

**Sales Terms**  
Železiarne Podbrezová a.s.  
dated May 01, 2020

**I. GENERAL PROVISIONS**

1. These sales terms regulate sales and purchase of goods between the Buyer and the Seller in case the Seller is a joint-stock company with its business name: Železiarne Podbrezová a. s., abbreviated as ŽP a.s., with its seat at: Kolkáreň 35, Podbrezová, 976 81, the company's ID: 31 562 141, registered in the Commercial Register of Banská Bystrica District Court, the Section: Sa, the Insert No.: 69/S.
2. Possible divergent agreements stipulated in the Purchase Contract /hereinafter referred to as „KZ“/ shall prevail over the version stated in these sales terms.
3. The legal relationships, that are not regulated by KZ or by these sales terms, shall follow relevant provisions of the current legal enactments of the Slovak Republic.

**II. THE PURCHASE CONTRACT**

1. KZ shall be in a written or an electronic form. These forms of a legal act shall be required also for a change or a cancellation of KZ. The contracting parties have agreed on an acceptance period – five (5) calendar days which shall start on the date stated in the draft of KZ. A vain expiration of the acceptance period shall result in KZ discharge.

**III. DELIVERY TERMS**

1. Unless otherwise indicated in KZ, a liability shall be considered as discharged and a right to charge the agreed purchase price shall accrue on the day the goods are passed to the first carrier for transport and the delivery is identified as a shipment for the Buyer.
2. The Seller shall notify the Buyer in writing that the Purchase Contract goods are ready to be collected (shipped). The Buyer shall approve the collection of the goods or ship them within a period of ten (10) calendar days after the written notification is delivered. In case of a vain expiration of the period or if there is no answer of the Buyer, the goods shall be considered to be delivered and a right to charge the purchase price shall accrue. The Seller shall have a right to detain the goods if the Buyer doesn't settle both the purchase price and the

adequate costs that resulted from the goods storage. The same regards the provision of the article VI., par. 1. In this case, the Seller shall not be liable for the defects that can't be prevented by an available way of storage /e.g. atmospheric corrosion/.

3. In case the Buyer voids the KZ within the period by the delivery date, the seller shall have a right to charge the Buyer with the costs that resulted from a preparation and execution of the ordered material production and the Buyer shall be obliged to settle them.
4. A shipment (a take-over) of the goods shall always be agreed by the contracting parties in advance – the Buyer shall inform the Seller on a way of the goods take-over and a registration number of a collection vehicle. The natural person, who is authorized by the Buyer or the carrier to take over the goods for a transport, is obliged to confirm by his/her signature the goods take-over on a transport document (or on any other document confirming the delivery performance). This person is obliged to state the data of the transport company (the carrier's stamp), the driver's first name and surname and his/her signature.

The Seller shall have a right to relinquish the delivery performance if the Buyer (or the persons authorized by them) doesn't submit the required data or doesn't meet the obligations stated in this paragraph.

5. Before a contract is concluded with the Seller, the Buyer is obliged to submit a copy of VAT Registration Certificate and to state their valid VAT identification number in each contract. The Buyer is obliged to inform immediately in writing the Seller on each change or cancellation of their VAT identification number.
6. The Buyer is obliged to confirm the goods take-over directly on the transport document which evidences the goods transport to another EU member state, indicating a place and date of the goods take-over. If the goods transport is arranged and managed by the Buyer, the Buyer is obliged to provide the transport to the place of delivery specified in KZ at the Buyer's own expense. If the above mentioned obligations are broken by the Buyer, the Buyer is obliged to settle the additional VAT, as well as the sanctions imposed against the Seller by respective tax authorities, not later than ten (10) calendar days after the day on which the Seller's statement is delivered to the Buyer.
7. If the goods are transported to a country out of the EU and the transport is arranged and managed by the Buyer, the Buyer is obliged to

- provide the transport to the place of delivery specified in KZ at the Buyer's own expense. Moreover, if it is required by the Seller, the Buyer is obliged to provide an alternative evidence of the goods exit out of the customs territory of the EU not later than one hundred and twenty (120) days after the date on which the goods are released by export customs office to the export regime. If the above mentioned obligations are broken by the Buyer, the Buyer is obliged to settle the additional VAT (which will be additionally invoiced by the Seller), as well as possible sanctions imposed against the Seller by respective tax authorities, not later than ten (10) calendar days after the day on which the Seller's statement is delivered to the Buyer.
8. In case the Buyer provides the Seller with documents confirming the goods delivery to another EU member state, but the goods are not transported to another EU member state and the Buyer carries out the goods reprocessing, modification or an assignment of a higher value to the goods in the territory of the Slovak Republic and, consequently, an additional VAT and a sanction is imposed on the Seller by the tax administrator due to the fact the goods delivery to another EU member state is not proved, the Buyer shall undertake (as a compensation of the Seller's damage) to settle the full extent of the additional VAT and the imposed sanction not later than ten (10) calendar days after the day on which the Seller's statement is delivered to the Buyer.
  9. Unless otherwise agreed in KZ, the prevailing performance and accounting units shall be kilograms of the delivered goods. The allowed deviation tolerance of the performance shall be  $\pm 5\%$  of the quantity agreed in KZ.
3. The packing items identified as returnable ones shall be charged by the Seller as independent items together with the goods. The value-added tax shall be calculated separately. If the packing items are returned undamaged (with a specification of the accounting document number) to the Seller not later than six (6) months after the goods shipment date, the Seller is obliged to accept and take them for the contract price. The backhaul transport costs of the packing items shall be paid by the Buyer. In case the above mentioned conditions are not satisfied, the price shall not be returned.
  4. Any objections against a payment basis (invoice) shall be communicated to the Seller within its payment period.
  5. The purchase price shall be considered to be settled on the day it is put to the seller's account, if it is settled by a bank transfer. In case the Buyer accepts and receives the goods quantity which is bigger than the one specified in KZ, the Buyer shall be obliged to pay the price of actually delivered quantity, taking into account the unit price agreed in KZ.
  6. The Buyer is obliged to pay late charges amounting to 0,02% of the purchase price /another price/ per each day of the purchase price /another price/ settlement delay in case the Seller imposes the charges. The purchase price /another price/ settlement delay shall be understood as a non-payment within the payment period specified in the respective tax document that is a basis for the purchase price settlement. The basis for the late charges payment shall be their statement. If the Buyer doesn't make objections to the correctness of the late charges statement within the payment period, it holds that the contracting parties have agreed that these late charges are accounted and enforced by the Seller legitimately and with a correct amount.

#### **IV. PAYMENT TERMS**

1. The purchase price shall be payable within the period specified in KZ that shall start running on the date of the Seller's invoice issue. If partial deliveries are agreed between the contracting parties, the Seller reserves a right to invoice them. Unless otherwise agreed in KZ, a basis of the purchase price settlement shall be an invoice, being a tax document as well. Unless otherwise agreed by the contracting parties, a payment period shall be fourteen (14) calendar days after a date of an invoice issue.
2. The accounting shall be carried out by the Seller within the parity A, therefore the purchase price and the transport costs shall be accounted separately.

#### **V. LIABILITY FOR DEFECTS, IMPERFECTIONS CLAIM**

1. The Seller shall provide a warranty on the goods quality for a period of twelve (12) months from the date of the goods delivery.
2. The Buyer is obliged to inform the Seller on apparent defects on the day of the goods delivery to the delivery place, the other kinds of defects shall be notified immediately after they are detected or after it can be presumed (with respect to all circumstances) that the Buyer might have cognisance of their existence. In case of an international road transport (CMR), the Buyer is obliged to record the apparent

defects of the goods in the transport document CMR or to make a report on the goods damage in the presence of the carrier and to take photos with identifiable vehicle which was used to transport the damaged goods to the delivery place. In case of an international railway transport (CIM), the Buyer is obliged to make a commercial report on the detected apparent defects of the goods in the presence of a railway company representative. The rights arising from the defects shall become extinct if the defects are not notified in time – not later than twelve (12) months after the goods delivery date. A delivery of defected goods shall not be a fundamental breach of contract. If the defects /claim/ are notified by means of e-mail, phone or fax, it must be followed by a written notification. The notification of defects must include: an order number and an internal order number of the claimed products, KZ identification, a description of the defects and their expressions, a quantity of the claimed products.

3. Following the Seller's requirement, the Buyer must allow the Seller to verify physically a rightfulness of the claim. The claimed goods have to be stored separately till the time of complete and ultimate settlement of the claim. It is not permissible to dispose of these goods in a way that restrains from / impedes the claim verification with no prior consent of the Seller.
4. The goods quantity claim must be demonstrated by the Buyer in a way which includes a valid official weighing or an inspection certificate.
5. The goods quality claim must be demonstrated by the Buyer in a way which includes a valid official measurement or an inspection certificate.
6. The Seller shall not be responsible for any direct or indirect damage or for the Buyer's lost profit resulted from using the goods for a different purpose or in an environment requiring qualitative characteristics other than the ones which are specified in the order or in the technical and delivery terms of KZ.

## **VI. COMPENSATION OF DAMAGE**

1. In case of the Seller's property damage caused by the Buyer, a person authorized by the Buyer or by a provider of transport services, the Seller shall have a right to claim a compensation of the damage to the full extent.

## **VII. FORCE MAJEURE**

1. The contracting parties shall not be responsible for a damage of the other contracting party caused by circumstances that exclude responsibility (hereinafter referred to as „force majeure “). The circumstances that exclude responsibility include obstacles that occurred independently from the will of a liable party and they interfere with performing the party's duty, provided it is impossible to assume reasonably whether the liable party would be able to avert or overcome the obstacle or its consequences and, moreover, whether the party would predict the obstacle at the time of this contract signature. The circumstances that exclude responsibility include particularly unpredictable natural events, a war, a terrorist action, a riot, extraordinary situations, epidemics/pandemics or a strike affecting a contracting party's ability to perform its duties.
2. The responsibility shall not be excluded by an obstacle that arose at the time the liable party was in delay with performing its duty or that resulted from the party's economic situation. The effects excluding the responsibility shall be limited only by the period of occurrence of the obstacle related to these effects. The contracting parties commit themselves they will make maximum efforts to avert and overcome the circumstances that exclude responsibility.
3. Each contracting party is obliged to notify in writing and without undue delay the other contracting party of any circumstances that exclude its responsibility including a specification of reasons and assumed period of these circumstances duration. The contracting party, which refers to the circumstances excluding the responsibility, is obliged to provide the other contracting party with a possibility to verify the existence of the reasons that exclude responsibility.
4. The contracting party, which is affected by force majeure, commits itself to make an appropriate effort to eliminate the circumstances which exclude responsibility in order to enable a renewal of this contract performance and to notify in writing the other contracting party of an extinction of the circumstances which exclude responsibility.
5. Should a circumstance interfering with a due performance of this contract (described above as the force majeure) last continuously more than 60 (sixty) days, each contracting party shall

have a right to terminate this contract operation in a manner of a withdrawal from contract.

## VIII. FINAL PROVISIONS

1. The Seller shall have a right to withdraw from KZ in case of a fundamental breach of a contract duty:
  - a) the Buyer's delay in paying the purchase price for the goods delivery, including partial deliveries and repeated performance. Should the Seller withdraw from KZ due to this reason, the Buyer is obliged to settle the Seller's expenses that can be demonstrated as the ones which were invested in order to fulfil the Seller's contract obligation, as well as a lost profit, not later than thirty (30) calendar days after the statement date.
  - b) the Buyer's fail in written notification of some of the above mentioned matters without undue delay: winding-up of the company including liquidation, declaration of insolvency of the Buyer's property, a restructuring, winding-up without liquidation, a change of legal form, a change of the company's seat or correspondence address.
  - c) a breach of the contract duties specified in the article III., par. 2, 4 and 5.
2. A withdrawal from KZ shall become effective after a manifestation of the Seller's will to withdraw is delivered to the Buyer.
3. Should the Seller withdraw from KZ due to the reason stated in the article VII., par.1, the Buyer is obliged to settle the Seller's expenses that can be demonstrated as the ones which were invested in order to fulfil the Seller's contract obligation, as well as a lost profit, not later than thirty (30) calendar days after the statement date.
4. The Buyer shall have a right to export the goods out of the territory of the Slovak Republic only following the Seller's written consent. A loss resulting from a breach of this duty must be settled by the Buyer to full extent.
5. In case of the Seller's delay in delivering the goods, the contracting parties have agreed on a contractual penalty:
  - in case of a delay max. thirty (30) calendar days: 0,5% of the purchase price of the undelivered products,
  - in case of a delay more than thirty (30) calendar days: 1,5% of the purchase price of the undelivered price.These financial sanctions must be applied by the Buyer not later than four (4) months after the date of KZ terms fulfilment.
6. The goods shall be owned by the Seller till the time all the legitimate receivables, including their auxiliaries, are completely settled by the Buyer.
7. These sales terms represent an integral part of KZ and it has been confirmed by the contracting parties' signatures on KZ.
8. At the same time, the Buyer declares and confirms by a signature on KZ that they know these sales terms dated May 01, 2020 and published at the website [http://www.zelpo.sk/zelpo/homezp.nsf/page/obc\\_hodnepodmienky](http://www.zelpo.sk/zelpo/homezp.nsf/page/obc_hodnepodmienky), which regulate this contract relationship.