the right of Buyer to withdraw from this Contract,

entitling the Buyer to the compensation within the scope of and according to this Contract.

5. The Seller hereby states and guarantees that he will properly store and archive at its site the manufactured Master which is its property for 2 years following the end of this Contract, unless both Parties agree otherwise. After this time period expires the Seller is obliged to destroy the Master and all its copies created for the purpose of a mass production of the DOVIDs at his own cost and document this action on the necessary protocol, provided that the Buyer issued a confirmation allowing the Seller to destroy the Master.
6. The Seller warrants to the Buyer that it is not aware of any violation of third-party rights by the subject of this Contract at the date of the Contract signature. If a third party raises a legitimate claim because of an infringement of industrial property rights, copyrights or any other rights by the DOVIDs' design supplied by the Seller, the Seller shall be liable, at its expense, to secure a right of use to the DOVIDs design for the Buyer.
7. No later than as of this Contract conclusion date, the Seller shall submit, and maintain valid for the entire duration of this Contract, a liability insurance contract for damages caused to third parties by operating activity of the Seller for the minimum amount of 35 000 EUR.
8. The Seller hereby agrees to provide the necessary assistance in performance of the obligations pursuant to the PPA.
9. If the Seller has in the moment of conclusion of the present Contract certificate "ISO 14298 Management of security printing processes" or "CWA 15374 Security management system for suppliers to the security printing industry", the Seller shall maintain valid for the entire duration of this Contract this certificate. In the event of end of validity of this certificate the Seller is obliged to ensure immediate compliance with the obligation requirements of Security audit pursuant and under the condition of this Contract (hereinafter referred to as the „**Security audit**“).
10. If the Seller has not in the moment of conclusion of the present Contract certificate "ISO 14298 Management of security printing processes" or "CWA 15374 Security management system for suppliers to the security printing industry", Contracting parties mutually declare the Security audit was taken place as an entry, before the conclusion of this Contract. If the Seller obtains during the duration of this Contract certification "ISO 14298 Management of security printing processes" or "CWA 15374 Security management system for suppliers to the security printing industry", from such a moment the Parties shall proceed in accordance with this paragraph 9 of this Article similarly.
11. The Seller is obliged to notify the Buyer without delay of any changes or end of validity of certificate pursuant paragraph 9 of this Article or any changes concerning changes of security standards or rules, particularly changes in security systems on side of the Seller as changes in the security system of the Seller's building (related to the subject of performance of this Contract), or any other building security or construction or functional modifications of the building etc.). In these cases an Extraordinary Security audit may be requested by the Buyer.

12. The Seller further acknowledges and agrees that the Security audit will be conducted by the Buyer at the relevant Seller's facility, which usually requires the Buyer's assistance, by enabling access to the Seller's facility or verification of specific processes for providing performance of this Contract. A more detailed description of the requirements of the Security audit is set out in Annex No. 4 which is integral part of this Contract.
13. Breach of the Seller's obligation to enable realization of the Security audit in accordance with Annex No. 4 to this Contract (including realization of the Extraordinary Security audit pursuant paragraph 11 of this Article) or the fact that the Seller fails to pass Security audit constitutes a substantial breach of Contract pursuant to Article XIII paragraph 3 hereof.

VII. INTELLECTUAL PROPERTY RIGHTS AND RIGHT TO USE DESIGN AND MASTER OF THE DOVIDS

1. The Seller is obliged to grant to the Buyer the right to exclusive licenses covering the design of the DOVIDs pursuant to Act No. 121/2000 Coll., the Copyright Act, as amended covering also the Master and its copies for the use of the DOVIDs supplied by the Seller for purposes of this Contract. Such licenses are implied in the price of production of DOVIDs design and Master and does not require paying extra licence fees for the use.
2. Licenses provided by the Seller shall be legally acquired by the Buyer according to the Article III paragraph 4 of this Contract.
3. Exclusive Licenses in the sense of this Article will be granted in time and territorially unlimited, unlimited quantitative enabling the Buyer to use the design of the DOVIDs in fact the DOVIDs all ways to fulfil the purpose of this Contract particularly for the manufacture and supply of banknote.
4. The Seller states and guarantees that the design of the DOVIDs in the form of the Master does not interfere with, or violate rights of third parties, in particular, does not infringe copyrights, trademarks protection rights, patent rights or other property rights applicable to the design or to the Master. However the Seller shall have responsibility for any interference with or violation of third parties rights to the extent, the infringing or violating part of the design of the DOVIDs. Further, the Seller states that these rights were not provided without consent and approval of the relevant entities or authors. The Seller is aware about the fact that he is fully and legally liable for consequences due to failure to observe this statement.
5. Further, the Seller states and undertakes that no prior exclusive or nonexclusive licenses in terms of the DOVIDs design and the Master were/won't be issued, which would prevent the Buyer from using the DOVIDs supplied by the Seller for the manufacture of banknote.

VIII. LIABILITY FOR DEFECTS AND QUALITY WARRANTY

1. The Seller is responsible for the due performance of the subject of the Contract, especially for the observance of the technical specification according to the Annex No. 1 hereof and specification of the approved DOVIDs design, functionality for the purpose described herein and in the Annex No. 1 hereof and for the quantity of the DOVIDs.
2. Under warranty for quality of the DOVIDs, the Seller undertakes that it shall for the duration of the warranty period be capable of performance for the contracted purpose, otherwise to the usual purpose and that it shall maintain the contracted, otherwise usual properties. The Seller will rectify any defects and/or faulty services within the warranty period following written notice of the defect on the part from the Buyer.
3. The Seller provides warranty to the Buyer for the quality of the DOVIDs for a period of 24 (in words: twenty four) months after delivery of the DOVIDs (hereinafter referred to as "Warranty Period"). A defect is regarded as claimed in a timely manner if the notice of such defect is sent to the Seller on the last day of the Warranty Period at the latest. If the end of the Warranty Period falls upon Saturday, Sunday or a public holiday, the defect shall be regarded as claimed in a timely manner if the notice of such defect is sent to the Seller on the next following business day.
4. A defect is any condition when the quality, quantity or workmanship of the supplied DOVIDs does not comply with the conditions specified in the specifications of the required DOVIDs according to this Contract and the technical specifications stipulated in the Annex No. 1 hereof; especially, the DOVIDs are defective if not delivered in time, in the agreed type, quantity and quality.
5. The Seller shall not be liable for damages caused by defect caused by havoc, mechanic failure by the Buyer or the third party (unless they are subcontractors), unsuitable stocking or by using for the function unusual for DOVIDs. Standard conditions of use and storage conditions are: storage temperature: 10 - 35 °C, relative humidity: 40% - 60%.
6. The Seller's quality warranty applies provided that applicable technological and storage conditions specified in the previous paragraph of this Article have been complied with.
7. If an entire supply delivered by the Seller or a part thereof proves defective, the Buyer shall have the right to claim the DOVIDs. Any defect liability claims shall be dealt with:
 - a) By replacement of the defective DOVIDs with defect-free DOVIDs;
 - b) By delivery of the missing quantity of the DOVIDs;
 - c) By means of financial compensation, i.e. refund of payments already paid by the Buyer for the respective delivery;
 - d) By withdrawal from the Specific Contract concerned.The choice among the claims listed above shall be left entirely at the Buyer's discretion.
8. The Buyer shall examine forthwith upon receipt of the delivery of the DOVIDs at its premises all DOVIDs for transportation damage and within max. 14 (in words: fourteen) days of the arrival of such delivery examine for the obvious defects in accordance with the examination procedures to be agreed by the Contracting Parties, which shall be in accordance with the final examinations of Seller. The Buyer shall notify the Seller in writing of any defect without undue delay. The notice of the defect of the DOVIDs should

be sent by the Buyer to the Seller's e-mail address: XXX. With regard to hidden defects that could not be detected during the aforementioned examination, the Buyer shall have the right to claim defective DOVIDs at any time during the Warranty Period forthwith after detection of a hidden defect. The exact description of the alleged defect shall be given and any further steps for the identification or clarification should be undertaken (e.g. photographs).

9. The Seller shall deal with the claim of the Buyer within 30 (in words: thirty) calendar days from the day of receiving of the claim. If defective DOVIDs are replaced with defect-free DOVIDs in case of an entire partial delivery of the DOVIDs, the Seller shall be obliged to replace such defective DOVIDs within 30 (in words: thirty) calendar days from receiving of the claim. All costs related to defects of the DOVIDs or claiming them, especially the costs of replacement of defective DOVIDs with defect-free ones or costs of delivery missing quantity of the DOVIDs, shall be borne by the Seller.
10. The Buyer shall not be obliged to pay the outstanding price of any defective DOVIDs to the Seller until all defects are remedied. Making claim under liability for defects of the DOVIDs shall not affect the Buyer's entitlement to the agreed contractual penalties and damages.
11. The Seller declares that the DOVIDs are not encumbered with any rights of third parties and have no other legal defects.
12. Lodging a claim under liability for defects of the DOVIDs or quality warranty shall not affect the Buyer's entitlement to the agreed contractual penalty and damage compensation.
13. The Seller shall conduct all activities necessary or associated with claiming of defects and replacement of the DOVIDs or financial compensation on its own at its own expense within Buyer's working hours and in cooperation with Buyer in order not to endanger or not to limit the Buyer's activities by its activities.

IX. PENALTIES

1. In the case of the Seller's delay with the production of DOVIDs design origination and/or Master compared to the deadlines specified in the Annex No. 2 hereof, the Seller shall pay to the Buyer a contractual penalty of EUR 1.000, for each started day of such delay.
2. In the case of the Seller's delay with the delivery of the DOVIDs specified in the Annex No. 2, the Seller shall pay to the Buyer a contractual penalty of 0,1 % of the Price of the DOVIDs or a portion thereof (exclusive of VAT), to which the Seller's default applies, for each started day of such delay. The contractual penalty shall not in each case of a delay exceed 20 % of the price of the late delivery of the DOVIDs.
3. Should the Seller violate its obligation to shall deal with the claim within the terms stipulated in Article VIII hereof, the Buyer is entitled to demand the contractual penalty

amounting to 0,1 % of the Price of the DOVIDs or a portion thereof (exclusive of VAT), the elimination of which is delayed by the Seller for each started day of such delay. The contractual penalty shall not in each case of a delay exceed 20% of the price of the DOVIDs delivered with defects (late delivery).

4. Should either Party violate its obligations as per Article X of this Contract in a demonstrable manner, the aggrieved Party is entitled to charge the contractual penalty amounting to EUR 12,000 for every violation or failure to meet such contractual obligation to the other Party. The burden of proof lies on the Party claiming that an obligation has been breached.
5. Should the Seller violate its obligations as per Article VI, paragraph 2 or 3 hereof in a demonstrable manner, the Buyer is entitled to charge the contractual penalty amounting to EUR 12,000 for every violation or failure to meet such contractual obligation to the Seller.
6. Payment of the contractual penalty does not release the Party from its duty to perform the obligations imposed on the basis of this Contract.
7. Claiming the contractual penalty is without prejudice to the right to compensation of any damage suffered in the extent defined herein.
8. The contractual penalty is due in 30 calendar days as of the date of delivery of the contractual penalty billing to the other Party.

X. PROTECTION OF INFORMATION

1. The Parties are not entitled to disclose to any third party the non-public information they obtained or shall obtain during mutual cooperation, and the information related to entering into this Contract and its content. This does not apply if the information is disclosed to the employees of the Party for the purpose of implementation hereof on a need-to-know basis, or to other individuals (information processors) involved in implementation hereof, under the same terms as laid down for the Parties hereto and always within the minimum scope necessary for due fulfilment hereof.
2. The Parties are liable to assure compliance with the obligations pursuant to this Article of all individuals to whom the non-public information is disclosed pursuant to the previous sentence. Violation of the confidentiality commitment by these individuals shall be deemed violation by the Party disclosing the information to them.
3. Confidential information is any information mutually provided in written, oral, visual, electronic, or other format as well as know-how which has actual or potential value and which is not commonly available in the respective business circles, and further information which is designated in writing as confidential (abbreviation "DIS") or which may be assumed to be confidential information due to the nature of the respective matter.
4. The Parties hereby undertake that if in the context of mutual cooperation they get in touch with personal data or special categories of personal data in the sense of the

Regulation of the European Parliament and of the Council (EU) 2016/679 of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on free movement of these data, and repealing Directive 95/46/EC (the General Data Protection Regulation, or GDPR) and the Act No. 110/2019 Coll., on Personal Data Protection, they shall take any and all necessary measures to prevent unauthorised or random access to these data, their alteration, destruction or loss, unauthorised transfer, other unauthorised processing or any other misuse.

5. In this regard, the Parties undertake:
 - a) Not to disclose confidential information to any third party;
 - b) Ensure that the confidential information is not disclosed to third parties;
 - c) Secure the data in any form, including their copies, which include confidential information, against third party abuse and loss.
6. The obligation to protect confidential information does not apply to the following cases:
 - a) The respective Party proves that the given information is available to the public without this availability being caused by the same Party;
 - b) If the Party is able to demonstrate that the given information was available to it before the date of disclosure of the information by the other Party and that it did not acquire it in violation of the law;
 - c) If the Party obtains a written approval from the other party to disclose the information further;
 - d) If the law or a binding decision of the respective public authority requires the information to be disclosed;
 - e) An auditor performs an audit at one of the Parties based on authorisation specified in applicable legal regulations.
7. The Party undertakes, upon the request of the other Party, to:
 - a) Return all the non-public information which was handed over to it in a “material form” (especially in writing or electronically) and any other materials containing or implying the non-public information;
 - b) Return or destroy copies, extracts or other entire or partial reproductions or records of non-public information;
 - c) Destroy without undue delay all documents, memoranda, notes and other written materials elaborated on the basis of the non-public information;
 - d) Destroy materials stored in computers, text editors, or other devices containing non-public information pursuant to this Contract.

The Parties also undertake to ensure that the same shall be performed by any other individuals, to which the non-public information is disclosed by either Party.

8. The employee of the liable Party authorised to destroy the documents in the sense of the previous paragraph shall confirm the destruction upon request of the other Party in writing.
9. In case that either of the Parties or their employees or other individuals (information processors) become aware in a credible manner or if they have a reasonable suspicion that the confidential information has been disclosed to an unauthorised party, they shall be bound to inform the other Party of such a fact without undue delay.

10. The confidentiality obligation is not time-limited. The obligation to maintain confidentiality of non-public information acquired within the framework of cooperation with the other Party lasts even after this Contract is terminated or expires. The confidentiality commitment shall pass on to any potential successors of the Parties.

XI. LIABILITY AND FORCE MAJEURE

1. Liability conditions abide by the Civil Code. Neither Party limits its liability for death or personal injury caused by its negligence or the negligence of its employees. Neither Party shall be, liable to the other Party for any indirect, special, consequential or incidental damages of whatsoever kind or nature arising out of or in connection with this Contract, including but not limited to any loss, cost, damage, loss of revenue, loss of profit or loss of use, incurred or suffered by the victim Party or any third party resulting from a defect, an incident, the failure of the DOVIDs in accordance with the terms of this Contract. This exemption of liability only applies if the other Party was advised of the possibility of such damages.
2. The foregoing shall not affect the Buyer's right to claim compensation against the Seller for damages suffered by the Buyer arising directly from the performance, bad performance or non-performance of the Seller's duties and/or obligations under this Contract, provided however that the total liability of the Seller in connection therewith shall not exceed 20 % of the total value for the estimated indicative volume of DOVIDs that can be ordered over this Contract duration, determined as the product of the unit price of the DOVIDs and the estimated indicative total volume of DOVIDs within the meaning of Article V paragraph 1 of the Contract (excluding VAT).
3. In no case shall the Seller be liable for any damages resulting from or arising out of any illegal and/or fraudulent use of the DOVIDs by the Buyer, any third party or the end-user.
4. An obstruction which occurs independently of the will of the obliged party which prevents it from performing its duty (and it may not be reasonably expected that the obliged party could have averted or overcome the obstruction or its consequences and that at the moment of formation of this obligation it could have foreseen it) is regarded as a circumstance excluding liability.
5. In such case the concerned Party shall notify the other Party of the nature of the obstruction preventing it from performing its duties.
6. During the existence of such obstruction the concerned Party shall not be bound to perform the obligations resulting from this Contract.
7. As soon as the obstacle ceases to exist, the affected party shall resume its obligations towards the other party and shall do its utmost to remedy the consequences of the temporary non-performance of its obligations pursuant to this Contract.
8. The Party that has a statutory right not to perform its obligations due to force majeure shall not be liable for the damage incurred by the other party in this connection.

XII. APPLICABLE LAW AND RESOLUTION OF DISPUTES

1. This Contract is governed by the laws of the Czech Republic, especially the Civil Code and PPA.
2. The Parties undertake to exert every effort to resolve any mutual disputes resulting from this Contract. Should the Parties fail to agree on an amicable settlement of a mutual dispute, each of the Parties may seek its rights before a competent court in the Czech Republic; the jurisdiction of a foreign court is excluded. The Parties have agreed that the competent court for judgement of the disputes arising between them under this Contract is the general court according to the Buyer's registered seat.
3. The application of the United Nations Convention on Contracts for the International Sale of Goods of 11 April 1980, known as the Vienna Convention, is excluded by this Contract.

XIII. TERM OF THE CONTRACT

1. The present Contract comes into force on the day it is signed by both Parties and taking effect once it is published in the Register of Contracts.
2. This Contract shall terminate
 - a) upon its fulfilment;
 - b) by a written agreement between the Parties;
 - c) by withdrawal from this Contract subject to the terms and conditions given below in the event of a substantial breach hereof by either Party.
3. The Parties have agreed that substantial breach of the Contract shall particularly be:
 - a) A failure to meet the technical specification of the DOVIDs stated in the Annex No. 1;
 - b) delay with the production of DOVIDs design origination and/or Master compared to the deadlines specified in the Annex No. 2;
 - c) delay with the delivery of the DOVIDs compared to the deadlines specified in the Annex No. 2 exceeding 7 working days;
 - d) breach of the obligation pursuant to the Article VI paragraph 9-13 hereof;
 - e) breach of the obligation pursuant to the Article VI paragraph 6 hereof;
 - f) Other cases as per this Contract.
4. The withdrawal from this Contract shall take effect on the day of a written notice of withdrawal delivery to the other Party. The notice of withdrawal must be sent by registered mail. Withdrawal from this Contract does not terminate the contractual relationship from the outset and the Parties retain any performance provided for each other up to termination hereof.

5. Termination of this Contract shall not affect the provisions regarding contractual penalties, damage compensation, and such rights and obligations which, by their nature, shall persist even after this Contract is terminated.

XIV. FINAL PROVISIONS

1. The Parties agree that any modifications and additions hereto may only be made in written amendments identified as such, numbered in ascending order, and agreed upon by the Parties, unless otherwise stipulated in the Contract.
2. Any established commercial habits or practices relevant to the agreed performance or to follow-up performance, shall not take precedence over contractual provisions or provisions specified in the Civil Code, even if such provisions have no enforcement effects.
3. The Seller agrees to notify the Buyer without undue delay about its own insolvency or a threat thereof.
4. The Parties hereby declare that no verbal arrangement, contract or proceedings on the part of any of the Parties exists, which would negatively influence the exercise of any rights and duties according to this Contract. At the same time, the Parties confirm by their signatures that all the assurances and documents hereunder are true, valid and legally enforceable.
5. If any provision hereof is or becomes invalid or ineffective, it shall have no effect whatsoever on the other provisions hereof, which shall remain valid and effective. In such a case, the Parties undertake to replace the invalid/ineffective provision with a valid/effective provision the effect of which comes as close as possible to the originally intended effect of the invalid/ineffective provision. If any provision hereof is found null (void), the Parties shall analogously assess the effect of such nullity on the remaining provisions hereof in accordance with Section 576 of the Civil Code.
6. The Parties agree that in accordance with Section 219(1)(d) of PPA, this Contract shall be published in the Register of Contracts pursuant to Act No. 340/2015 Coll., laying down special conditions for the effectiveness of certain contracts, the disclosure of these contracts and the register of contracts (the Register of Contracts Act). The Buyer shall arrange for the publication. Performance of the subject of this Contract completed prior to the effective date of this Contract shall be considered the performance under this Contract, whereas the related rights and obligations shall be governed by this Contract.
7. The Contract is drawn up in the English in two copies with the validity of the original from which each of the Parties will receive one copy.
8. The Parties represent and warrant that they have read this Contract and accept its contents, in witness whereof they attach their signatures.

9. The following Annexes forms an integral part of this Contract:

Annex No. 1: Technical Specification

Annex No. 2: Time schedule

Annex No. 3: Acceptance Protocol (template) *(for future adjustment according to the actual state)*

Annex No. 4: Security audit

In Prague, date _____

In Husinec date _____

For the Buyer:

For the Seller:

Tomáš Hebelka, MSc
Chief Executive Officer
STÁTNÍ TISKÁRNA CENIN, státní podnik

Mgr. Petr Franc
Executive Director
IQS Group s.r.o.