

General Terms of Payment and Delivery

I. Scope

1. The following conditions of sale apply to all contracts entered into by the Buyer and us regarding the delivery of goods, irrespective of whether or not the Buyer has its registered office in Germany or abroad. These also apply to all future business relations, even if they are not expressly agreed upon again. Deviating Buyer's conditions that we do not expressly acknowledge shall not be binding for us, even if we do not expressly reject such conditions. These general terms and conditions of delivery and payment shall also apply if we unconditionally execute the Buyer's order although we are aware of the Buyer's contradictory or deviating conditions that conflict with or are contrary to our conditions.
2. All agreements entered into by the Buyer and us in respect of executing the purchase contracts have been set out in writing in the contracts. Verbal agreements may only be cited in relation to us if we have provided the Buyer with written confirmation of such agreements. Otherwise, we assume that verbal subsidiary agreements regarding the contract have not been entered into and that the entire content of the agreement entered into with the Buyer is set out in the written contract and these General terms and conditions of delivery and payment.
3. Contractual languages for agreements entered into by the Buyer and us are German, English and the language used by us in our offer. Prior, written approval regarding the choice of language shall be required so that declarations of intent on the part of the Buyer can be made to us in a language other than the contract language.

II. Offers and conclusion of contracts

1. We may accept an order placed by the Buyer, which is to be qualified as an offer to enter into a contract of purchase, within four weeks following receipt of the order by way of forwarding confirmation of order or by supplying the ordered products within the same period.
2. Our offers are subject to change without notice and are non-binding unless we have expressly described such offers as binding.
3. We reserve ownership rights, copyright and other industrial proprietary rights to all diagrams, calculations, drawings and other documents. The Buyer may only forward these to third-parties following our written approval irrespective of whether or not we have marked these as confidential.
4. The item of purchase is ultimately set out in the specification stated in the confirmation of order. Insignificant variations and technical alterations do not justify breach of contract in respect of the supplied goods.

III. Export license by BAFA

The German Federal Office of Economics and Export Control (BAFA) is a German federal principal office in the business area of the German Federal Ministry for Economics and Technology. Its key tasks include controlling the export of goods. In this respect the BAFA may authorise or refuse the export of goods.

The conclusion of a contract between us and our customer is conditional on the fact that the BAFA issues an export license for the ordered goods (suspensory condition). In such a case the delivery period shall only commence following receipt by us of the positive review outcome by BAFA.

If it becomes evident after we have entered into a contract with the Buyer that BAFA refuses to issue the export license for the ordered goods, the contract shall be rescinded (resolatory condition).

IV. Prices and payment conditions

1. In the absence of agreements to the contrary in the order confirmation, our prices apply ex works (EXW) plus packaging, delivery and the taxes associated with the delivery and other charges. If the Buyer does not receive confirmation of order or if such confirmation does not contain any price details, our price lists that are valid in the case of the delivery shall be deemed applicable. Our prices do not include the statutory value added tax. Such tax shall be stated separately in the statutory amount separately in the invoice on the day on which the invoice is written out.

Payment is to be made in a currency in which the prices are stated in the invoice.

2. Trade discounts may only be deducted in the case of a separate, written agreement between us and the Buyer.

3. The purchase price is payable as a net amount (without deductions and free-of-charge for us). The purchase price shall fall due for payment by the Buyer 10 days following the invoice date insofar as a payment period to the contrary is neither stated in the confirmation of order nor in the invoice. Payment shall only be deemed effected once we can dispose of the amount. In the event of payment by cheque, payment shall only be deemed effected once the cheque has been cashed in.

4. If the Buyer defaults in payment, we shall be entitled, irrespective of other legal remedies, to charge interest of 8 percentage points above the base lending rate of the Central Bank of Germany. Exceeding the payment period by more than 30 days shall be deemed to constitute a serious breach of contract.

5. In the case of an agreement regarding advance payment, if the Buyer fails to pay the purchase price within 4 weeks following notification of readiness to dispatch, this shall be deemed to constitute a serious breach of contract that shall entitle us to rescind the contract.

6. The Buyer shall only be entitled to set off, including if notification of defects is given or counterclaims are asserted, or may only retain the purchase price if the counterclaims have become res judicata by way of a decision by the pertinent court or have been acknowledged by us. The Buyer is only authorised to exercise a right of retention if its counterclaim is based on the same contractual relationship.

V. Delivery and performance time

1. Delivery dates or periods that have not been expressly agreed upon as having binding force are solely non-binding details and at all times are subject to timely and correct supplies to us. The delivery time stated by us shall only commence if potential technical questions regarding the product have been clarified with the customer, and in the event of an agreement regarding payment in advance we have received the purchase price. Likewise the Buyer is to honour all its obligations properly and in good time.

2. We shall only be liable for damage that the Buyer has proven to have suffered as a result of default in delivery if the default in delivery constitutes a serious breach of contract. A default in delivery shall only be deemed to constitute a serious breach of contract if the delivery date was expressly agreed upon as a fixed and unalterable delivery date. In such a case our liability shall be limited to 15 % of the invoice amount of the supplied goods.

Further-reaching liability regarding delivery default that is our responsibility, in particular liability for consequential damage, the loss of expected profits or loss of production, is excluded.

3. The following regulation applies instead of Clause V.2 to Buyers who have their registered office in Germany:

If the contract of purchase in question is a fixed business transaction within the meaning of Section 286, sub-section 2, no. 4. BGB¹ or Section 376 HGB², we shall be liable in accordance with the statutory provisions. The same applies if the Buyer is entitled, as a result of default in delivery that is our responsibility, to assert the cessation of its interest in further executing the contract. In such a case, our liability shall be limited to foreseeable and typical damage if the default in delivery is not attributable to intentional breach of the contract that is our responsibility, whereby culpability on the part of our representatives or vicarious agents is to be attributed to us.

We are likewise liable to the Buyer in the case of default in delivery in accordance with the statutory provisions if the default in delivery is based on an intentional or gross negligent breach of contract that is our responsibility, whereby culpability of our representatives or vicarious agents is to be attributed to us. Our liability is limited to foreseeable and typical cases of damage if the default in delivery is not attributable to an intentional breach of contract that is our responsibility.

In the event that default in delivery that is our responsibility is attributable to culpable violation of a key contractual obligation, whereby culpability on the part of our

¹ German Civil Code

² German Commercial Code

representatives or vicarious agents is to be attributed to us, we shall be liable in accordance with the statutory provisions on condition that in such a case liability to provide compensation for damages is limited to foreseeable and typical cases of damage.

Otherwise, the Buyer may, in the event of default in delivery that is our responsibility, claim flat-rate compensation of 3 % of the delivery value, at most, however, but not more than 15 % of the delivery value.

Further-reaching liability for default in delivery that is our responsibility is excluded. This does not affect the additional statutory claims and rights on the part of the Buyer to which the Buyer is entitled in addition to the claims for damages regarding default in delivery that is our responsibility.

4. Deliveries shall be carried out EXW at our company headquarters insofar as a delivery clause to the contrary or another place of delivery is not stated in the order confirmation.

5. We are entitled to carry out partial deliveries and render partial services at any time insofar as this is reasonable to the Customer.

6. The Buyer is to take possession of the goods at our company headquarters within 14 days following receipt of our notification regarding the readiness to make the goods available. If the Buyer defaults in acceptance by more than 7 days, this shall be deemed to constitute a serious breach of contract, and we shall be entitled, irrespective of other legal remedies, to request compensation of sustained damage and possible additional expenses. Subject to proof of greater damage, in such a case the Buyer shall be required to provide compensation of 20% of the purchase price unless the Buyer furnishes proof of lesser damage. The same applies if the Buyer culpably violates duties in respect of cooperation.

The risk of accidental deterioration and accidental loss shall pass to the Buyer upon the occurrence of default in acceptance or default of the debtor.

VI. Passing of risk

The delivery and therefore the passing of risk to the Buyer apply EXW at our company headquarters.

VII. Warranty/liability

1. The Buyer shall forfeit the right to cite identified breach of contract regarding the goods or documents in the case of taking possession of the goods if the Buyer fails to provide written notification of these without delay, at the latest however within 6 weeks following dispatch by us, and fails to describe in precise detail the type of breach of contract. If there are indications, following acceptance of the goods, of a possible breach of contract, the Buyer shall forfeit the right to cite the breach of contract if the Buyer fails to immediately conduct a required inspection in that respect and fails to inform us in writing within one week after having identified such a breach of contract.

2. We are entitled to rectify the breach of contract regarding the goods or documents even after the agreed upon delivery period by way of subsequent improvement or replacement delivery. A right on the part of the Buyer to rescind the contract is excluded unless the breach of contract constitutes a key contractual violation and is not eliminated by us within an additional period of reasonable length set by the Buyer, which must be at least 6 weeks. The Buyer shall be required to obtain our approval prior to reducing the purchase price.

The cost of transporting the goods from the Buyer's premises to us for the purpose of rectifying defects shall be borne by the Buyer. The cost of transporting the goods from us to the Buyer's premises shall be borne by us if it becomes evident that the defect regarding the goods is justified.

We are liable without restrictions for the loss of life, physical injury and detrimental effects on health that are attributable to negligent or intentional breach of contract by us, our legal representatives or vicarious agents as well as damages that are covered by liability in accordance with the German Product Liability Act.

In respect of other damage, our liability is limited to the delivery value of the goods unless the damage is based on serious breach of contract. Breach of contract shall be deemed serious if it gives rise to a disadvantage for the Buyer to the extent that the Buyer largely fails to receive what it could have expected from the contract. In the event of violation of a key contractual obligation, our liability shall be restricted to damage that is foreseeable of us.

Under no circumstances shall we be liable for consequential damage such as the loss of expected profits or the loss of production.

3. The following regulation applies instead of Clause VII.2 to Buyers who have their registered office in Germany:

Insofar as the goods contain a defect that is our responsibility, we undertake to provide subsequent performance by way of exclusion of the Buyer's right to withdraw from the contract or reduce the purchase price (abatement) unless we are entitled to refuse subsequent performance as a result of a statutory provision. The Buyer is to grant us a period of reasonable length in which to provide subsequent performance. Subsequent performance may be provided, at the Buyer's discretion, by way of rectifying a defect (subsequent improvement) or delivery of new goods. In the event of rectifying a defect, the necessary expenses shall be borne by us insofar as these do not increase because the contractual item is in a location other than the place of performance.

If the subsequent performance has failed, the Buyer may, at its discretion, request a reduction in the purchase price (abatement) or withdraw from the contract. The subsequent improvement shall be deemed to have failed if a second attempt ends in vain insofar as further attempts at subsequent improvement are not reasonable and the Buyer cannot be expected to approve these as a result of the contractual item.

The Buyer may only assert claims for damages at the following conditions regarding the defect if the subsequent improvement has failed. This does not affect the Buyer's right to assert further-reaching claims for damages at the following conditions.

We are liable without restrictions in accordance with the statutory provisions for the loss of life, physical injury and detrimental effects on health that are attributable to negligent or intentional violation of an obligation by us, our legal representatives or vicarious agents and in the case of damage that is covered by liability in accordance with the German Product Liability Act. We shall be liable in accordance with the statutory provisions for damage that is not covered by the previous sentence and is attributable to intentional or gross negligent breach of contract and fraudulent intent by us, our legal representatives or our vicarious agents. However, in this case the liability to provide compensation for damages is limited to foreseeable and typical cases of damage insofar as we, our legal representatives or our vicarious agents have not acted intentionally. As part of this guarantee we shall also be liable to the extent in which we have provided a guarantee regarding the nature and/or durability of the goods or parts thereof. However, we shall only be liable for damage based on the lack of warranted characteristics or durability, but which does not directly apply to the goods, if the risk of such damage is evident in the guarantee regarding the nature and durability of the goods.

We shall also be liable for damage caused by minor negligence insofar as the negligence applies to the violation of such contractual obligations, the adherence to which is of particular importance in respect of achieving the contractual purpose (cardinal obligations). However, we shall only be liable insofar as the damage is typical, associated with the contract and is foreseeable.

4. Further-reaching liability is excluded without consideration given to the legal nature of the asserted claim. This applies, in particular, to tortious claims. Insofar as our liability is excluded or limited, this shall also apply to the personal liability of our white collar workers, staff members, workers, representatives and vicarious agents.

5. The Buyer's warranty claims shall fall under the statute of limitations one year following the date of invoice insofar as we do not provide a promise of guarantee. The Buyer's claims for damages regarding a defect shall fall under the statute of limitations one year from the date of invoice. This shall not apply in the event of the loss of life, physical injury and detrimental effects on health that are attributable to us, our legal representatives or vicarious agents or if we, our legal representatives or vicarious agents have acted intentionally or gross negligence.

6. We shall not accept any liability for the fact that the goods are free of third-party rights based on commercial or other intellectual property. Reviewing the legal situation in the place of destination is solely the Buyer's concern. In other respects, liability for defects in title shall become inapplicable following expiry of 2 years following delivery of the goods.

VIII. Reservation of title

The delivered goods (reserved goods) shall remain our property up until all claims against the Buyer, including all balance claims from current accounts, have been settled to which we are entitled now or in the future. In the event of conduct contrary to contract on the part of the Buyer, e.g. default in payment, we shall be entitled, after having set a reasonable period, to take back the reserved goods. If we take back the reserved goods,

this shall constitute a withdrawal from contract. If we seize the reserved goods, this shall be deemed a withdrawal from contract. We are entitled to utilise the reserved goods after taking them back. Following deduction of a reasonable amount for the realisation costs, the realisation proceeds are to be set off against the amounts that the Buyer is required to pay to us.

The Buyer is obligated to take the measures required to maintain the reservation of title - or a comparable security right in the country in which its branch is located or in a country of destination that varies from such a country - and on request to furnish the Seller with proof in that respect. Failure to observe this shall be deemed to constitute a serious breach of contract.

IX. Place of performance, place of jurisdiction and applicable law

1. Our registered office is deemed the place of performance and place of jurisdiction for deliveries and payments (including action arising out of a cheque or bill of exchange) and all disputes arising between us and the Buyer from the purchase contracts entered into by us and the Buyer. However, we are also entitled to bring an action against the Buyer at the court with jurisdiction for its place of residence and/or registered office.

2. The contracts as part of the business association between us and the Buyer and entering into such contracts are provided for in accordance with the law of the United Nations Convention on Contracts for the International Sales of Goods (CISG). Questions that apply to items that are not provided for in accordance with this Convention are to be decided upon in accordance with the law of the Federal Republic of Germany.

X. Severability clause

If individual provisions of the contracts entered into on the basis of these General terms and conditions of delivery and payment are wholly or partially invalid or impracticable, this shall not affect the validity of the other provisions. In such a case the parties shall replace the invalid or impracticable provision with a valid and practicable provision that reflects, as far as is permissible, the economic purpose of the invalid or impracticable provision.

These General terms and conditions of delivery and payment are valid from 01.01.2020.

FRITSCH GmbH • Milling and Sizing
Industriestrasse 8 • 55743 Idar-Oberstein • Germany