

General Terms and Conditions of Explosia a.s. (Purchase)

Effective from 1 September 2017

I. Initial Provisions

1. The General Terms and Conditions of Explosia a.s. (Purchase) provide for contractual relationships arising between Explosia a.s., with its registered office: Semtín 107, 530 02 Pardubice, Czech Republic, Identification Number: 25291581, registered in the Commercial Register maintained by the Regional Court in Hradec Králové, Section B, File No. 1828 (hereinafter referred to as "Explosia a.s."), and its business partners.

2. For purposes of these GTC's, the capitalized expressions used herein and listed further below shall have the meaning as follows:

A Product Quality Certificate: a specification sheet or another document concerning the quality of Products, about which the Seller has informed the Purchaser;

The Purchaser: Explosia a.s., with its registered office: Semtín 107, 530 02 Pardubice, Czech Republic, Identification Number: 25291581, registered in the Commercial Register maintained by the Regional Court in Hradec Králové, Section B, File No. 1828;

The Civil Code: Act No. 89/2012 Coll., the Civil Code, as amended;

Conditions (GTC's): these General Terms and Conditions of Explosia a.s. (purchase) (GTC's) and the terms and conditions agreed herein;

An Instruction: an instruction to perform the Agreement;

The Seller: the person/entity selling the Products to the Purchaser based on the Agreement;

The Agreement: an agreement concluded by and between the Parties concerning distribution, sale and purchase of Products within the meaning of these GTC's, and which refers to these Conditions and is governed hereby; the Agreement is also comprised of mutually approved terms and conditions (such as, for example, the offer, order, e-mail correspondence), even if such agreements are not made publicly available in the Register of Contracts due to the fact that the Act on the Register of Contracts so permits;

The Parties: jointly the Seller and the Purchaser;

Synthesia: Synthesia a.s., with its registered office: Semtín 103, 530 02 Pardubice, Czech Republic, Identification Number: 60108916, registered in the Commercial Register maintained by the Regional Court in Hradec Králové, Section B, File No. 1031;

A third party: a person/an entity that is not a Party;

Force Majeure: the meaning is explained in Article X. of GTC's;

Act on the Register of Contracts: Act No. 340/2015 Coll., on Special Preconditions to Effectiveness of Certain Agreements, Publication of Such Agreements

(Contracts) and on the Register of Contracts (the Act on the Register of Contracts), as amended.

Products: raw materials, materials, packaging, machinery, equipment, spare parts, protective aids, office equipment, software, consumption material and other kinds of things (assets).

3. The Conditions shall apply to the contractual relationship between the Parties if they are attached to the Agreement or if a reference is made thereto in the Agreement.
4. The Conditions provide for cases of purchase of Products by the Purchaser. The Conditions, however, will apply *mutatis mutandis* also to cases of other Agreements to which the Purchaser is a party that has a right against its contractual partner to performance (supply) of mostly non-monetary nature, in particular, a right to a work performance (including performance of work activities/tasks, provision of services or performance of another activity).
5. With respect to the fact that the most frequently encountered case of an Agreement is a purchase agreement, the Parties are designated as the Seller and the Purchaser; the same shall apply for designation of the Parties in the Agreement. The Conditions, however, shall apply in compliance with Article I. paragraph 4 of GTC's also to any Agreement which is not a purchase agreement.
6. The Conditions form an integral part of the Agreement. In case of a discrepancy between the Agreement and the Conditions, the Agreement shall prevail.
7. The Agreement must be concluded in writing. Any amendments to the Agreement, as well as modifications of any side contracts to the Agreement also require a written form of an agreement of both Parties. The written form is fulfilled even in case an Agreement, any amendments thereto or any side contracts are concluded over the e-mail.
8. The Parties may not, without a previous explicit and written consent of the other Party, transfer or in another manner dispose of any receivable and/or transfer their respective rights and obligations under the Agreement to a Third Party.

II. Subject of the Agreement

1. Based on the Agreement, the Seller assumes the obligation to deliver to the Purchaser those Products which are the subject of purchase, and to allow the Purchaser to acquire the ownership title to the Products.
2. The Purchaser undertakes that it will take over the duly delivered Products and will pay the purchase price for such Products to the Seller.
3. The Seller declares that it is the exclusive owner of the Products and that no acquisition of any intellectual property or other rights is or will be required for transfer of the ownership title to, or the use of, the Products.

III. Quality and Design of the Products

1. The Seller shall deliver Products with qualities and design corresponding to the Agreement and Product Quality Certificates. In case of a discrepancy between the Agreement and a Product Quality Certificate, the Agreement shall prevail.
2. The Seller shall deliver the Products fulfilling binding legal, technical and other standards, and free and clear from legal and factual defects so that the Purchaser is entitled to use the Product without any further process.
3. Unless the Agreement stipulates otherwise, the Seller shall supply Products which are brand new. Any Products where their nature so requires, (for example, chemical raw materials) will be supplied by the Seller in an original and sealed packaging.
4. If the production on the part of the Seller is certified by a quality assurance system, safety or environmental friendliness certification system, and production output of such production lines is the subject of an Agreement, the Seller undertakes that the Products supplied will come from the certified production.

IV. Place and Time of Performance (Supply)

1. The Seller shall deliver the Products to the Purchaser within a deadline stipulated by the Agreement. Any performance (supply) made before such deadline (including a partial performance (supply)) is permitted upon prior consent of the Purchaser.
2. If a deadline is set as a period of a week or a month, the Seller will supply the Products on the last day of such week or month at the latest. In such case the Seller will discuss the specific delivery date of the Products with the Purchaser in advance.
3. In case of a delay on the part of the Seller with delivery of the Products, lasting longer than 30 days, the Purchaser is entitled to reject the Products.
4. Unless the Agreement stipulates otherwise, a delivery condition is agreed as follows: DAP – the registered office of Explosia a.s., Pardubice – Semtín (INCOTERMS 2010).

V. Framework Agreement

1. If the Agreement is agreed as a framework agreement, the Parties have agreed that the Seller will supply Products to the Purchaser maximally up to the financial limit and under other terms and conditions stipulated in the Agreement and with respect to the established practice between the Parties. In such case, the unit price in the Agreement will mean the financial extent during the term of the Agreement's validity.
2. A specific performance (supply) will take place at all times based on an Instruction issued by the Purchaser sufficiently in advance. The Purchaser may give an Instruction for uninterrupted or regularly repeating performance (supply) (for example, on a monthly basis).
3. The Parties have agreed that upon conclusion of the Framework Agreement, the Purchaser does not become

obligated to give Instructions to the Seller, nor shall the Seller become obligated to perform (supply) according to the Purchaser's Instructions; this, however, does not apply if the Seller has indicated by its conduct that it will proceed according to a specific Instruction.

4. The Seller is entitled to receive a payment by the Purchaser of the purchase price in an amount about which the Purchaser was evidenceable informed before giving an Instruction (for example, through a price list), otherwise, with respect to the practice established between the Parties, a price usually charged in the market for similar performances (supplies).
5. In case of continuous or regularly repeated performances (supplies) the Purchaser is entitled to modify or cancel its Instruction with effects for the future. This, however, does not affect the Purchaser's duty to pay the purchase price for performance (supply) received until then.

VI. Hand Over and Take Over of the Products

1. The Seller shall hand over duly delivered Products and the Purchaser will take over them. The Purchaser is not obligated to take over Products, if they show defects or unfinished parts, including clearly visible damage to the packaging of the Products.
2. Where the nature of the relevant Products so requires (for example, chemical raw materials), the Products must be stored, packed and labeled in compliance with legal regulations. Supplies of chemical raw materials in sacks, barrels or boxes must contain certification for each production operation. A palette must be labeled so that it is clear which production operation and which sacks, barrels or boxes are packed therein.
3. If the Parties so agree or if the nature of Products so requires, the Seller will allow the Purchaser to inspect the Products in advance.
4. If Products are shipped to the Purchaser and if the nature of the Products so require (for example, due to their size, weight, physical or chemical qualities, special requirements for handling upon receipt and storage), the Seller is obligated to inform the Purchaser about the manner and date of the Products shipment/delivery five (5) days before the scheduled delivery of the Products at the latest.
5. Hand over and take over of the Products is typically performed by signing of the delivery sheet or another document (for example, a protocol).
6. The Seller shall deliver to the Purchaser, simultaneously with delivery of the Products at the latest, all documents in the Czech language (including originals of such documents) necessary for disposal of the Products, their use and maintenance, Documents on Products Quality and Quality Assurance Guarantee, as well as any other documents relating to the Products. Depending on the nature of the Products, such documents include, for example, a declaration on compliance pursuant to Act No. 22/1997 Coll., on Technical Requirements Applicable to Products, technical specifications, safety

sheets, maintenance handbooks, instructions for operation/maintenance, basic revision reports, material certificates, passports, guarantee certificates. The duty pursuant to this section shall be fulfilled if the relevant documents are delivered in connection with another delivery of the Products, provided, however, that such documents are still valid and have not been modified in any manner.

7. The Seller shall bear the risk of damage to Products until the Products are taken over by the Purchaser.
8. Upon take over, the Purchaser acquires the ownership title to the Products. This, however, does not affect the Purchaser's duty to pay the purchase price on a timely basis.
9. For the case that Products were handed over and taken over before the validity or effectiveness date of an Agreement, the Parties waive, with respect to their previous consent to such procedure, all rights that could arise to the Parties therefrom. The Seller declares quite openly that the Purchaser has authorized the Seller to dispose of the Products from the moment of their receipt without any restrictions.

VII. Insolvency and Payment Incapacity on the Part of the Seller

1. If the Seller gets into a situation described in Article VII. paragraph 2 of GTC's, the Purchaser will be entitled to cancel or suspend all further performance (supplies) pursuant to any Agreement, including withdrawal from such Agreement, which establishing any obligation of the Purchaser towards the Seller. In cases described in Article VII. paragraph 2 of GTC's, the Purchaser is entitled to withdraw from any Agreement with effects as of the date of delivery of the relevant withdrawal notice.
2. For purposes of Article VII. paragraph 1 of GTC's, relevant events shall include the situations described below:
 - a. an application was filed concerning the Seller, demanding that insolvency proceedings be opened;
 - b. any event or proceedings occur, which, with respect to the laws applicable on the Seller, will have an impact on the Seller similar or identical as the one described in Article VII. paragraph 2 letter a) of GTC's;

VIII. Purchase Price and Payment Terms and Conditions

1. The purchase price was agreed upon mutual agreement of the Parties. The purchase price will be increased by applicable VAT charged at the statutory rate. The Seller declares that it will pay the applicable VAT on the purchase price duly and on a timely basis.
2. The purchase price was agreed as final and maximally permissible and it includes all costs incurred to the Seller in connection with its performance under the Agreement, except for any side costs described in the Agreement.

3. If after conclusion of the Agreement the Seller has granted a purchase price discount to the Purchaser (for example, by announcing a new, lower purchase price), the Seller will be entitled to receive from the Purchaser the amount of the purchase price reduced by any applicable discount.
4. The Purchaser shall pay the purchase price only to the Seller's bank account maintained by a banking services provider in the Czech Republic, which is registered in the Register of Taxpayers pursuant to Section 98 of Act No. 235/2004 Coll., on Value Added Tax. The Seller declares that the aforementioned bank account meets the above requirements and will remain to do so until the purchase price is paid in full by the Purchaser.
5. The Purchaser shall pay the purchase price based on a tax document (an invoice) meeting all prerequisites stipulated by legal regulations and containing all information required by the Purchaser. Unless the Agreement stipulates otherwise, the tax document is due and payable within 60 days.
6. The Seller is entitled to issue a tax document after the Products are taken over by the Purchaser. If Products are dispatched, the Seller is entitled to issue a tax document simultaneously with dispatching the Products, provided, however, that the shipment time does not exceed 10 days.
7. The Seller may not perform any set off of receivables or any counter-proposal against the Purchaser in order to justify any withholding in any amount, whether against the entire owed amount to be paid by the Seller to the Purchaser, or any portion thereof.

IX. Quality Guarantee

1. The guarantee for good quality of the Products, as well as other conditions applicable to the guarantee, shall be governed by the Agreement and Documents concerning Product Quality (including documents provided by the manufacturer).
2. If regular maintenance or another activity is to be performed by the Purchaser in relation to the term of the guarantee for good quality of the Products or to any right thereunder, the Seller is obligated to inform the Purchaser about such fact.

X. Force Majeure

1. The Parties are not responsible for any non-fulfillment of their respective obligations pursuant to the Agreement within the extent in which such non-fulfillment is caused by an event of *Force Majeure*. An event of *Force Majeure* means any event outside the reasonable control and influence of the Parties, which intrinsically cannot be foreseen, or, if foreseen, is intrinsically inevitable, including strikes, exclusions or other industrial disputes (irrespective if the event concerns own employees or employees of Third Parties), an outage of power resources or traffic network, wars, terroristic attacks, unrest, civil riots, intervention of civilian or military bodies, national or international (global) disasters,

military and armed conflicts, intentionally caused damage, breakdowns of machinery or equipment, nuclear, chemical or biological contamination, aerodynamic bangs, explosions, collapses of construction structures, fires, floods, storms, earthquakes, epidemics or similar events, natural disasters or extraordinarily unfavorable climatic conditions.

2. Any failure on the part of a contractor or a subcontractor or any other party shall not be considered an impact of *Force Majeure* pursuant to GTC's, unless stipulated in the Agreement otherwise.
3. The Party which suffers an impact of a *Force Majeure* is not in discrepancy with the Agreement, as long as the suffering Party informs without undue delay the other Party in writing about the nature and extent of such impact of a *Force Majeure*.

XI. Other Rights and Obligations

1. When performing the Agreement in the Purchaser's plant, the Seller is obligated to ensure that internal regulations of the Purchaser concerning movement and working in the Purchaser's plant are observed, in particular, without limitation, the Directive OS E 52/5 Entrance of Persons and Vehicles to Explosia a.s. If the Seller is going to move around the Synthesia plant, it is obligated to ensure the observance of internal regulations of Synthesia, which are available at web pages www.synthesia.eu. The Seller declares that it knows and has fully understood all internal regulations pursuant to this section.
2. When moving around in the Purchaser's plant and in the enterprise of Synthesia, the Seller is obligated to take special care and to act so that the Seller does not jeopardize persons or things (assts) situated in the aforementioned places in any manner. Similarly, the Seller may not jeopardize or restrict in any manner the operation in both the aforementioned places.
3. The Seller is obligated to provide training to all its employees and other staff (including subcontractors) that the Seller is going to use for performance in the Purchaser's plant or within the enterprise of Synthesia, about all duties arising for the employees and other staff from the Agreement, legal regulations and internal regulations of the Purchaser and Synthesia.
4. The Seller is responsible for safety of all persons used by it for performance under the Agreement; the Seller is also obligated to equip such persons with protective work aids, if required by the nature of the matter. The Seller is obligated to report any injuries without undue delay to the Purchaser and to prepare a protocol on such injuries.

XII. Final Provisions

1. The Agreement and any and all disputes or claims arising in connection with the Agreement or with the subject of the Agreement's origin (including any out-of-court disputes or claims) shall be governed by the laws of the Czech Republic, in particular, without limitation, by provisions of the Civil Code. Pursuant to Section 89a of Act No. 99/1963 Coll., the Rules of Civil Procedure, as amended. The Parties have agreed that the court having local jurisdiction in all disputes arisen from the Agreement will be the court according to the place of the Purchaser's registered office.
2. The Agreement represents the entire understanding between the Parties and it supersedes and replaces any prior agreements between the Parties concerning the same subject of performance.
3. Any waiver of any right arising from the Agreement is effective only if made in writing. Waiver of a right, however, shall not be deemed a waive of any right from any subsequent breach or a failure to fulfill a duty. Any failure to raise a claim or any delay of the Parties in raising a claim and exercise of a right or fulfillment of a duty pursuant to the Agreement or to the law shall not be interpreted as a waiver of such right by the entitled party; such fact neither prevents, nor restricts the entitled party in subsequent exercise of such right in the future. No individual or partial exercise of a right and fulfillment of an obligation does not prevent or restrict any further exercise of rights and fulfillment of obligations.
4. The Purchaser declares that it is an obligated entity within the meaning of Section 2 paragraph 1 letter n) of the Act on the Register of Contracts. For the case that the duty to publish the Agreement in the Register of Contracts applies to the Agreement, the Parties have agreed that the Agreement will be published by the Purchaser. The Purchaser will publish the Agreement save for any data and information chosen by the Purchaser, the exclusion of which, or respectively, making them illegible, is permitted by the Act on the Register of Contracts and subsequent legal regulations. For avoidance of doubts, the Seller declares that the Purchaser may publish all content of the Agreement and that the Purchaser is not bound by any instructions of the Seller in this respect; this applies even if the duty to publish the Agreement is not stipulated in the Act on the Register of Contracts or is such duty is disputable and the Purchaser nevertheless publishes the Agreement in the Register of Contracts. All provisions of this paragraph shall apply also to Appendices to the Agreement, if any, ant amendments thereto and to any contracts concluded on its basis.
5. If the duty to publish the Agreement in the Register of Contracts applies thereto, the Seller will provide the Purchaser with a full wording of the Agreement for such purpose, the wording to be in an open and machine legible format.doc or .docx, unless the Agreement's

wording was prepared by the Purchaser. The provision of the preceding sentence shall apply also to Appendices to the Agreement, if any, and amendments thereto and to any contracts concluded on its basis.

6. The Seller undertakes to keep confidential the content of the Agreement as well as any facts of which the Seller has learned in connection with its performance thereunder. This does not affect possible confidentiality obligation of the Seller, arising based on another contract concluded between the Parties.
7. The Agreement becomes valid and effective on the day when it is signed by the last of the Parties. If the duty to publish the Agreement in the Register of Contracts, applies thereto, the Agreement will become effective only on the date of its publication in the Register of Contracts.
8. The Parties declare that the Agreement expresses their respective serious and unrestricted will, free and clear from errors, and that the Agreement is not concluded in duress or under apparently unfavorable conditions.
9. The Parties have read all provisions of the Agreement, they have understood them and in witness thereof they have acknowledged the Agreement in writing.
10. Any person/entity that is not a Party, shall not have any rights under or in connection with the Agreement.