

## DISTRIBUTION AGREEMENT

This distribution agreement (the “**Agreement**”) is made and entered into as of January 13<sup>th</sup> 2020 between **FLEXLINK AB**, a company organized and existing under the laws of Sweden with VAT number SE556240-829301 and registered office at SE-415 50 Gothenburg, SWEDEN (the “**Principal**”) and **PT FLEXLINK SYSTEMS**, a company organized and existing under the laws of Indonesia having its registered office in Bekasi West Java INDONESIA (the “**Distributor**”).

The Principal and the Distributor jointly referred to as the “**Parties**”.

WHEREAS:

- the Principal and the Distributor belong to Coesia Group;
- the Principal is engaged in the design, manufacture, importation and sale of certain industrial automatic products, hereinafter as the “**Products**”;
- the Principal desires to appoint the Distributor as distributor of the products manufactured and/or sold by Principal in the territories as identified in **Exhibit 1** (the “**Territory**”) and the Distributor desires to be appointed as distributor of the Products in the Territory under the terms and conditions set forth herein;
- this Agreement constitutes the mere formalization in writing of previous verbal understandings and intends to supersede previous written agreements, if any

now, therefore, in consideration of the mutual promises herein set forth, the

Parties agree as follows:

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### 1. NON EXCLUSIVE DISTRIBUTOR APPOINTMENT

The Principal hereby appoints the Distributor as its non- exclusive distributor in the Territory of the Products and the Distributor hereby accepts such appointment.

### 2. TERRITORY

The Distributor shall have a non- exclusive right during the term of this Agreement to purchase the Products for resale within the Territory.

The Distributor shall not directly or indirectly solicit or sell any Products to customers located outside of the Territory, unless expressly authorized in writing by the Principal.

### **3. PURCHASE OF PRODUCTS**

Each purchase order for Products shall be in writing and shall be subject to acceptance by the Principal. The Distributor shall place its orders in a sufficient period of time prior to Distributor's desired shipment dates to permit the Principal to meet Distributor's needs.

### **4. PRICES**

The prices for the Products sold by Principal to Distributor, shall be determined according to Coesia Group transfer pricing policy (TPP) included in **Exhibit 2**, and Coesia Group TP Instruction Memo (TPIM), included in **Exhibit 3** (and its amendments, as communicated by the Principal each year for the following year), using as profit level indicator the Return On Sales (ROS).

The prices of the Products shall be determined based on the procedure regulated by Articles 4.1, 4.2 ,4.3 and 4.4.

#### **4.1 Communication by Principal of the interquartile range**

By the end of October of each year, the Distributor will be provided by the Principal with the interquartile range of ROS for the following year.

The target ROS to be adopted for such following year shall be the median of said interquartile range (**Target ROS**).

#### **4.2 Prices determination procedure - Budget preparation**

By the end of each year, the Distributor must, as a first step, prepare a budget of:

- the aggregated total costs related to the distribution of the Products of the following year, excluding the cost of goods sold;

- the aggregated total revenues of the distribution of the Products, corresponding to the net sales of the Products.

To this purpose, the net sale revenues shall be determined on the basis of the Principal's pricing list for sales to end customers which will be communicated by Principal to the Distributor in writing.

- as a second step, determine such cost of goods sold enabling the Distributor to achieve the Target ROS.

#### **4.3 Prices determination procedure, Year -end adjustments**

By the end of January of each year, the Distributor shall verify if the actual ROS related to the previous year falls within the ROS updated interquartile range.

The updated interquartile range for a concerned year is represented by the interquartile range of ROS for the following year, as it will be communicated by the Principal according to Article 4.1.

The 2019 ROS interquartile range is the following.

*For Asia & Pacific Region:* Lower quartile 3.04%, Median 4.01%, Upper quartile 5.08%.

The target ROS for fiscal year 2020 is 4.01%.

In case the actual ROS is lower than the lower quartile of the updated interquartile range, the Distributor shall receive a credit note from the Principal for the purchased Products.

The credit note shall be of such an amount enabling the Distributor to achieve an actual ROS equal to the lower quartile of the updated interquartile range.

In case the actual ROS is higher than the upper quartile of the updated interquartile range, the Principal shall issue a debit note towards the Distributor for the sold Products.

The debit note shall be of such an amount enabling the Distributor to achieve an actual ROS equal to the upper quartile of the updated interquartile range.

#### **4.4 Interim adjustments**

In case during a given year, the Distributor ascertains that the applied prices of the Products have led to an interim actual ROS which significantly differs from the Target ROS, such prices could be changed, if so

decided by the Principal, without retrospective effect, in order to approximate as much as possible the Target ROS.

Alternatively, upon communication by the Principal, an interim adjustment could be applied according to the procedure established by Article 4.3 for year end adjustments.

## **5. INVOICES AND PAYMENTS**

Unless differently agreed between the Parties, the Principal shall invoice the Products to the Distributor for the sold Products on the shipment date.

The invoices referred to above, shall be paid within 60 days from the invoice date, unless differently agreed between the Parties.

The debit note and credit note referred to in Article 4.3, shall be settled within 60 days from the debit/credit note date, unless differently agreed between the Parties.

## **6. TRANSFER OF OWNERSHIP AND RISKS**

Unless differently agreed between the Parties, the ownership of the Products shall be transferred by the Principal to the Distributor on shipment date.

## **7. WARRANTY**

Principal shall warrant for 12 months from the date of transfer of the ownership, that the Products will conform to the ordered ones and that they will be free of defects.

In the event that any of the Products is not in conformity with the foregoing warranty, the Principal shall, at Distributor's option, either (i) credit to the Distributor, partially or totally as the case may be, the sale price or (ii) at its expense, replace, repair or correct such non-conforming.

This provision does not limit the products liability of the Principal towards the end customers as provided by article 9.3.

## **8. OBLIGATIONS OF DISTRIBUTOR**

During the term of this Agreement, the Distributor shall have the following obligations:

### **8.1. Best efforts**

The Distributor shall use its best efforts to promote, solicit and obtain orders for Products for Distributor's account within the Territory and to at all times maintain a sales organization trained in the marketing and in the use of the Products sufficient to develop a significant market for Products and adequately serve all customers within the Territory.

The Distributor shall actively and effectively solicit and service customers of Products by maintaining engineering resources capable of concept and design of proper layouts and turn-key conveyor installations.

### **8.2. Licenses, Permits**

The Distributor shall obtain all licenses, permits or other authorizations, as may be required by the applicable law, in connection with the performance of its obligations under this Agreement and the importation, promotion, marketing, distribution and sale of Products in the Territory.

### **8.3. Authority**

The Distributor is not authorized to make any representation, warranty, agreement or contract or incur any indebtedness on behalf of the Principal of any kind, regardless of the nature thereof.

### **8.4. Compliance with applicable laws**

The Distributor will comply with all laws and regulations applicable to its business, its purchase and sale of the Products pursuant to this Agreement and the performance of its obligations under this Agreement.

### **8.5. Product Reputation**

The Distributor shall not take any action which may reasonably be contemplated to cause directly or indirectly injury or damage to the reputation or goodwill of the Principal or of the Products.

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The Distributor shall not market or purchase from any party not belonging to Coesia Group, any products that are competitive the Principal's Products, unless authorized by the Principal.

### **8.6. Information**

If so requested by the Principal, the Distributor shall inform it about customers' or potential customers' needs, development of Distributor's activities and market conditions in the Territory.

## **9. OBLIGATIONS OF THE PRINCIPAL**

During the term of this Agreement, the Principal shall have the following obligations:

### **9.1. Best efforts**

The Principal agrees to use reasonable efforts to manufacture and any case made available, on a timely basis, the orders for the Products received from the Distributor and accepted by Principal in accordance with the agreed upon delivery schedule for each order.

### **9.2 Promotional activities**

The Principal shall support Distributor's promotional activities by marketing communications to enhance visibility and brand demand, and by providing standard texts and reproducible illustrations for Distributor's local promotions. The Principal shall supply Distributor with adequate sales support material.

### **9.3 Products liability**

The Principal shall be responsible towards the end customers for the Products sold by the Distributor directly including but not limited to, loss or damage of property, death or personal injury caused to any person using the Products due to any defects.

In the event described above, the Principal and the Distributor shall use their best efforts to discover the cause of such defects, to take appropriate counter measures and to ensure that such defects do not occur thereafter.

## **10. TRADEMARKS**

Distributor shall be allowed to display the trademarks and trade names related to the Products to be distributed in the Territory solely in the form and manner specified by the Principal.

The Distributor acknowledges and agrees that it shall have no rights to use the trademarks and trade names and that the Principal has the exclusive right of ownership of all trademarks and trade names used in connection with the Products.

The Distributor shall take all actions reasonably requested by the Principal in order to protect the rights of the Principal in its trademarks and trade names.

## **11. TERM AND TERMINATION**

This Agreement is effective as from January 1<sup>st</sup> 2020 until December 31<sup>st</sup> 2020.

The Agreement shall be tacitly renewed from year to year unless terminated by either party upon sending an advance written notice of termination to the other party not less than one thirty (30) days, unless differently agreed between the Parties.

A party may terminate this Agreement with immediate effect by sending a written notice of termination to the other party:

- in case of insolvency, bankruptcy or dissolution of the other party;
- in the event of a material breach of this Agreement by the other party;
- if the other party defaults in the performance of any obligation hereunder and such default has not been remedied within 60 days after sending a registered mail to the defaulting party, unless differently agreed between the parties.

The termination of this Agreement by either party shall not entitle the other party to any indemnity payment or damages based upon loss of turnover or goodwill.

In the absence of specific provisions to the contrary, termination of this Agreement under any of the provisions of this Article 11 shall be without prejudice to any rights of either party which shall have accrued on or prior to such termination or which may arise as a result of the act or default of the other party.

The Agreement will automatically be terminated in case the Principal or the Distributor will cease to be part of Coesia Group.

## **12. COMPLIANCE, SAFE PRACTICES AND PRODUCTS NOT FOR USE IN HAZARDOUS LOCATIONS**

### **12.1 Compliance and safe practices**

To the extent that Distributor installs or operates the Products, Distributor agrees to follow all applicable local and national codes. It is Distributor's responsibility to determine which codes should be followed, and

to verify that the Products, installation and operation are in compliance with the latest revision of these codes. All applicable sections of applicable safety codes shall be adhered to with respect to Products. There may be additional local regulatory or government offices that determine applicable codes and standards necessary for safe installation and operation. Distributor agrees to use appropriate documentation for installation, operation, and troubleshooting for Products. This documentation typically accompanies the product and Distributor should not rely on diagrams and other information found in marketing brochures and website.

#### **12.2 Products not for use in hazardous locations**

The Principal products are not fault tolerant and are not designed, manufactured, or intended for use or resale in hazardous environments requiring fail-safe performance, such as in the operation of nuclear facilities, aircraft navigation or communications systems, air traffic control, life support, or weapons systems, in which the failure of the Product could lead directly to death, personal injury, or severe physical, environmental, or property damage.

### **13. ENTIRE AGREEMENT**

This Agreement contains the entire agreement made by the Parties hereto in respect of the subject matter hereof, and no representations, warranties, modifications, alterations, waivers, or agreement shall affect the same unless made in writing.

### **14. SEPARABILITY**

The invalidity of any provision of this Agreement shall in no way affect the validity of the remainder of the Agreement. The Parties hereto shall substitute for such invalid provision a new provision which shall most closely achieve the purpose of the invalid provision.

### **15. FORCE MAJEURE**

Neither party shall be held liable or deemed to be in default hereunder if prevented from performing its obligations by reason of force majeure or by reason of any unavoidable cause or circumstance beyond its control, including, but not limited to strikes, fire, earthquakes, war or acts of any government having



jurisdiction over the parties hereto; provided, however, that this Article shall not excuse either party from its obligation to make payments of money, and, further provided, that if either party is so prevented from performing its obligations hereunder for a period of three (3) months or longer, this Agreement may be terminated upon 60 days' written notice by the other party, unless differently agreed between the Parties.

#### **16. GOVERNING LAW**

This Agreement and the rights and obligations of the Parties hereto shall be governed by and construed in accordance with the laws of Sweden.

All claims, disputes and matters arising in connection with this Agreement, including any issue regarding its existence, validity or termination, shall be referred to and finally solved by the courts of Gothenburg, Sweden.

#### **17. LANGUAGE**

This Agreement is prepared in the English language version, with one copy for each party.

#### **18. NOTICE**

Any notice or other communication required or permitted to be given hereunder shall be in writing to the following addresses:

a) if to Principal: Mr Thorsten Koch and Mr Paolo Pusceddu FLEXLINK AB, SE-415 50 Gothenburg SWEDEN,

b) if to Distributor: Mr. Kartono Halim, PT FlexLink Systems, Bekasi INDONESIA

or at such other address, e-mail address and fax as communicated by one party to the other party writing.

#### **19. COUNTERPARTS**

This Agreement may be executed in any number of counterparts or duplicates, each of which, when executed and delivered, shall be an original, and such counterparts or duplicates together shall constitute one and the same instrument. No counterpart shall be effective until each party has executed at least one counterpart.

**IN WITNESS HEREOF**, intending to be legally bound hereby, the Parties have caused this Agreement to be executed by their duly authorized representatives.

Signed on behalf of **PT FLEXLINK SYSTEMS**

Name: Mr. Kartono Halim

Title: General Manager

Date: 13 January 2020



Signed on behalf of **FLEXLINK AB**

Name: Mr Thorsten Koch

Title: Chief Financial Officer

Date: 13 January 2020



Name: Mr Paolo Pusceddu

Title: Chief Sales Officer

Date: 13 January 2020



**EXHIBITS**

Exhibit 1

Territory

Exhibit 2

Coesia Group Transfer Pricing Policy

Exhibit 3

Coesia Group TP Instruction Memo

**Exhibit 1**

**Territory**

## INDONESIA

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