

General supply and payment conditions between two companies

I. Inclusion

- Our offers, assumptions and contracts shall be subject to our general terms and conditions. Deviating conditions of the client shall not be included even if we do not expressly object to them.
- Deviations from these terms and conditions shall only become effective if we confirm them in writing.
- Our offers are non-binding and shall not compel us to accept the order. A contract shall only materialise through written confirmation or invoicing.

II. Prices and additional costs

- Our prices are in euro and apply ex factory Lübeck excluding packaging and VAT charged at the legal rate applicable on the day of delivery. Our prices are non-binding unless a fixed price is expressly agreed.
- Shipments shall always be at the cost and risk of the recipient.
- We reserve the right to change our prices accordingly in the event of cost reductions or cost increases after conclusion of the contract, particularly due to wage agreements or energy or material price increases. The above price adjustment clause shall only take effect if more than 4 months elapse between conclusion of the contract and delivery.
- If postage paid delivery is agreed in exceptional cases, the delivery shall be made carriage paid to a general cargo train station or by a forwarding company. Haulage costs at the place of receipt shall be borne by the recipient.
- Insurance against transport damage, transport loss or breakage shall only be arranged at the express written request of the client at its expense and for the client's account.
- If we accept a design based on drafts predetermined by the client and this proves to be infeasible or we are unable to accomplish a commissioned technical design without being responsible for its success, our labour and material expenses must be recompensed at standard prices and regardless of the price agreed. Claims for damages shall remain unaffected. If we are only able to accomplish the design at unforeseen and considerable labour and material expense, the price agreed for the product shall increase accordingly.

III. Delivery and delivery deadlines

- The lead times and deadlines stated by us are non-binding unless expressly agreed otherwise in writing.
- An agreed delivery deadline shall begin on the day that the order confirmation and/or on the day that the offer and acceptance materialise congruently. If there are still uncertainties regarding details of the order that make it difficult to begin rendering the service, the deadline shall begin once the uncertainties have been remedied.
- If the purchase contract in question is a fixed date transaction in the sense of § 286 para. 2, no. 4 German Civil Code (BGB) or § 376 German Commercial Code (HGB), we shall be liable in accordance with the statutory provisions. The same shall apply if the client is entitled to claim discontinuation of its interest in the further performance of the contract due to any delivery delay attributable to us. In this case our liability shall be limited to the foreseeable, typical damage incurred if the delivery delay is due to an intentional breach of contract attributable to us, whereby any fault on the part of our representatives or agents shall be attributed to us. We shall also be liable to the client in accordance with statutory provisions in the event of delivery delays if such delays are due to intentional or grossly negligent breaches of contract attributable to us, whereby any fault on the part of our representatives or agents shall be attributed to us. Our liability shall be limited to the foreseeable, typical damage incurred if the delivery delay is not due to an intentional breach of contract attributable to us.
- If any delivery delay at our fault is due to the culpable breach of a fundamental contractual obligation, whereby any fault on the part of our representatives or agents shall be attributed to us, we shall be liable in accordance with statutory provisions on the condition that in this case, our liability for damages shall be limited to the foreseeable, typical damages incurred.
- Otherwise, in the event of any delivery delay for which we are responsible, for every full week of the delay the client may claim fixed compensation at a rate of 3% of the delivery value but not exceeding 15% of the delivery value.
- Any further liability for delayed delivery attributable to us shall be excluded. Further claims and rights that the client may be entitled to apart from compensation for delayed delivery attributable to us shall remain unaffected.
- We are entitled to partial shipments and partial performances at any time, provided that this is reasonable for the client.
- If the customer is in default of acceptance, we shall be entitled to demand compensation for losses incurred including any additional expenses. The same shall apply if the client culpably breaches any obligations to cooperate. In the event of default of acceptance or payment by the client, the risk of accidental deterioration and accidental loss shall pass to the client.
- Upon handover to the forwarding agent or carrier, but no later than upon leaving the factory or warehouse, the risk shall pass to the purchaser unless agreed otherwise.

IV. Warranty, liability

- The customer shall only be entitled to file claims for defects if it has duly satisfied its obligation to examine and give notice of defects in accordance with § 377 German Commercial Code (HGB).
- If there is a defect in the goods at our fault, we shall, to the exclusion of the client's rights to rescind the contract or reduce the purchase price (lowering of the purchase price), be obligated to render supplementary performance unless we are entitled to refuse supplementary performance due to legal regulations. The client must grant us an adequate time frame for the supplementary performance. The supplementary performance may take the form of rectification of the defect (subsequent improvement) or replacement with new goods at our discretion. In the event of rectification of defects, we shall bear the necessary costs to the extent that these are not increased because the object of the contract is in a different location than the place of performance. If the supplementary performance fails, the client can choose to demand a reduction of the purchase price (lowering of the purchase price) or to withdraw from the contract. The supplementary performance shall be deemed to have failed after the second unsuccessful attempt, insofar additional repairs are not reasonable or acceptable for the client due to the object of the contract. The client only can assert claims for damages subject to the following conditions if the supplementary performance has failed. The right of the client to assert further claims under the following conditions shall remain unaffected.
- The warranty claims of the client shall expire one year after the supply of goods to the client, unless we have maliciously concealed a defect; in this case the legal provisions shall apply. Our obligations under Section IV No. 4 and Section IV No. 5 shall remain unaffected hereby.
- We shall be obligated in accordance with the legal provisions to take back new goods and/ or to reduce the purchase price (lowering of the purchase price) even without an otherwise required grace period in the event that it was possible for the client's customer, as the consumer of the sold new movable thing (purchase of consumable goods), to demand, due to a defect in such goods, that the buyer take back the goods or reduce the purchase price or to assert a resulting recourse claim against the buyer. Furthermore we shall be obligated to reimburse any expenditure incurred by the client, particularly transport, travel, labour and material costs, vis-à-vis the end user for supplementary performance due to any defect in goods that exists upon transfer of risk from us to the client. This claim shall be excluded if the client fails to satisfy its obligation to examine and give notice of defects in accordance with § 377 German Commercial Code (HGB).
- The obligation in accordance with Section IV No. 4 shall be excluded if the defect is due to advertising claims or other contractual agreements that do not originate with us, or if the client has given the end user a special warranty. The obligation shall also be excluded if, under statutory regulations, the client itself was not obligated to exercise warranty rights vis-à-vis the end consumer or has not raised objection to a claim asserted against it. This shall also apply if the client has assumed warranties vis-à-vis the end user that exceed the statutory requirements.
- In accordance with the legal provisions we shall accept unlimited liability for any loss of life, bodily or health impairment due to negligent or wilful breach of obligation on our part, or on the part of our legal representatives or agents, as well as liability for any damage that falls under the Product Liability Act. In accordance with legal provisions we shall be liable for any

damage that is not covered by sentence 1 and that is due to intentional or grossly negligent breaches of contract or malice on our part or on the part of our legal representatives or agents. However, in this case our liability for damages shall be limited to the foreseeable, typical damages incurred, insofar as we, our legal representatives or our agents have not acted intentionally. To the extent that we have provided a quality or service life warranty for goods or components, we shall also be liable within the scope of this warranty. For any damage that is based on the absence of the guaranteed quality or service life but does not directly impact the goods, we shall only be liable if the risk of such damage is obviously covered by the quality and service life warranty.

- We shall also be liable for any damage caused by simple negligence insofar as the negligence concerns the breach of such contractual obligations the fulfillment of which is of special significance for achieving the purpose of the contract (cardinal obligations). However we shall only be liable insofar as the damage is typically associated with the contract and foreseeable.
- Any further liability shall be excluded hereby, without regard to the legal nature of the asserted claim; this shall apply in particular to tort claims and claims to compensation of futile expenses in lieu of performance; our liability pursuant to Section III, Paragraphs 2 to 6 of this Agreement shall not be prejudiced hereby. In the event that our liability should be excluded or limited, same shall also apply to the personal liability of our employees, workers, personnel, legal representatives and agents.
- Claims for damages of the client due to a defect shall cease to be valid one year after delivery of the goods. This shall not apply in the event of injury to life, limb or health caused by us, our legal representatives or agents, or if we or our legal representatives have acted intentionally or with gross negligence, or if our simple agents have acted intentionally.

V. Retention of title

- Our contracts and deliveries shall be subject to the condition that the title shall not be transferred to the client until the latter has met its financial obligations under the current and previous contracts. In the case of a current account the retained title shall be regarded as security for the balance until the end of the year of delivery.
- The client may dispose of the goods in normal business transactions subject to the retention of title. In any case, the client shall assign to us all receivables with all auxiliary rights and securities from the resale. Should the goods subject to the retention of title be processed, combined or mixed with goods of other persons before the resale and should joint ownership arise for us, the client shall prior to the resale assign to us such part of the receivables from this resale which corresponds to our joint ownership share. If our property is sold together with other goods and the total price is not broken down, a partial division of the invoice value of the goods subject to retention of title shall be agreed in the initial transaction.
- The client shall be revocably authorised to collect the assigned receivables on our behalf, as long as it meets its payment obligations and is not over-indebted or insolvent. The client must pay the amounts collected to us immediately in the amount of the receivables due.
- The client must ensure that our property or assigned receivables shall in no way be affected. On our request the client shall be obligated to disclose the assignment to its customers, to which we are also entitled at any time. The client shall be obligated to inform us of the whereabouts of the goods, as well as the assigned receivables, to grant us access to accounts for this purpose and to deliver the associated documents.
- The client must notify us of other assignments of claims. In the event of seizure of our property, the client must indicate our property, inform us immediately of any seizures and send a copy of the seizure report, including a statutory declaration that the seized items are our property.
- We shall be obligated to release the securities we are entitled to insofar as the achievable value of our securities exceeds the receivables to be secured by more than 10%; we shall be responsible for selecting the securities to release.

VI. Copyright and industrial property rights, moulds and tools

- We reserve all copyright and intellectual property rights for drawings, samples and similar information; they must not be transferred to third parties without our prior approval.
- We shall claim exclusive production rights to items based on drafts, drawings and tools manufactured by us. No distribution and reproduction of these documents or tools as well as utilisation and communication of their content shall be permitted without our express permission. Contraventions shall result in a liability to pay damages. We reserve all rights in the event of granting of a patent or registration of a utility model. The purchaser shall guarantee that the manufacture and supply of objects that are produced based on information that it has provided do not infringe third party property rights. Templates and other equipment shall remain our sole property even if the costs of such items are invoiced to the purchaser.
- If we produce or purchase models, moulds, tools and other moulding equipment on behalf of the client, we shall invoice a portion of the costs incurred separately. As these proportional costs do not cover our expenses for design, construction, breaking-in or know-how and maintenance, the models, moulds, tools and accessories shall remain our property. The same shall apply to changes and replacement models, tools and subsequent moulds. The cost of tools, moulds, etc. shall be payable plus legal VAT upon invoicing. If 3 years have elapsed since the last delivery of the item produced, we shall no longer be obligated to store the item.

VII. Payment and securities

- Unless an alternative agreement is made concerning payment methods, the following shall apply: within 10 days with 2% cash discount, calculated in each case based on the net value of goods, within 30 days net cash after invoice date unless alternative scheduled payment conditions are mentioned in price lists. No cash discount shall be granted for tool costs or orders with a net value of goods below EUR 305.00. The above cash discount shall only be granted on the condition that all payment obligations under previous contracts have been fulfilled. Contract work must be paid immediately net cash.
- The timeliness of the payment shall be based on when we receive the payment. Interest at the customary bank interest rate shall be charged for late payment. If the client is more than one week late with a payment, the full remaining sum shall be payable immediately in cash. The same applies to resale.
- Payments by cheque or agreed bill of exchange or note receivable, which we reserve the right to accept as the case arises, shall only be regarded as performance when redeemed less all costs, expenses and discount charges.
- The customer can only declare a set-off with undisputed and legally ascertained receivables. The rights of the client vis-à-vis us shall only be transferable with our express written agreement.
- The client must inform us immediately of any circumstances that may influence its credit rating e.g. changes of ownership, changes of business form, changes of address, transfer of receivables to third parties. If it is apparent that the credit rating of the client has fallen, we shall be entitled:
 - To demand security collateral and in particular to assert our rights from the retention of title, whereby this shall not constitute a rescission of the contract,
 - To demand the payment of outstanding advance payment of sums not yet due before we render our services,
 - To set a deadline and to demand damages for non-fulfilment,
 - To rescind the contract.

VIII. Choice of law, place of jurisdiction, final provisions

- The law of the Federal Republic of Germany shall apply to the exclusion of all international and supranational (contractual) legal rulings, in particular of the UN Sales Convention. Conditions and consequences of retention of title shall be subject to the law of the country where the item is stored. For international contracts, the International Regulations for the Interpretation of Commercial Terms (Incoterms) in their respective valid version shall apply.
- Place of jurisdiction and place of performance for both parties shall be Lübeck. We shall, however, also be entitled to bring action against the client at its place of residence and/or business.
- The remaining parts of the contract shall remain valid even if individual provisions are legally ineffective.
- Our previous terms and conditions shall be replaced by the above.