

We supply solely subject to our written order confirmation and these Conditions of Supply. Acceptance of the customer's order does not mean that we recognise the customer's standard terms and conditions which differ from these Conditions of Supply. By carrying out the order and acceptance of the goods supplied by us the customer confirms its consent to the following conditions.

Our Conditions of Supply apply even if we, in the knowledge that the conditions of the customer either contradict or deviate from our Conditions of Supply, execute the order without reservation.

The Parties expressly exclude the application of Section (5) § 6:63 of the Hungarian Civil Code. With the acceptance of these Conditions of Supply all previous oral or written negotiations or agreements on this subject shall be null and void. Any custom or practice which the Parties may have agreed to apply in their previous business relationship or which they may have established between themselves shall not form part of the contract. Nor does it include any custom or practice which is widely known and regularly used by the parties to a similar contract in the same line of business.

1. Price

- 1.1 Our offer shall not be binding, unless expressly stated otherwise in the offer itself or unless we have made a deviating agreement. A contract is only concluded upon acceptance of an order by our order confirmation, which is decisive for the scope of our contractual obligations.
- 1.2 Unless agreed otherwise in writing, delivery shall be Ex Works (Incoterms 2020) FAULHABER's production facility, as indicated in the offer, excluding statutory value-added tax and packaging. We are entitled to adjust prices and conditions to changed circumstances if (a) the customer subsequently requests changes or additions to the scope of services or (b) the documents and information provided by the customer and relevant for the provision of services are incomplete or do not correspond to the actual circumstances.
- 1.3 The payment terms indicated in the offer, the order confirmation and on the invoice are applicable. Unless otherwise stipulated, invoices are due for payment without deduction upon receipt of the invoice. Bills of exchange shall only be accepted as payment subject to a separate agreement; discounts and expenses shall be charged at the customary bank rate. If the invoice has not been paid by the time it is due the customer is in default with payment and we can claim default interest and damage caused by such default unless the customer bears no fault for this. If the time of receipt of the invoice is unclear the customer shall be in default no later than 30 days after the due date and receipt of counter-performance. If the customer is in default with payment we are entitled to demand default interest calculated as the sum of the Hungarian central bank base rate in effect on the first day of the calendar half-year affected by the default plus 8% points. In individual cases we are entitled to claim actual higher damage. We will claim unjustified deduction of discount or default interest.
- 1.4 The customer is not entitled to set off our claims or assert a right of retention unless the customer's claims are undisputed or have been declared final and absolute by a court

2. Delivery Time

- 2.1 An agreed delivery time shall commence on the date of our order confirmation. We shall only be bound to observe the delivery time subject to timely receipt of the documents to be provided by the customer, necessary permits, releases, timely clarification and approval of the plans, compliance with the agreed terms of payment and other obligations. If these prerequisites are not fulfilled in time the deadline will be extended by a reasonable period. The delivery date shall be deemed to have been met if, by this date, the goods have left our premises or are ready for despatch and the customer has been notified accordingly.
- 2.2 The delivery time shall be extended by a reasonable period should circumstances occur which are due to force majeure. This includes in particular strikes, natural disasters, riots, war, sanctions, embargoes, epidemics, pandemics, official measures as well as transport disruptions, lockouts and other operational disruptions, even if these occur at our sub-suppliers.
- 2.3 If unforeseen occurrences within the meaning of clause 2.2 last longer than 3 months each party shall be entitled to terminate the agreement with a notice period of two weeks or to withdraw from the agreement. As an alternative, we may adjust the agreement based on additional costs incurred in accordance with the economic significance or the relevance of the amendment for the content of the delivery and the resulting changes for our operations.
- 2.4 In the event of an amendment of the agreement pursuant to clause 2.3 the customer shall be entitled to terminate the agreement or withdraw from the agreement within a period of 5 working days after receipt of notification of the amendment.
- 2.5 If a party intends to withdraw from the agreement it shall inform the other party without undue delay after gaining knowledge of the implications of the event even if an extension to the delivery period had been agreed initially.
- 2.6 The customer is entitled to withdraw from the agreement for the delivery which is due if we are in default and if a reasonable deadline set by the customer, combined with threat of refusal, has expired without results. Subject to the provisions of clause 4 claims for compensation are excluded.

- 2.7 Compliance with the delivery and performance deadlines shall also be subject to our having been supplied in a correct and timely manner. Should it become apparent that delays are likely the customer will be notified as soon as possible.
- 2.8 At our request the customer shall state within a reasonable period whether it intends to withdraw from the agreement owing to the delay in delivery or insist on supply.
- 2.9 For freight-free shipments the risk shall also pass to the customer on despatch or collection of the shipment. Reasonable partial shipments are permissible.
- 2.10 **In the event of default, the customer may demand not only delivery but also reimbursement of any loss incurred by the delay. However, provided we have not acted with intent or gross negligence, this claim is restricted to 0,5 % of the net value of the shipment concerned for each completed week of delay, however to a maximum of 5 % of the net value of the shipment concerned. This has no effect on the customer's right to withdraw from the agreement and/or to compensation for non-fulfilment in accordance with clause 4.10 once a reasonable subsequent deadline has expired.**

3. Retention of Title

- 3.1 We reserve title in all goods supplied until all claims to payment arising from the business relationship with the customer have been settled in full (Reserved Goods). The customer is revocably entitled to sell on Reserved Goods supplied in the context of normal business. The customer hereby assigns to us by way of security all claims, including ancillary rights, against the purchaser arising from reselling the Reserved Goods. We accept such assignment. The claims assigned shall serve as security for all claims under clause 3.1. The customer is not authorised to make other disposals over Reserved Goods, in particular to pledge or transfer by way of security. If the customer is in default with its payment obligations towards us or if the customer infringes one of the obligations arising from agreed reservation of title, the balance of the debt shall become due for payment immediately. After setting a reasonable deadline for performance we are entitled to withdraw from the agreement and demand that the Reserved Goods be surrendered and to collect this from the customer. The customer has no right of possession in such case.
- 3.2 The customer is permitted to process or transform the Reserved Goods and mix or combine these with other items. Processing or transformation shall be carried out for ourselves. We will become the direct owners of the item produced as a result of such processing or transformation. The processed or transformed item shall be deemed to be Reserved Goods. If the Reserved Goods are processed or transformed with other merchandise which is not the property of the customer we shall have joint ownership in the resultant new product in the ratio of the value of the processed or transformed Reserved Goods to the value of other processed or transformed items at the time of processing or transformation.
- 3.3 If the Reserved Goods are irreversibly mixed or combined using other items, which do not belong to us, we shall acquire co-ownership of the new item in the ratio of the value of the Reserved Goods to the other mixed or combined items at the time of mixing or combining. If the mixing or combining process takes place in such a way that the customer's item must be regarded as the principal item, the parties shall be deemed to have agreed that the customer shall transfer to us joint title in the new item in the ratio of the value of the Reserved Goods to the other mixed or combined items at the time of such combining or mixing. We accept such transfer of title. The item created as a result of mixing or combining shall be deemed to be Reserved Goods. The customer shall hold the sole ownership or co-ownership which has been thus created pursuant to clauses 3.2 and 3.3 in custody on our behalf free of charge. An item shall be deemed inseparable if separation of the mixed items would entail disproportionately high costs.
- 3.4 If the realisable value of the securities exceeds our claims against the customer by more than 10% we are obliged to release the excess securities at our discretion.
- 3.5 If reservation of title is claimed, or if we take back or pledge the Reserved Goods this shall not constitute withdrawal from the agreement.
- 3.6 If the goods are taken back we are entitled to realise the goods at our discretion as good as possible, following prior warning and setting of a reasonable deadline. The proceeds from such realisation shall be offset against our claims after deduction of reasonable realisation costs. Any remaining proceeds shall be paid out to the customer.
- 3.7 The customer shall treat the Reserved Goods with care; in particular it shall insure it sufficiently against fire, water and theft at reinstatement value at its own cost.
- 3.8 In the event of a seizure or other interventions by third parties, the customer shall notify us without delay to enable us to file suit pursuant to § 538 of the Hungarian Code of Civil Procedure (Pp.). If the third party is unable to reimburse the costs incurred in or out of court of a claim pursuant to § 538 of the Hungarian Code of Civil Procedure (Pp.), the customer is liable for our loss.

4. Liability for Defects, Damages, Limitation of Liability

- 4.1 Unless acceptance has been expressly agreed, the customer shall inspect the goods received without undue delay on arrival for defects and - where applicable - agreed quality. Any obvious defects in the goods shall be

- notified to us immediately, but no later than five working days after receipt, latent defects shall be reported in writing no later than three working days after discovery. Otherwise the goods shall be deemed to have been accepted.
- 4.2 The customer shall provide us with an opportunity to investigate the complaint; in particular it shall make damaged goods and the packaging available to us for inspection. In urgent cases only, i.e. where operational safety is at risk and to avert disproportionately high damage, which shall be reported to us immediately, or where we are in default with remedying the defect, the customer shall be entitled to remedy the defect itself or have it remedied by third parties and to demand reimbursement of the necessary costs from us.
- 4.3 We are obliged to repair or replace — at our own discretion — defective goods at our own expense within a reasonable period set by the customer. Goods which have been replaced are our own property and shall be returned to us. If repair or replacement are not possible or do not take place or fail for other reasons before expiry of the deadlines set by the customer, the customer may within the framework of statutory regulations at its own discretion withdraw from the agreement concerning supply of the defective goods or demand a reduction in the purchase price.
- 4.4 To the extent that the complaint is justified, of the direct costs incurred by repair or replacement we shall bear the costs of the part replacement including shipment.
- 4.5 Before returning defective goods to us the customer shall remove these goods at its own expense.
- Any other costs incurred by the customer, in particular the costs for installing or attaching the repaired or delivered defect-free item, shall be borne by the customer itself.
- 4.6 Necessary assembly and travel expenses incurred in connection with unjustified complaints regarding defects shall be borne by the customer unless the lack of defect was not recognisable for the customer. We shall not bear liability for damage caused by any modifications or repair work improperly carried out by the customer or third parties; this shall not apply for the circumstances regulated under the last sentence of clause 4.2 unless the remedy of defects stipulated there was performed incorrectly.
- 4.7 We may refuse subsequent remedy if it is only possible by incurring unreasonable costs; in this assessment it must be taken into account that the costs for transport, travel, labour and materials will increase if the subject of the delivery was taken subsequently to a place other than the branch of the customer.
- 4.8 We shall not be liable for damage to goods caused by natural wear and tear, ageing, unsuitable or incorrect use or use which does not comply with designated contractual use, excessive use or improper modification, improvement or repair work by the customer or third parties, materials or tools provided by the customer or by faulty or negligent treatment, in as far as they are not our fault.
- 4.9 Even for defects to goods which occur due to faulty assembly or commissioning we are only liable to the extent of our fault unless the goods are made to be assembled and the assembly instructions are faulty or assembly of the goods is owed by us and was completed incorrectly.
- 4.10 Our liability is limited as follows :**
- We shall be liable pursuant to the statutory provisions to the extent that
 - we have fraudulently concealed a legal or material defect or have assumed a guarantee for the quality of the goods,
 - the damage is based on intent or gross negligence on our part or on the part of our legal representatives or vicarious agents or is based on a breach of our material contractual duties on the grounds of negligence by these persons - meaning duties which must be duly fulfilled in order to even facilitate implementation of the agreement and which the customer may trust in as a rule, or
 - culpable infringement of duty on our part, on the part of our legal representatives or vicarious agents has led to injury to life, personal injury or damage to health or
 - we are liable under other mandatory statutory provisions, in particular under the regulation of the Hungarian Code of Civil regarding product liability.
 - Where (i) there is no intentional or grossly negligent contractual infringement or (ii) we are not liable for injury to life, personal injury or health as well as where (iii) the guaranteed quality or (iv) the liability under the regulation of the Hungarian Code of Civil regarding product liability is not affected, liability for compensation shall be limited to foreseeable damages which typically occur.
 - Further-reaching claims for compensation by the customer, in particular for compensation in lieu of performance and for replacement of other direct or indirect damage - including concomitant or consequential damage, irrespective of legal grounds, in particular owing to the infringement of duties arising from the obligation relationship or from tort, are excluded.
 - The above provisions do not give rise to a change in the burden of proof to the detriment of the customer.
- 4.11 The limitation under clause 4.10 shall also apply if the customer demands compensation for expenses made to no avail instead of a claim for compensation.
- 4.12 The provisions of clauses 4.10 and 4.11 shall apply to the same extent to direct claims of the customer against our legal representatives, employees or vicarious agents
- 5. Amendment to Agreement**
- We reserve the right to adjust our prices reasonably if after the conclusion of the agreement cost reductions or cost increases occur in particular due to collective bargaining agreements, changes in material costs or due to other circumstances for which – with regard to cost increases – we are not responsible. We will provide evidence of such changes to the customer on request. This shall not apply during the first four months after conclusion of the agreement. We reserve the right to modify our conditions of supply in case of statutory changes of the relevant legal regulations.
- 6. Time-Barring**
- All claims for defects by the customer except for compensation claims shall become time-barred one year after delivery of the goods to the customer. The limitation period shall be one year from delivery or performance for replacement goods and repairs. However, it shall run at least until expiry of the original limitation period for the goods. This shall have no effect on provisions regarding a shorter life of the goods in the context of their designated use.
- 7. Export Controls**
- 7.1 All deliveries and services are subject to the provision that there are no impediments to performance due to national or international regulations, in particular export control regulations as well as embargoes or other restrictions.
- 7.2 To the extent necessary for the performance of export control inspections by authorities or by us, the customer shall, upon request, immediately provide us with all information on the final recipient, the final destination and the intended use of the ordered goods as well as on export control restrictions applicable in this respect. The customer also undertakes to provide all information and documents required for the export/transfer/import of the ordered goods.
- 7.3 Delays due to export inspections or approval procedures shall extend the agreed delivery times by the duration of these delays.
- 7.4 If required permits are not granted or if the delivery of the goods is not subject to approval, the contract shall be deemed not to have been concluded with regard to the goods concerned. Claims for damages shall be excluded to this extent and due to the aforementioned exceeding of the delivery date. We are also entitled to terminate the contract without notice if the termination is necessary for us to comply with national and international legal provisions.
- 7.5 In the event of termination in accordance with clause 7.4, the assertion of a claim for damages or the assertion of other rights by the customer on the basis of the termination shall be excluded.
- 7.6 Before passing on the goods delivered by us to third parties, the customer shall in particular check and ensure by appropriate measures that
- he does not directly or indirectly violate any embargo of Hungary, the European Union or - as far as applicable - of the United States of America and/or the United Nations by passing on the goods to third parties, by brokering contracts for such goods or by providing other economic resources in connection with such goods, also taking into account any restrictions on domestic transactions and any prohibitions on circumvention;
 - such goods are not intended for a armaments-related, nuclear or weapons-related use prohibited or requiring approval, unless any necessary approvals have been obtained;
 - the regulations of all relevant sanctions lists of Hungary, the European Union and - insofar as applicable - the United States of America and/or the United Nations concerning business transactions with companies, persons or organisations named therein are complied with;
 - goods subject to approval are not used for a purpose other than the one stated or for a final recipient other than the one notified to us.
- 8. Copyright, Industrial Property Rights**
- We — without restriction — reserve the right to realise ownership, industrial property rights and copyrights in drawings and other documents.
- 9. Jurisdiction, Applicable Law**
- 9.1 If the customer is not a consumer the exclusive place of jurisdiction shall be the court having local and subject-matter jurisdiction for our place of business in HU-2730 Albertirsa, Dózsa György út 29.. We reserve the right to also assert claims in court at the customer's headquarters or branch office.
- 9.2 Our contractual relationship with the customer shall be subject to the law of Hungary excluding the United Nations Convention on Contracts for the International Sale of Goods (CISG).
- 9.3 If any provision of these conditions of supply is or should become invalid, this shall not affect the validity of the remaining provisions. The parties shall replace the invalid provisions with a provision which reflects as closely as possible the economic purpose of the original provision.