

## **CONTRACTUAL COMMERCIAL TERMS**

**for contracts on broadcasting of commercial communications on channels  
represented by**

**FTV Prima**

### **I. The Subject Matter, General Provisions**

- 1) These Contractual Commercial Terms for contracts on broadcasting of commercial communications on channels represented by FTV Prima (hereinafter referred to as “Commercial Terms”) regulate the process of concluding contracts on broadcasting of commercial communications on TV Channels represented by FTV Prima, spol. s r. o. (hereinafter referred to as “FTV Prima TV Channels”), securing of broadcasting of commercial communications and other matters relating thereto, i.e. including all pre-contractual negotiations.
- 2) These Commercial Terms are part of all contracts and arrangements on the broadcasting of commercial communications on FTV Prima TV Channels concluded between FTV Prima, spol. s r. o. (hereinafter referred to as “FTV Prima”) and the Customer. The contents of contracts on broadcasting of commercial communications on the FTV Prima TV Channels and all negotiations between the Customer and FTV Prima conducted in order to negotiate the specific contractual terms of these contracts must be interpreted in accordance with these Commercial Terms. If there are any disputes regarding the content of a relevant contract and these Commercial Terms, the content of the relevant contract shall take precedence.
- 3) Unless something else is stipulated in these Commercial Terms for some of the other types of commercial communications, the rules of these Commercial Terms relating to advertising shall also apply to other types of commercial communications. Unless specified otherwise, provisions relating to Advertising Spots also relate to related teleshopping slots, teleshopping shots and sponsor messages. Unless specified otherwise, rules relating to Advertising Campaigns shall also apply to teleshopping or sponsoring campaigns.

### **II. Definitions**

- 1) FTV Prima TV Channels means all television channels that FTV Prima represents or shall represent in the future, regardless of the broadcasting method, under the premise that according to legal regulations, this means television broadcasting. As of the date these Commercial Terms are issued, FTV Prima represents the following television channels: Prima, Prima COOL, Prima love, Prima ZOOM and Prima Max. FTV Prima reserves the right to represent other television channels as well, thereby expanding during the course of the year the list of television channels.
- 2) Broadcaster means an entity that is a broadcaster of an FTV Prima TV Channel pursuant to Act No. 231/2001 Coll., on Radio and Television Broadcasting, as amended (hereinafter referred to as “ARTB”).
- 3) Customer means a legal entity or a natural person (Advertising Agency or Client) that is interested in the broadcasting of a commercial communication on an FTV Prima TV Channel. Advertising Agency means an entity whose line of business is advertising activities or mediation of advertisement, and which proves to FTV Prima its authorization to purchase commercial communications for the relevant Client. Client means

an entity which initiates the broadcasting of a commercial communication comes and which determines what is to be promoted by the commercial communication (“Subject of Advertisement”).

- 4) The purchase of a commercial communication means concluding a relevant contract on the basis of which, under the terms regulated by the contract and these Commercial Terms, an entitlement shall arise for the Customer to request the broadcasting of a commercial communication on FTV Prima TV Channels, and an entitlement shall arise for FTV Prima to be paid the agreed price (hereinafter referred to as “Contract”).
- 5) Order means a proposal of a Customer to conclude a contract on broadcasting a commercial communication on FTV Prima TV Channels in accordance with these Commercial Terms, which is termed an order. The deadline for accepting an Order means the period from when the Order is delivered to FTV Prima until the end of the calendar month preceding the month in which commercial communication is to be broadcast. If an Order is delivered in a calendar month in which the commercial communication is to be broadcast, the deadline determined for accepting the Order shall be at least 5 business days. During the period for the acceptance of an Order, the Order shall be binding for the Customer and it cannot be unilaterally revoked or changed. The Order shall be binding for both Contracting Parties upon its acceptance by FTV Prima.
- 6) Commercial Contract means a written contract regulating the broadcasting of commercial communications on FTV Prima TV Channels which is termed a Commercial Contract.
- 7) Price List means the Price List issued by FTV Prima that is part of these Commercial Terms, and shall be effective as of the date when the contract on the broadcasting of a commercial communication on FTV Prima TV Channels is concluded.
- 8) Advertising Campaign means the purchase of an advertisement of the same runtime as a Spot for the same Subject of Advertisement for a period of the maximum of 1 calendar month for the agreed FTV Prima TV Channels. Advertising Campaigns with the same runtime as a Spot relating to the same Subject of Advertisement that are to occur in 2 consecutive calendar weeks within 1 calendar month shall be regarded – whether ordered via one Order or more Orders – as a single Advertising Campaign. Another Order within one Advertising Campaign shall be considered an extension of the initial Order. An Advertising Campaign planned “for reality” means an Advertising Campaign planned for the agreed number of spots, whose price shall be paid according to the actual number of GRPs achieved within the relevant Advertising Campaign.
- 9) GRP (Gross Rating Point) means 1% of the number of people in the target group Adults 15–69 (A 15–69). Target group A 15–69 means people over the age of 15 and under 69 living in the Czech Republic. TRP means 1% of the number of people from a target group other than the target group through which GRP is defined (e.g. women aged 25–54).
- 10) Prime Time means broadcasting time between 5:30 p.m. and 11:30 p.m, unless in the Contract or in the Price List for individual TV Channels stated otherwise. Off Prime Time means any broadcasting time outside Prime Time. FTV Prima may change the span of Prime Time, which may even be different for each channel. FTV Prima shall notify the Customer of a change of Prime Time at least 30 days before it comes into effect via an e-mail message containing the new definition of Prime Time, or an internet link to the new definition of Prime Time. If Prime Time changes in such a way that the beginning and/or end of the time range shifts by 1 hour (60 minutes) at the most (e.g. to 4:30 p.m. – 12:30 a.m.) (hereinafter referred to as the “Prime Time Adjustment”), this shall not constitute a unilateral change to the Commercial Terms pursuant to Section 1752 of Act No. 89/2012 Coll., Civil Code, (hereinafter referred to as “CC”). If Prime Time changes in such a way that it exceeds the scope of the Prime Time Adjustment, the Contracting Parties shall agree on a change of Prime Time. If an agreement is not reached within 14 (fourteen) days of the delivery of the notice of such change to Prime Time, the Customer shall be entitled to terminate the Commercial Contract within a further 14 (fourteen) days following the deadline for concluding an agreement. The notice period is 30 (thirty) days and shall begin to run in the month following the month in which the notice was delivered.
- 11) Broadcasting Materials means:
  - schedule of broadcasting of a spot with the designation of the cassette for broadcasting at the given time, including the AKA codes for Advertising Spots (hereinafter referred to as “Schedule”),
  - media (cassettes) with a recording of the spot (hereinafter referred to as “Medium”),
  - Music Set for the spot or other data required by collective administrators according to the specifications that FTV Prima informs the Customer of (hereinafter referred to as “Music Set”)

- 12) Spot means any entire and time-limited commercial communication intended for broadcasting on the FTV Prima TV Channels, with the exception of video or audio references to a product inside the plot of a programme which has a product placement nature. An alliance spot shall be considered a spot promoting more than 1 Client. In an alliance spot, another Client may be presented up to the maximum of 20% of the length of the spot. An alliance spot shall not be considered such a spot that promotes more brands of 1 Client which belong to the product portfolio of the relevant client (e.g. juices and syrups).
- 13) Planning for target groups means a method of determining the inclusion of commercial communications into broadcasting for which FTV Prima shall carry out the detailed planning and optimizing of Advertising Campaigns. In such a case, FTV Prima shall deliver the number of ordered GRPs or TRPs in the target group selected by the Customer from the target groups according to the Price List. If the option of planning for target groups is not listed in the Price List, it is not offered by FTV.
- 14) The distribution ratios on individual FTV Prima TV Channels means the distribution ratio of ordered GRPs / TRPs for individual television channels within FTV Prima TV Channels set out in the FTV Prima Price List.
- 15) In these Commercial Terms, the terms commercial communication, advertisement, teleshopping, sponsoring and product placement have the same meanings as according to the definitions specified in Section 2 (1 and 2) of ARTB.
- 16) Broadcasting day means the period of time from 06:00 till 06:00.

### III. Prerequisites, Conditions and Process of Concluding Contracts on Broadcasting of Commercial Communications and Changes Thereto

- 1) By delivering an Order to FTV Prima, the Customer agrees with these Commercial Terms. Unless FTV Prima determines otherwise, the Customer shall generally send an order for the individual months of the calendar year in a standard FTV Prima order form, which is an annex to these Commercial Terms, unless the parties agree otherwise. Upon request, the Customer shall immediately deliver to FTV Prima a signed copy of the order.
- 2) A prerequisite of the existence of a contract on the broadcasting of a commercial communication in a FTV Prima TV Channel between FTV Prima and the Customer is that FTV Prima takes the following steps with regard to the Customer's Order:
  - a. accept the Order without reservation. Acceptance of an Order shall be exclusively considered the sending of a broadcasting schedule within an Order (hereinafter referred to as "Spotlist") in accordance with the requirements of the Customer specified in the Order, and in accordance with these Commercial Terms; **in the given case, a contract shall be concluded at the moment the simple accept without reservation or the Spotlist is sent to the Customer**; the Customer shall only be entitled to make changes to an accepted Order via a counterproposal delivered to FTV Prima. If FTV Prima does not accept the counterproposal, the contract shall not be concluded and/or an amendment to the contract shall not be agreed to; or
  - b. process the Order and deliver to the Customer a counterproposal for concluding a contract, an annex to which shall be the Spotlist; a counterproposal for concluding a contract shall be effective for 72 hours from its delivery, and if it is not accepted by the Customer within this time period, its effect shall be terminated; **in such a case the Contract shall be concluded at the moment of the acceptance of the Spotlist by the Customer**; the Spotlist shall be accepted by the Customer upon the sending of an email message expressing consent with the Spotlist sent by FTV Prima; if any doubts arise, it shall be considered that the Customer accepts the Spotlist that was delivered to it via email to which it responds; if this rule cannot be used, then the last Spotlist that was delivered to the Customer in the response to the relevant Order by FTV Prima; delivery of the aforementioned Spotlist or Spotlist accepted with reservation shall be considered a counterproposal to concluding a contract and shall be regarded as a new Order;

- 3) A prerequisite for accepting an Order by the Customer for the broadcasting of commercial communications on FTV Prima TV Channels is that the Order specifies: a) the exact name (brand) of the product or service, or other product or other Subject of Advertisement, b) the duration of the Advertising Campaign, c) the length of the Spot, and d) the price per sold unit. If this is not an Advertising Campaign planned for target groups, the Order must also contain e) specification of the placement of the Spots, f) the number of ordered GRPs in Prime Time, g) the number of ordered GRPs in Off Prime Time h) the GRP ratio (in percentage) for placement in individual television channels within FTV Prima TV Channels; the GRP ratio ordered in Prime Time and GRP ordered in Off Prime Time for each individual FTV Prima TV Channel must be consistent with the mutual GRP ratio referred to in the Order according to letters f) and g) of this Section of the Commercial Terms.
- 4) A prerequisite for accepting the Customer's Order shall also be a written communication of the identification data about the ordering party and processor pursuant to Act No. 40/1995 Coll., on Advertisement Regulation (hereinafter referred to as "AAR"), at least in the scope of the name, identification number and Registered Office. The Customer shall be responsible for the truthfulness, completeness and accuracy of such data.
- 5) The number of GRPs/TRPs and other data specified in an Order shall be binding for the Customer, and may only be changed upon an agreement with FTV Prima. The possibility to accept an Order or Spotlist with an addendum or deviation pursuant to section 1740 (3) of CC is excluded.
- 6) If an Advertising Agency orders the broadcasting of a commercial communication, it shall also submit along with the Order a written authorization of the Client to the Advertising Agency to send such an Order.
- 7) FTV Prima reserves the right to not conclude a contract with the Customer on the broadcasting of a commercial communication for any reason, as well as the right to refuse the broadcasting of a commercial communication after concluding a contract, if, based on the consideration of FTV Prima or the Broadcaster, the spot does not meet the Technical Conditions (see paragraph 4.1), or if the broadcasting of a commercial communication could lead to the following with regard to its origin, content or form:
  - a) Violation of the law, in particular ARTB or AAR,
  - b) Breach of obligations set out by the license for broadcasting of the relevant FTV Prima TV Channel, c) Potential sanctions against FTV Prima or the Broadcaster by third parties (e.g. owners of rights, tenderers, etc.) or public authorities,
  - d) Violation of the Code of Advertising of the Advertising Council or other self-regulatory regulations or ethical rules,
  - e) Breach of the legitimate interests of FTV Prima or the Broadcaster in relation to third parties.

In such a case FTV Prima shall ask the Customer to provide a modified or alternate spot that does not contradict the aforementioned conditions and is in accordance with these Commercial Terms and Technical Conditions for including the spot in the broadcasting determined by the relevant Broadcaster (hereinafter referred to as "Technical Conditions"). If the Customer fails to provide a modified or alternate spot before its scheduled date of Broadcasting, FTV Prima shall be entitled to automatically withdraw from the relevant contract with immediate effect. Regardless of whether or not FTV Prima withdraws from the contract, FTV Prima may in such a case request the payment of a contractual penalty in the amount of the agreed price for the relevant broadcasting of a commercial communication or agreed sponsorship contribution.

- 8) FTV Prima shall not be obliged to accept a Customer's order. In particular, FTV Prima reserves the right to not accept an Order that exceeds the limits for the number of GRPs / TRPs for individual target groups defined in the Price List. These limits are set out for one Customer and one calendar month and calendar week in the months of March, April, May, June, September, October, November and the period between 1 December and 18 December, unless otherwise stipulated in the Price List. The Customer acknowledges that it will increase its chances to have an Order accepted over the limits in the previous sentence if the Customer discusses the matter beforehand with the Director of FTV Prima.
- 9) FTV Prima shall not unreasonably refuse the Customer's request to decrease the total volume of an Advertising Campaign by less than 10% of the total price of the Advertising Campaign; this shall only apply to a single request of such nature relating to the relevant Advertising Campaign. The total price for the Advertising Campaign for the specific Customer in relation to the specific Client arises from the relevant contract. When calculating the total price of the Advertising Campaign, surcharges, discounts or other modifications of the Price List prices or prices agreed to between the Contracting Parties shall also be taken into consideration.

- 10) If the Customer requests a decrease in the total volume of an Advertising Campaign by 10% or more of the total price of the Advertising Campaign calculated according to the previous paragraph, or if the Customer requests a decrease in the volume of an individual Advertising Campaign by less than 10% repeatedly, a prerequisite for concluding an agreement on such a decrease in the total volume of the Advertising Campaign shall be that the Customer pays FTV Prima lump sum damages in the amount determined in accordance with Article IV, paragraph 23) of these Commercial Terms. In order to avoid doubts, the Contracting Parties expressly agree that even in this case FTV Prima may refuse to conclude such an agreement on a decrease in the total volume of an Advertising Campaign without having to provide a reason. For Advertising Campaigns planned “for reality,” the estimates of FTV Prima shall be considered the data on the price of the Advertising Campaign. Arrangements under this paragraph shall also apply to sponsoring, whereas the price (amount of sponsorship contribution) shall be determined by FTV Prima in its offer of terms for sponsoring individual shows or channels.
- 11) The Customer shall conclude a contract on the broadcasting of a commercial communication on FTV Prima TV Channels in its own name and on its own behalf. If it is agreed in writing with the Director of FTV Prima, the Customer may conclude a contract in its own name and on the account of another.
- 12) Should an Advertising Campaign extend to more calendar months and the Customer does not expressly warn of it in the Order, the Order is for more Advertising Campaigns, related to each calendar month in question.

#### **IV. Rights and Obligations of the Parties**

- 1) The Customer shall submit a spot for the broadcasting of FTV Prima TV Channels whose content, form and design are in accordance with valid and effective legal regulations and licenses for the broadcasting of the relevant television channel (the text of licenses is publically available at [www.rtv.cz](http://www.rtv.cz)). A commercial communication submitted for broadcasting must also meet the Technical Conditions for the production of Advertising Spots, sponsor messages and teleshopping intended for clearance to the distribution network of TV Prima (hereinafter referred to as “Technical Conditions”). All costs and damage incurred by FTV Prima as a result of any breach of this provision shall be fully paid by the Customer, including the cases where the damage arises as a result of the fact that FTV Prima was sanctioned by the regulator, regardless of whether it exercised its right not to broadcast the commercial communication or withdraw from the contract for the reason that it does not comply with the law.
- 2) FTV Prima may change the Technical Conditions, in particular according to real technical requirements for the production of commercial communications. At least 30 days before they come into effect, FTV Prima shall inform the Customer of changes to the Technical Conditions by e-mail containing an internet link to the new Technical Conditions. A change to the Technical Conditions that leads to an increase in the costs of producing a commercial communication of not more than 50% in the event of a transfer to the broadcasting of commercial communications in HD quality, and in other cases not increasing by more than 20% (hereinafter referred to as “Minor Adjustment to the Technical Conditions”) shall not constitute a unilateral change to the Commercial Terms pursuant to section 1752 of CC. In the event of changes to the Technical Conditions beyond the scope of a Minor Adjustment to the Technical Conditions, the Contracting Parties shall agree on the adjustment to the Technical Conditions. If they do not reach an agreement within 14 (fourteen) days from delivery of a notice of such a change to the Technical Conditions, the Customer shall be entitled to terminate the Commercial Contract within a further 14 (fourteen) days following the expiration of the deadline for concluding an agreement. The notice period is 30 (thirty) days and shall begin to run in the month following the month in which the notice is delivered.
- 3) The Customer shall be fully responsible for the content of the commercial communications, including sponsor messages, and undertakes to absolve FTV Prima and/or the Broadcaster of all claims of any nature exercised by third parties toward FTV Prima or the operator of an FTV Prima TV Channel. This means, including but without limitation to, all claims arising from competition law, rights to protection against unfair competition, general personality rights, copyrights and rights related to copyrights, industrial rights and designation rights, unless stated otherwise hereinafter. The Customer undertakes to reimburse the Broadcaster or FTV Prima for all costs incurred by them in connection with the exercising of such claims by third parties.

- 4) Upon concluding a contract on broadcasting advertisements and teleshopping, or sponsoring, the Customer declares and guarantees that it duly obtained authorization from all owners of copyrights, rights related to copyrights or other rights to intangible assets or personality rights, to include the relevant subjects of protection in the Spot (synchronization rights), as well as authorization for their use by Television Broadcasting on FTV Prima TV Channels, and that it has paid remuneration to the owners of these rights for these authorizations in the full amount that they are entitled to. Upon request, the Customer shall be obliged to immediately provide to FTV Prima copies of relevant contracts on providing usage authorizations and proof of payment of remuneration.
- 5) The declarations and guarantees under Paragraph 4) do not apply to television broadcasting of musical works with or without lyrics whose authors, in terms of the relevant television broadcasting, are represented by the collective administrator, Ochranný svaz autorský pro práva k dílům hudebním (Protective Copyright Association for Rights to Musical Works; hereinafter referred to as "OSA"). Permission for television broadcasting of works by authors represented by OSA shall be obtained on the basis of the relevant collective agreement concluded with OSA by a Broadcaster that shall also pay, via OSA, the appropriate royalties for the television broadcasting of these works on the given television channel. In order to exclude doubts, it is expressly stated that if this regards permission to include in a Spot works by authors represented by OSA and the authors of previously protected works not represented by OSA (synchronization rights), paragraph 4) shall apply; the Customer shall therefore be obliged to obtain such permission directly from such authors and pay them royalties for such use that they are entitled to. If for such use the author is represented by OSA, the Customer shall do so through OSA. Paragraph 4) shall also apply to permission for television broadcasting of musical works if this means authors of music with or without lyrics not represented by OSA; the Customer shall be obliged to obtain such permission directly from such authors and pay them royalties for such use that they are entitled to.
- 6) In order to exclude doubts, it is expressly stated that the provisions of paragraph 4) shall also apply to audio or audio-visual recordings and the artistic performances that are recorded on them. Thus, in the event that any audio or audio-visual recording is used in a Spot, the Customer declares and guarantees that it has obtained from the producers and performers whose artistic performances are recorded on such recording a permission to include these recordings and performances in the Spot (synchronization rights), and for their use during the television broadcasting of a Spot, and has paid the appropriate remuneration for permission to use them in television broadcasting. If a Spot uses a sound recording published for commercial purposes, or a musical audio-visual recording, the Customer shall be obliged to obtain permission for its inclusion in a Spot (synchronization rights) directly from the producer of such a recording, and to pay to the producer remuneration for such use. The Customer shall be obliged to obtain from INTERGRAM the permission to include artistic performances recorded on a sound recording published for commercial purposes, or for a musical audio-visual recording in a Spot, and, through INTERGRAM, the Customer shall also be obliged to pay remuneration for such use; the Customer agrees to submit a copy of the relevant reports for INTERGRAM upon the request of FTV Prima.
- 7) A Music Set must be submitted to the relevant Broadcaster in the form required by collective administrators. According to the requirements of collective administrators, the Music Set must contain at least the composition title, composer's and/or lyricist's names, identification of the interpret, identification of the publisher and year of publishing and the exact runtime of the music used in the spot and the manner of use.
- 8) If the Customer does not submit to FTV Prima on time a properly filled-in Music Set or documents pursuant to paragraph 7), FTV Prima shall be entitled not to include the spot in broadcasting. If this occurs, the Customer shall be obliged pay a contractual penalty in the amount of the agreed price for broadcasting a spot, or in the amount of the agreed sponsorship contribution during sponsoring if the spot is sponsored.
- 9) For each commenced day of delay in providing a duly prepared Music Set or other documents pursuant to paragraphs 7) or 8) above, if the Spot is included in the broadcasting, FTV Prima shall be entitled to invoice the Customer a contractual penalty in the amount of 1,000 CZK, and the Customer undertakes to pay it.
- 10) The Customer acknowledges that damages may include contractual penalties or damages invoiced by collective administrators to the relevant Broadcaster in relation to late submission of musical sets or failure to submit them, or reports or their incompleteness, and that such collective administrators shall also request the payment of such contractual penalties retroactively. The Customer declares that it been informed of the deadlines for submitting Music Sets and reports and of the structure and amounts of the contractual penalties proposed by collective administrators, and acknowledges that these data may also be subject to

change retroactively. FTV Prima shall be obliged to inform the Customer about current changes relating to such data within 15 days after FTV Prima learns of them.

- 11) All duly prepared Broadcasting Materials must be submitted by the Customer to FTV Prima, or, if FTV Prima decides so, directly to the relevant Broadcaster, at the expense and risk of the Customer, 5 business days before the beginning of the first broadcasting of a spot at the latest.
- 12) If the Customer does not submit a Schedule by the agreed deadline, FTV Prima or the Broadcaster shall be entitled to select for the broadcasting of a commercial communication any Medium and record on their own, and such a selection on their part shall not constitute a breach of the contract and shall not affect the agreed price.
- 13) For each commenced day of delay in submitting a Medium with the aforementioned properties, FTV Prima shall be entitled to invoice the Customer a contractual penalty in the amount of 5,000 CZK. In the event of the failure to adhere to the terms relating to the aforementioned properties of a Medium that prevents the inclusion of a commercial communication in broadcasting, the Customer shall be obliged, in addition to the contractual penalty pursuant to the previous sentence, to pay to FTV Prima an additional contractual penalty in the amount of the agreed price for broadcasting commercial communication or the amount of sponsorship contribution if the spot is sponsored, and the Customer undertakes to pay such contractual penalties.
- 14) If the Customer fails to adhere to the agreed footage of the commercial communication or sponsor message, FTV Prima or the relevant Broadcaster shall be entitled not to include the commercial communication or sponsor message in the broadcasting of the relevant FTV Prima TV Channel; however, the Customer shall be obliged to pay a contractual penalty in the amount of the agreed price of the broadcasting of a commercial communication or sponsorship contribution amount if the spot is sponsored.
- 15) All Media submitted by the Customer shall remain in the ownership of the Customer. FTV Prima shall duly care for these Media whilst the contract is in effect, but shall only be liable to the Customer for these Media up to the acquisition price of the Media (tangible media). The Customer shall take over the Media at the end of the Advertising Campaign or at the end of the broadcasting of a different commercial communication, or after the termination of the effect of the contract on the broadcasting of a commercial communication, regardless of the reason why it is terminated. FTV Prima shall be entitled to dispose of any of the aforementioned Media that remain in its possession after the expiration of six months from the end of the Advertising Campaign or broadcasting of a different commercial communication, after the expiration of the effect of the contract on the broadcasting of a commercial communication, or even earlier according to its consideration; however, in such a case only upon a written request to the Customer to take over such Media.
- 16) The Broadcaster may make programme changes according to its needs. FTV Prima shall inform the Customer of such changes at least 3 business days before the date when the show to which the change relates was to be originally broadcast, if the commercial communication ordered by the Customer was to be broadcast immediately before or after such a show affected by a change, or included in such a show. In the event of programme changes, FTV Prima shall be entitled to change the placement of the commercial communication according to its consideration.
- 17) FTV Prima sells and the Customer undertakes to order, unless agreed otherwise in the relevant commercial contract on the broadcasting of commercial communications on FTV Prima TV Channels, GRPs / TRPs in accordance with the Distribution Ratio for individual TV Channels set out in the Price List; if the scope of an individual order is less than 10 GRPs / TRPs, FTV Prima shall be entitled to carry out such a campaign as an Advertising Campaign “for reality.” Such limitation also applies to Advertising Campaigns extending to two calendar months, however, in case an Advertising Campaign is commenced by the end of one calendar month, and immediately continues from the first day of the following calendar month and its whole duration is at least seven Broadcasting Days, the limitation pursuant to the previous sentence shall not be applied. Should an Advertising Campaign extend to more calendar months and the Customer does not expressly warn of it in the Order, it is an Order of more Advertising Campaigns related to each calendar months in question; therefore, it can be the case that the individual Advertising Campaigns related to the calendar months in question will be possible to be ordered only “for reality” pursuant to the second sentence of this section.
- 18) If a Commercial Contract contains express arrangements on deviations from the Distribution Ratio for individual TV Channels, and this leads to the determination of or change to the Distribution Ratio for individual FTV Prima TV Channels in a manner and under the terms set out in the Price List, the agreed deviation shall apply to the new Distribution Ratios for individual TV Channels. (Model example: The

Customer has concluded with FTV Prima a commercial contract in which there is a stipulated ratio deviation of Prima + 6% in relation to the ratio in the Price List, a deviation of Prima COOL – 2%, Prima love – 2%, Prima ZOOM – 0% and Prima MAX – 0%. During the period from 1/1/2017 to 28/2/2017, and for the target group Adults 15–69, the Distribution Ratio for individual TV Channels has been set out in the Price List as follows: Prima 69%, Prima COOL 14%, Prima love 7%, Prima ZOOM 7% and Prima MAX 3%. During the period from 1/1/2016 to 28/2/2016, the Customer therefore ordered GRPs at a ratio of Prima 73%, Prima COOL 12%, Prima love 5%, Prima ZOOM 7% and Prima MAX 3%.)

- 19) Unless specified otherwise in the relevant contract on broadcasting of commercial communications in FTV Channels, and/or if the Advertising Campaign is not planned for a target group, the Customer renders within individual Advertising Campaigns 20% of the total volume of GRPs/TRPs for placement by FTV. Placement of such spots shall be exclusively subject to the possibilities of FTV. FTV shall endeavour to provide such placement that complies with the overall nature of the relevant Advertising Campaign, and will as much as possible respect the Prime time / Off Prime time division pursuant to the Order and also the distribution to individual TV Channels. A different placement of such Advertising Spots than according to the previous sentence is, however, not considered to be a breach of contract by FTV. If any of such Spots are rendered to placement by FTV and subsequently in fact rendered by FTV to placement by Customer, their legal mode according to this paragraph shall be not affected thereby.
- 20) FTV Prima may not invoice GRPs/TRPs broadcasted beyond the total price according to an order to the Customer if it would lead to broadcasting GRPs/TRPs beyond the order due to a default on part of FTV Prima or the Broadcaster. Broadcasting GRPs/TRPs beyond an order shall not be considered to be a breach of a contract between FTV Prima and the Customer. FTV Prima shall be entitled to payment of the GRP/TRP price beyond the total price according to an order if the price given by the number of GRP/TRP exceeds the price according to the order by 10% or more, and if such exceeding of the total price occurs for Advertising Spots planned by the Customer or in cases wherein, according to measurements, higher ratings are achieved compared to the expectation at the time of the order.
- 21) Should bonus GRPs/TRPs (overdelivery of GRPs/TRPs) be a part of an Order or contract, FTV proceeds as to their placement and delivery the same way as in the case of Spots rendered to placement by FTV. A possible non-delivery of bonus GRPs/TRPs on part of FTV does not constitute a breach of the contract and does not have any impact on the price of the Advertising campaign.
- 22) FTV is entitled to deliver GRP/TRP in the value of 20% of the total price according to an Order or a Contract in other broadcasting time (Prima time / Off Prime time), than included in an Order / Contract; such differently broadcasted Spots shall be charged in prices according to the actually delivered broadcasting times of Prime time / Off Prime time up to the total amount of the price according to an Order or Contract. If a contract or Order of an advertisement includes a percentage expression of the ratio of the GRPs/TRPs ordered for the individual FTV TV Channels, FTV shall be entitled to provide GRPs / TRPs at the maximum value of 20% of the total price specified in an Order or Contract for the relevant Advertising Campaign on a different FTV TV Channel than that which is included in an Order or Contract. If the Customer expressly requests so, FTV shall be entitled to increase, for the specific Advertising Campaign, the percentage data according to this paragraph up to the amount requested by the Customer.
- 23) If the Customer does not meet the agreed obligation to in fact purchase broadcasting of commercial communications in certain volume (expressed in the total price) for a certain period, the Customer undertakes, within 15 days of the date of the expiration of the period in which the commercial communication was to be broadcast, to pay a contractual penalty in the amount of 100% of the financial difference between the price of the agreed volume level (expressed in the total price), purchase of which it was obliged to, and the price of the commercial communication for which the relevant purchase was carried out, at the price level not including VAT.
- 24) If the Customer does not fulfil the guarantees expressly specified in the Commercial Contract, FTV Prima may additionally invoice the Customer the amount according to the Commercial Contract corresponding to a discount or another benefit provided to the Customer on the basis of the relevant partial guarantee, to which the Customer did not become entitled due to its failure to adhere to the relevant partial guarantee.

## V. Broadcasting conditions and price terms; Content of contracts

- 1) FTV Prima sets the prices for the purchase of commercial communications as CPP (cost per point) for individual Clients, and then in accordance with this, it sells Advertising Campaigns in relation to performance in the target group A 15–69, or in relation to performance in other target groups (e.g. women 25–54). Based on its decision, FTV Prima may sell Advertising Campaigns and determine the relevant price by another method, e.g. price for broadcasting 1 spot.
- 2) Unless the Parties agree on a different price in writing, the price set out in the Price List shall apply.
- 3) The Customer shall pay the price according to the number of actually achieved units. A surcharge on the price of the agreed spot shall be invoiced for the requested position of the spot in the advertising slot. The amount of the surcharge shall be determined in the Price List
- 4) A surcharge in the amount according to the Price List shall be invoiced for the broadcasting of an alliance spot. The length of the presentation of another Client or brand in the alliance spot may not exceed 20% of the length of the relevant commercial communication.
- 5) Other potential discounts or surcharges are included in the Price List.
- 6) The following special conditions shall apply to the broadcasting of commercial communications planned for target groups:
  - FTV Prima determines the prices of CPP for target groups; this price shall only be applied for determining the price of Advertising Campaigns planned for the relevant target groups.
  - An Order must contain especially the number of TRPs in the relevant period (a calendar month at the most), the target group, the price per unit and the duration of the Advertising Campaign.
  - For commercial communications planned for target groups, it is not possible to order a Spot position within an advertising slot.
  - FTV Prima shall exert maximum effort to ensure that the ratio between delivered GRPs / TRPs in Prime Time and Off Prime Time corresponds to the natural ratio of delivering GRPs / TRPs in Prime Time and Off Prime Time in a given target group on FTV Prima TV Channels, and that the ratio between GRPs / TRPs delivered on individual television channels corresponds to the average ratio of delivering GRPs / TRPs on individual FTV Prima TV Channels.

Commercial communications planned for target groups can be ordered concurrently with other commercial communications. However, within one calendar month for one product or brand, it is not possible to combine Advertising Campaigns planned for a target group and standard Advertising Campaigns planned by the Customer.
- 7) In order to calculate the prices of the performance actually provided by the Broadcasters, official data from ratings research provided by the Association of Television Organisations (hereinafter referred to as “ATO”) shall be used unless Media Club appoints a different research provider. If for any reason the official data from the ATO ratings research is not available, such data shall be replaced by estimates of rating points for the relevant advertising slots drawn up by the Broadcaster, which in such a case shall be available at the Registered Office of Media Club, or with the relevant Broadcasters. The rating of a slot in the defined target group shall be charged for the days of the campaign broadcast, rounded off to three decimal places. The rating of each slot shall include its „live viewer ratings“ and also its „postponed viewer ratings“ during the same Broadcasting day (TS0 or VOSDAL – Viewed On the Same Day As Live) and during the following three Broadcasting days (TS3).
- 8) If the relevant contracts on broadcasting of commercial communications specify the number of GRP without specifications of placement in specific advertising slots, or if an Advertising Campaign is planned for target groups, FTV Prima shall ensure, via Broadcasters, the broadcasting of a spot until the ratings for the spots achieve at least the number of units for which the contract was concluded. However, a spot shall not be broadcast for longer than the agreed period of the Advertising Campaign pursuant to the contract. If the number of achieved units does not reach the mutually confirmed number pursuant to the contract, the Customer shall only pay for the number of units achieved.

- 9) In the event of dispute, these Commercial Terms shall take precedence over the Price List. FTV Prima is entitled to change the Price List in Articles 1 to 5 of the Price List. Changes to the Price List shall be announced in advance at least 30 days before coming into effect by an email message that contains the new Price List, or the internet link to the new Price List. If such a change to the Price List is caused by the termination of the representation of some of the FTV Prima TV Channels, the period for announcing such changes may be less than 30 days before coming into effect. Changes to the Price List shall not constitute a unilateral change to the Commercial Terms pursuant to section 1752 of CC, if its individual items change in both directions within the scope of the maximum of 20% (e.g. from a value of 10 to a value of 8 or 12, or from a value of 1% to a value of 1.2% or 0.8%; hereinafter referred to as "Price Adjustment"). In the event of changes to the Price List beyond the Price Adjustment, the Contracting Parties shall agree on the change to the Price List; if an agreement is not reached within 14 (fourteen) days of the delivery of a notice of such a change, the Customer may terminate the Commercial Contract within a further 14 (fourteen) days following the expiration of the deadline for concluding an agreement. The notice period is 30 (thirty) days and shall begin to run in the month following the month in which the notice was delivered.
- 10) Confirmed terms according to an order relating to the specifications of the placement of spots shall be respected to the maximum possible extent that can reasonably be required in view of potential programme changes.
- 11) Prices do not include VAT. VAT in the statutory amount shall be added to the invoiced amounts.
- 12) A condition for the establishment of a right to the discount agreed to in a Commercial or another contract shall be that the effect of the Commercial Contract or the other contract was not terminated before the expiration of the originally agreed period of effect.
- 13) Section 1933 (1) of CC shall not apply to the legal relationships regulated by these Commercial Terms. If the Customer is indebted to FTV Prima for the fulfilment of the same type from several obligations, and the Customer does not specify in its fulfilment to which obligation the fulfilment applies, the fulfilment shall first be offset against the liability that is least secured. In the event of the same level of securing of several liabilities, the fulfilment shall first be offset against the liability that is due first.
- 14) Section 1952 (2) of CC, shall not apply to the legal relationships regulated by these Commercial Terms.

## **VI. Payment terms**

- 1) Invoices shall be issued within 14 days of the date of the taxable event. Unless the contract stipulates otherwise, a payment arising from them shall be due within 30 days of the date of the relevant taxable event. The payment date means the date of the crediting of the funds to the bank account of FTV Prima. An integral annex to the invoice is a description and schedule of the carried-out fulfilment. If the Customer does not pay the price by the due date, FTV Prima shall be entitled to invoice, in addition to the invoiced amounts, a contractual penalty for each day of delay in the amount of 0.1% of the owed amount, and the Customer undertakes to pay it.
- 2) FTV Prima may request the payment of the price before the first broadcasting of a commercial communication. The Customer acknowledges that FTV Prima requires the payment of the price before the first broadcasting, in particular for Customers who are ordering the broadcasting of a commercial communication with FTV Prima for the first time
- 3) Direct payments from abroad shall be paid in freely convertible currency converted according to the official exchange rate of the Czech National Bank on the invoice date. Bank fees arising from the transfer of agreed payments from abroad shall be paid solely by the Customer and shall be charged to the Customer.
- 4) The Customer shall lodge a potential complaint regarding the proper broadcasting of a commercial communication within one month from the delivery of the invoice for the relevant Advertising Campaign, and to specify the claimed defects of the fulfilment; otherwise, the claim for fulfilment defects shall expire. If no record of the relevant part of the broadcasting is available, evidence of the broadcasting shall be considered a specification in the confirmed daily broadcasting plan of the Broadcaster. In the event of a justified claim, the Customer's claim shall be preferentially resolved by the provision of substitute performance.

## **VII. Special provisions for sponsoring**

- 1) A prerequisite for accepting an order of the Customer relating to sponsoring is that the order includes specifications of the FTV Prima TV Channel, specification of the exact name and surname of the individual, or name of the legal entity that is the sponsor, and, if FTV Prima requests so, a graphic symbol (logo) or trademarks of the sponsor or its services, products or other performances or of another object which is to be promoted within the sponsoring. A prerequisite for accepting an order shall also be the specification of additional data mandatorily required by law; as of the effective date of these Commercial Terms, such data is the main line of business of the sponsor of the channel.

## **VIII. Special provisions for product placement**

- 1) Product placement in a show broadcast on an FTV Prima TV Channel shall only be possible on the basis of concluding a written contract.
- 2) The Customer acknowledges that pursuant to the provisions of section 53a (2a) of ARTB the content and the inclusion period in broadcasting of shows with product placement must not be influenced so as to affect the editorial responsibility and independence of the operator of the television broadcasting, and, therefore, that the final decision on the deployment of a show and form of product placement shall be up to the Broadcaster. The Customer acknowledges that the Broadcaster may change its decision regarding the deployment and form of product placement, and that such a change shall not affect the conditions agreed to in the contract on product placement. FTV Prima shall inform the Customer about such a change by e-mail. The Broadcaster shall be entitled not to broadcast a show, and in such a case FTV Prima shall not be entitled to the agreed remuneration. For these purposes, not broadcasting a show means that the show is not broadcast within the period of 6 months of the date of planned deployment set out by the Broadcaster
- 3) Upon the Customer's written request FTV Prima may arrange for the Customer to watch a recording of the programme at a time set by the Broadcaster and on the Broadcaster's premises or may send the Customer the recording of the programme.
- 4) The Customer may refuse in writing the form of product placement in the show – within 3 hours after the projection time determined by the Broadcaster or within three hours after the premiere broadcast if the projection is not enabled or the recording is not delivered – if the form of the product placement contradicts the written contract. If the Customer does not do so within the period specified in the previous sentence, it shall be assumed that the Customer agrees with the form of product placement. The Customer shall pay or reimburse to the relevant Broadcaster for the costs it incurs in relation to its potential responsibility arising from the legal regulations regarding television broadcasting or advertising. If the Customer legitimately rejects the form of product placement in the show, the Broadcaster shall be entitled to broadcast the show, but the Customer shall be under no obligation according to the preceding sentence, or be obliged to pay FTV Prima the agreed price of product placement.
- 5) The Customer acknowledges that all rights and obligations of a provider of television broadcasting and provider of audio-visual media services upon request pursuant to the legal regulations governing these areas apply to the show and notification of product placement.
- 6) The Customer declares and guarantees that in relation to what is to be incorporated within the product placement in the show (i.e. in particular the product or trademark and their form of presentation), the Customer has acquired and settled all permissions (in particular personality rights, copyrights and rights relating to copyright and rights to any intellectual property) necessary for the Broadcaster, or a third party that derives its rights from the Broadcaster, to be able to use the show without material, time-based, territorial, quantitative or any other restrictions (“free hand”). The Customer shall assign all such permissions to the relevant FTV Prima channel, including permission for further assignment or provision of such permission to the relevant Broadcaster.
- 7) The product intended for placement and all other documents relating thereto shall be submitted by the Customer to the place of recording sufficiently in advance, and at the Customer's own cost. If it is agreed that FTV Prima shall be obliged to return a product or documents to the Customer, the Customer shall be

obliged to take them back at the place of recording and at a time according to the dispositions of FTV Prima, or of a person designated by FTV Prima. FTV Prima shall be responsible for returning products and documents in the condition in which it received them, taking into consideration normal wear and the wear arising from the agreed method of use.

## **IX. Joint and closing provisions**

- 1) FTV Prima may terminate the broadcasting of a commercial communication and terminate a contract with immediate effect upon the delivery of a notice, if
  - The Customer was obliged to pay the price in advance and does not prove the payment of the price at least 3 business days before the date when the broadcasting of the commercial communication was to be begun,
  - The Customer is in delay with the fulfilment of obligations for monetary fulfilment for longer than 9 days,
  - The Customer substantially breaches the contract,
  - The Customer has failed to correct a minor breach of the contract by the deadline set out by FTV Prima, despite being asked to do so by FTV Prima.
- 2) The legal provisions on the possibility to withdraw from the contract shall remain unaffected by the previous provision. In the event of premature termination or cancellation of the contract in a manner arising from the previous paragraph or this paragraph, the Customer shall pay to FTV Prima the price of the provided fulfilment, as well as a contractual penalty in the amount of the remaining part of the price of the agreed fulfilment.
- 3) The Customer shall be entitled to withdraw from a concluded contract on the broadcasting of a commercial communication before the commencement of fulfilment; however, before doing so the Customer shall pay FTV Prima compensation in the amount of the total price according to the relevant contract on the broadcasting of a commercial communication. Such a withdrawal from the contract must be in writing.
- 4) The obligations of FTV Prima toward the Customer arising from a contract on the broadcasting of a commercial communication on FTV Prima TV Channels means only the obligations expressly contractually established. In the event of a dispute about the existence of other obligations, it shall be considered that no other obligations exist for FTV Prima except those that are specified in the contract. Pursuant to section 1757 (2) of CC, FTV Prima shall be entitled to confirm the content of the contract. Confirmation of the content of the contract by the Customer has no legal effect pursuant to section 1757 (2) of CC.
- 5) Unless specified otherwise in the contract or these Commercial Terms, the arrangements on a contractual penalty shall not affect the right to damages (including lost profit) in the full amount. Damages shall also be considered to be additional costs associated with the withdrawal of a commercial communication in the event of the premature termination or cancellation of the contract.
- 6) FTV Prima shall be liable to the Customer for potential damage that it causes. Unless otherwise agreed, FTV Prima shall be liable to the Customer for damage only up to the amount of the price for a commercial communication that was not broadcast and was paid for by the Customer.
- 7) FTV Prima shall not be responsible for a breach or delay in the fulfilment of obligations pursuant to the contract on the broadcasting of a commercial communication on FTV Prima TV Channels caused by events beyond its control or the control of the Broadcaster, e.g. rebellion, civil unrest, war or military operations, a state of emergency, extraordinary measures of state power, any acts or omissions on the part of the government or any other state authority or public authority, unfavourable weather conditions, failures of communication services, technical broadcasting failures that it did not cause, failures or lack of electricity, the need to comply with legal regulations or licensing terms (providing of broadcasting time by state authorities, providing information to the public), disputes between employees and employers or other events beyond the control of FTV Prima or the Broadcaster.
- 8) By concluding a contract on broadcasting commercial communications, each Contracting Party confirms that it has read these Commercial Terms, is familiar with them and agrees with them, and that it will comply with them. These Commercial Terms include the Technical Conditions and the Price List. The Contracting Parties agree that the provisions of sections 1799–1800 of CC shall not apply to the contractual relationships regulated by these Commercial Terms.

- 9) Unless specified otherwise in the contract on the broadcasting of a commercial communication, for technical reasons these Commercial Terms shall not be attached to the contract as an annex, but they are an integral part thereof.
- 10) Unless specified otherwise in these Commercial Terms, the contract on the broadcasting of a commercial communication on FTV Prima TV Channels may only be amended and supplemented via a written agreement.
- 11) Handwriting, crossing out or other amendments to the text of the Commercial Contract or contract (including all parts thereof, such as the Commercial Terms, Price List, etc.) may only be made under the condition of their written acceptance by both Parties, along with a specification of the date when the amendment was made and must contain the valid signatures of the representatives of both Contracting Parties for such an amendment. Other amendments to the text shall be disregarded.
- 12) Notifications of FTV Prima addressed to the Customer must at least be in the form of an email message, unless stipulated otherwise by the contract or these Commercial Terms.
- 13) The invalidity of an individual arrangement of the contract on the broadcasting of a commercial communication shall not establish the invalidity of the contract as a whole. The Contracting Parties undertake to replace any potentially invalid arrangements with valid arrangements that correspond as best as possible to the content and purpose of the original arrangement.
- 14) These Commercial Terms have been written in the Czech language.
- 15) Provisions and parts of paragraphs written in italics shall become effective on the date when Act No. 89/2012 Coll., Civil Code, comes into effect.
- 16) All relationships that are not regulated by these terms shall be governed by Act No. 513/1991 Coll., Commercial Code, and by other legal regulations of the Czech Republic, excluding conflict of law rules of private international law. If an international element is present, the Contracting Parties agree, with regard to disputes arising from contracts on the broadcasting of commercial communications, or in relation to these contracts, including disputes about their validity or consequences of invalidity, on the exclusive jurisdiction of the courts of the Czech Republic. The local relevant court shall be the court in whose district FTV Prima has its registered office.
- 17) These Commercial Terms shall become effective on the date they are signed and shall apply to the commercial communications that are to be broadcast beginning on 1/9/2017.

In Prague, on 1/8/2017

FTV Prima, spol. s r. o.  
Ing. Marek Singer, CEO

FTV Prima, spol. s r. o.  
Ing. Petr Babulík, CFO