

General Terms and Conditions of REGUTEC a.s.

registered seat at no. 92, 664 66 NĚmčičky, Czech Republic, VAT ID: CZ05613345

These General Terms and Conditions (GTC) apply to all business relations between REGUTEC a.s. and its customers unless otherwise agreed separately in writing between REGUTEC a.s. and the customer.

1. CONCLUSION OF CONTRACT

1.1. The following GTC apply to all contracts, deliveries, services and offers. Deviations from these GTC shall only be effective if agreed upon and accepted in writing.

1.2. We do hereby reject the customer's conditions of purchase; they will not be recognized on any account even if on receipt we do not expressly reject them once again. These GTC shall alone apply. Contrary conditions or conditions of the customer which differ from these GTC will not be accepted unless we have specifically acknowledged them in writing in an individual case.

1.3. Unless stated otherwise, offers submitted by us remain binding for 3 months. Any modifications of the original offer made by customer shall be considered as non-existent unless we have expressly confirmed them in writing.

1.4. We accept orders by email, fax, QI system or mail. The order shall contain at least identification of the customer, specification of the goods and/or services, amount and price. If the goods is demanded to be transferred by shipping, the customer must announce such demand so the goods may be packaged accordingly. The contract is concluded by our order confirmation (email, fax, QI system or mail) containing the date of dispatch, amount and price, or by dispatch of order to the customer. If the price and/or date of dispatch confirmed by us differs from the price and/or date of dispatch specified in the order, customer is entitled to revoke the order; the revocation shall be delivered to us in writing (email, fax or mail) within 48 hours from the receipt of our confirmation. For the purposes of these GTC, the "date of dispatch" shall mean the day when the goods are available and suitably packaged for the customer at our factory, or, in case we are responsible for transport, the day of loading the goods onto a vehicle.

1.5. The order submitted to us via QI system is considered binding for the customer. We accept the order by filling the date of dispatch into the QI system, or by dispatch of order to the customer. If the customer disagrees with the date of dispatch confirmed by us, customer is entitled to revoke the order; the revocation shall be delivered to us in writing (email, fax, QI system or mail) within 48 hours from the receipt of our confirmation.

1.6. Unless otherwise agreed separately in writing, the contractual price of goods and/or services is specified in our price lists, and shall be deducted by the respective customer and/or amount discount agreed in writing, if applicable.

2. DISPATCH/TRANSPORT

2.1. The date of dispatch confirmed by us is binding. The delay for which we are liable not exceeding 5 working days shall be considered a minor breach of the contract.

2.2. The date of dispatch shall be postponed in case of force majeure (such as armed conflicts, acts of God and natural hazards) and/or other unforeseen events for which we cannot be held liable (e.g. fire, interruption of production, strike, substantial shipping disruptions) until the described event or its effects end. This also applies if the events referred to above affect our subcontractors or suppliers. In important cases we shall notify the customer of begin and end of such impediments as soon as possible. In the event of delays for which we are not liable, the customer is not authorized to withdraw from the contract and/or to make any claims for compensation.

2.3. We are entitled to refuse to carry out the contract:

- As long as the customer is in arrears with the acceptance or receipt of a consignment or with any payment with regard to any contract made with us;
- Substantial deterioration of the customer's financial circumstances, in particular the opening of any conciliation procedure, insolvency and/or bankruptcy proceedings, default in payment or cessation of payment become known or occur after the conclusion of the contract, unless the consignment has been paid for in advance or the payments are guaranteed in any other way agreeable to us (e.g. bank guarantee).

2.4. In case of delaying the dispatch of goods at the customer's request or any other delay in dispatch caused by the customer, we are entitled to charge the customer with the storage costs in the amount of 0,2 % of the total amount of the order per day, starting on the 31st day following the date of dispatch specified in the order confirmation, up to the maximal amount of 20 % of the value of the contract. If the customer does not take delivery of goods within 30 days after our notification of dispatch and readiness for shipment, we are entitled to issue the invoice and charge the customer with 100 % of the value of the contract. Furthermore, if the customer does not inform us within following 15 days of his willingness to take delivery of goods and the date, we are entitled to dispose otherwise of the goods at our sole discretion, including further sale of these goods (in this case the eventually agreed exclusivity agreement with the customer shall not apply).

2.5. If the customer fails to take delivery of goods within 30 days after our notification of dispatch and readiness for shipment, we are entitled to charge the customer with contractual penalty in the amount up to 100 % of the value of the contract.

2.6. Part-deliveries are permitted.

2.7. Unless otherwise agreed by both contractual parties in writing, EXW (Němčičky, Czech Republic) Incoterms® 2010 shall apply.

3. LIABILITY FOR DEFECTS AND WARRANTY

3.1. The customer must check the goods received from us for any defects without undue delay. Any defects must be announced within 10 working days after their discovery, but in any case within 6 months of the delivery of goods at the latest. Late announcement shall result in the loss of any claims based on liability for defects whatsoever.

3.2. We provide a warranty on new goods for a period of two years after date of dispatch. In case the warranty claim was recognised, the customer may request costs related to the warranty claim (assembly and dismantling) provided that before the assembly and dismantling work is started, a list

of such costs is approved and confirmed by us. The customer shall provide us with all related invoices without undue delay. Any claims for costs related to the warranty claim exceeding the amount of 100 % of the respective purchase price of the delivered goods are hereby excluded and we are not obliged to pay them in any case.

3.3. Any defects and shortfalls must be reported in writing (email, fax or mail) to the seat of the company. Verbal or telephone messages only serve as an advance information, and shall not be considered a valid notice of defect without their written confirmation. No notice of defects shall take effect without the same-day transmission of digital photographs of the rejected commodity. In addition, no notice of defect shall take effect without a conclusive description of defects. In case of claims submitted as a result of defects of material we have a legitimate claim to receive a sample of delivered goods (1 or 2 pieces), in particular also of the goods that have already been used, on request without delay. Nature and scope of the sample shall comply with our instructions; sample shall be delivered to our seat at the customer’s costs. In addition, we are allowed to make an inspection of the delivered goods at any time; the customer is obliged to permit such inspection. The customer’s failure to provide assistance shall result in the loss of any claims based on warranty whatsoever. If we consider the defect notice justified, we shall reimburse the customer the costs of sending samples of defective goods to us.

3.4 Regardless the character of the defect, we shall, at our own discretion, satisfy the customer’s claims through defect removal either by repair or substitute delivery (replacement) within a reasonable time. Any other claims, including claims for costs related to warranty claims and/or any additional claims for indemnification for lost profits, are excluded, except the costs related to warranty claim (assembly and dismantling) pursuant to paragraph 3.2. of this article. Defect claims are inapplicable, if the customer eliminates asserted defects without our written approval himself or let them eliminated by any third party.

3.5. The range of colours, the individual colour hues and the colour formulation of our products are subject to periodical changes and adjustments. Where orders and deliveries are separated by a period of time, colour variations cannot be excluded. Such colour variations shall not constitute a defect. The colours of products supplied by us may change slightly or turn pale over time because of exposure to sunlight and to other climatic or environmental influences. Such changes and also the natural abrasion of the rubber granules and the other natural ageing characteristics do not constitute defects.

3.6. In case the customer reports a defect which – as a result of our subsequent review – proves to be non-existent, we are entitled to be indemnified for all damages arising therefrom.

3.7. In case a defect claim proves to be justified, we are entitled to decide how the faulty goods shall be dealt with (packaging and return, disposal of goods, etc.). The buyer shall comply with and carry out our instructions and provide us with all necessary documents proving the fulfilment of this obligation and related costs; otherwise we shall not reimburse customer these costs.

4. PAYMENT TERMS

4.1. Prices do not include VAT nor other applicable taxes, custom duties and other charges, if applicable, neither freight and packaging costs, unless agreed otherwise in writing.

4.2. We are entitled to issue invoice for the purchase price when the customer takes delivery of goods, or, if the customer fails to take delivery of goods, 30 days after our notification of dispatch and readiness for shipment. Our invoices are due and payable within 14 days from the date of invoice without deductions, unless otherwise agreed in writing. If the customer falls into arrears, we are entitled to claim statutory interest on arrears and also contractual penalty at the daily rate of 0,05 % of the outstanding amount. If we are able to prove any higher damage caused by default, we are entitled to claim compensation for this damage as well.

4.3. Notices of defects or claimed rights of retention do not entitle the customer to refuse payment.

4.4. Delay in payment exceeding 30 days shall be considered substantial breach of the contract and we are entitled to withdraw from the contract.

5. RESERVATION OF TITLE

The goods delivered by us remain our sole property until full payment has been made of all claims on the customer, including future claims. To the extent permitted by law, the reservation of title likewise extends to the objects created by processing. The new object created by processing is used to secure our claims in the amount of the value of the processed goods which are covered by the reservation of title.

6. LIABILITY

6.1. We only accept liability for damages which we caused through the deliberate or grossly negligent behaviour in the performance of our obligations. Our liability is limited to the indemnification for the positive damages; we do not accept liability for the indemnification of consequential damages, damages to property, lost profits as well as damages resulting from claims of third parties against the customer. Our liability for light negligence is excluded. In case of any claim for damages, we are free to choose between compensation in kind (improvement or replacement) or cash payment, in which our liability – with the exception of intention – is limited in case of minor breach to a maximum of 5 % and in case of major breach to a maximum of 15 % of the agreed price of the respective delivery.

6.2. As far as we have excluded or limited our liability, this also applies to any possible personal liability of our collaborators, workers, employees or other persons employed by us in the performance of our obligations.

7. WITHDRAWAL

7.1. Any contractual party is entitled to withdraw from the contract in case of substantial breach of the contract by the other contractual party.

7.2. As a substantial breach of the contract by the customer shall be considered especially:
- Delay in any payment exceeding 30 days;
- Not taking delivery of goods within 30 days after the date of dispatch specified in the order confirmation;

- Cessation of payments;
- Initiation of insolvency and/or bankruptcy proceedings.

If we withdraw from the contract because of a substantial breach by the customer, the eventually agreed exclusivity agreements with the customer shall not apply and we are entitled to dispose all our goods produced for customer at our discretion.

8. OTHER ARRANGEMENTS

8.1. These GTC and all contracts between us and the customer shall be governed, construed, and enforced in accordance with the laws of the Czech Republic. Besides provisions of the Civil Code excluded from application implicitly by adopting specific different provisions in this GTC, following provisions of the Civil Code are hereby explicitly excluded from application: § 557 (contra proferentem), § 558 par. 2 (business practices), § 1793 (disproportionate shortening of rights), § 1799 and § 1800 (clauses in adhesion contracts), § 1805 par. 2 (ultra duplum interdiction). Customer assumes the risk of change of circumstances according to § 1765 par. 2 of the Civil Code.

8.2. All disputes arising from the contract between us and the customer and/or in connection with it shall be finally decided with the Arbitration Court attached to the Czech Chamber of Commerce and the Agricultural Chamber of the Czech Republic by one arbitrator appointed by the President of the Arbitration Court. The place of proceedings shall be in Brno, the language of proceedings shall be English.

8.3. Modifications of or amendments to the written contract only become part of the contract in case of adherence to the written form.

8.4. Safeguarding clause: If individual articles of agreement or GTC should be or become null or void, this shall not affect the validity of the remainder of these GTC.

8.5. These GTC are available in Czech and English language versions. The Czech language version is binding for all persons having its seat or permanent address within the territory of the Czech Republic or Slovakia. The English language version is binding for all other persons different from those expressly mentioned in the previous sentence.

Czech Republic, Němčičky, August 2018