

General Purchasing Conditions

I. General

1. The present general purchasing conditions (GPC) are exclusively valid for all current and future orders of Muehlbauer Technologies s.r.o. A current version of the GPC is available on www.muehlbauer.sk (currently in the section General Terms under www.muehlbauer.sk/general-terms). The GPC apply only if the vendor is an entrepreneur (art. 2 Slovak Commercial Code), a legal entity under public law or public separate assets. For contracts closed between Muehlbauer Technologies s.r.o. and Slovak subject of law are ruled mainly by provisions of Act no. 513/1991 Coll. Slovak Commercial Code (hereinafter only "Slovak Commercial Code").
2. The GPC apply especially for contracts concerning the sale and/or delivery of movable goods ("goods") regardless whether the vendor manufactures the goods himself or purchases them from suppliers (incl. articles 409, 536 et seq. Slovak Commercial Code). Unless otherwise agreed, the GPC are valid in the version that is applicable at the moment of the buyer's order or, in any case, in the latest version that he received in writing as a framework agreement also for similar future contracts, without us having to point them out again in every individual case.
3. These GPC apply exclusively. Divergent, contrary or supplementary terms and conditions of the supplier shall become a part of the contract only if and insofar as we have explicitly accepted them in writing. This requirement of consent applies in every case, also for instance if we accept the supplier's deliveries without reservation while aware of his terms and conditions.
4. Orders only become binding for us if we have produced them in written form. We do not recognize verbal subsidiary agreements (amendments or additional arrangements). In particular, orders, changes or additions to orders via telephone shall only become binding if we have confirmed them in writing.
5. Individual agreements concluded with the supplier in the particular case (including subsidiary agreements, supplements and changes) prevail these GPC in any case. A written contract or our written confirmation is authoritative for the content of such agreements, subject to proof of the contrary.
6. Legally relevant declarations and notifications of the supplier regarding the contract (e.g. deadlines, warning, withdrawal) must be submitted in writing (e.g. letter, e-mail, fax). Legal formal regulations and further evidence, especially in case of doubts regarding the legitimation of the declarant, remain unaffected.
7. Notices about the validity of legal provisions are only for clarification. Even without such clarification, the legal provisions shall apply to the extent to which they are not directly changed or explicitly excluded by these GPC.

II. Offers, conclusion of contracts, extent of orders and prices

1. Offers and cost estimates generally are to be submitted free of charge, unless a contrary agreement has been made.
2. Our order shall be binding no earlier than upon written submission or confirmation. The supplier must inform us about obvious errors (e.g. typing or calculating errors) and any incomplete information in our order including the order documents before accepting the order, so we can correct or complete it; otherwise the contract is considered as not concluded.
3. Silence on offers, requests or other statements from our suppliers only means acceptance if this has been agreed expressly in writing.
4. After receipt of the order by the supplier we expect an unconditional order confirmation in writing within 4 working days which mentions our order number and article number or an unconditional shipment of the goods (receipt). A delayed receipt is considered as a new offer and requires our acceptance.
5. We reserve the right to reduce or increase the amount of ordered items or to make adaptations to the model type of machinery, in particular in respect to new technical developments as long as this means an improvement for us, as well as to require a certain time and place of delivery or setting up. If, as a result of this procedure, cost increases and/or delivery delays are proven to occur, then an appropriate compensation must be negotiated.
6. The prices listed in our order are ceiling prices and remain binding even when price increases occur in the meantime. However, if the supplier reduces his prices by the delivery deadline, this reduction must be passed on to us.
7. Unless otherwise agreed for the particular case, the price includes all services and ancillary services of the supplier (e.g. assembly, installation) as well as all ancillary costs (e.g. proper packaging, transport costs including possible insurance for transport and liability).
8. If the ordered goods fall under export control or other restrictions to marketability according to Slovak law, the supplier has to inform us in writing prior to conclusion of the contract. If this information is not provided, we reserve the right to withdraw from the contract.
9. For articles that are ordered for the first time we shall receive automatically and without further request a long-term supplier's declaration or information on the country of origin and customs code.

III. Deliveries and terms of delivery

1. The delivery date stated in our order is binding. The supplier is obliged to inform us immediately and in written form if situations occur (or if he becomes aware of factors), which lead to a delivery delay. Furthermore he has to inform us about the new binding delivery date; this however does not relieve him from responsibility connected with the delay, if applicable.
2. If the supplier does not honor the agreed delivery date of movable goods or if the manufacturing and the setting up as well as the putting into operation of immovable objects such as machines to be permanently fixed, complete machinery and industrial facilities and other devices is not completed within the deadline, then the supplier shall be charged, per full calendar week of delay, a financial penalty of 1% of the net order amount, but at maximum 5% of the order amount. In addition to this, the supplier is liable to pay for damages that his delay caused to us through a production shortfall, refused orders, and a loss of wages occurring on our side, if such damages exceed the penalty. Furthermore, we shall be entitled to immediately withdraw from a contract if deadlines are not met. An acceptance of goods delivered late does not constitute a waiver of possible compensation claims for damages.
3. Partial, short- or over-deliveries are not admissible unless a contrary agreement has been made. In individual cases, however, such deliveries can be accepted.
4. Shipping documents have to be included in every delivery. The documents must contain our order number, our article number for each item, the material designation and the weight of the shipment.
5. In case express transport was necessary to meet the delivery date, the arising additional costs have to be borne by the supplier.
6. The delivery of additional agreed documents such as test reports, material quality certificates or the like is required for the delivery to be considered as complete.
7. The supplier is not allowed to assign any of the owed services to third parties (e.g. subcontractors) without our prior written consent. The supplier bears the risk of procurement for his services, unless otherwise agreed in the specific case (e.g. limitation to stocks).

IV. Dispatch and risk taking

1. The supplier is liable for the strict conformation to the regulations pertaining to the dispatch which have been given to him. We retain the right to refuse to accept deliveries, if we have not received proper dispatch and shipping documents on the day of delivery and we shall not be in default of acceptance due to that. If costs occur due to the justified refusal to accept the goods, the supplier must pay the costs.
2. The supplier carries the risk of an accidental loss or deterioration until the point of delivery to us or acceptance, unless explicitly agreed otherwise in writing.
3. The deliveries are deemed free of any transportation costs to the dispatch address and prices include all packaging, unless, in single cases, another written agreement has been made. We only return packaging materials or bear packaging costs if we explicitly confirm this in written form or if it is legally required. If not agreed otherwise, the dispatch address is the delivery point. If other address is agreed as delivery place, transportation costs to such address are included as well, unless agreed otherwise.
4. The supplier only fulfills his delivery obligations after the delivery of the goods or performance of the work or acceptance as long as there has been no other written agreement. The values determined at our particular site are authoritative for amounts and weights.

V. Manufacturing orders

1. For work involving installation maintenance and additional services, the following shall apply: The supplier is responsible, during the performance of all work carried out both by himself and by his agents, for the conformation to accident, fire prevention and occupational safety regulations, in particular those which are valid in our production plants.
2. The supplier shall be held liable for any damages caused either by himself or by his agents at our site. He shall exempt us from any claims for compensation of third persons, also from instructions of supervisory authorities etc., which are made against us in the context of the contractually agreed delivery or service. Upon our request, he must prove that he is able to cover the costs for this damage by a sufficient liability insurance.
3. The supplier and his agents themselves are responsible for the care of the safe storage of their property brought to our facilities. In this regard we do not assume any warranty.

VI. Patents and trade mark rights

1. The supplier guarantees that the products delivered by him do not infringe any patent rights or other intellectual or industrial property rights or any other rights of third parties.
2. The supplier exempts us from any obligation, liability, loss, claims for compensation including costs and disbursements which result from claims or litigation due to the infringement of patents or other intellectual or industrial property or other rights. In the case that such claims are

made against us, the supplier shall assume our defense in court at his own cost and shall exempt us from any claims made between these parties, in which ever form, by third persons. In the case that such claims are made against us, we shall notify the supplier immediately in writing and provide him with the necessary information.

VII. Sketches and models

1. Sketches, models, documentation, software, etc. which we provide or pay for the execution of an order, remain or become our property. The supplier shall be held liable for the loss or damage or for any misuse until they are duly and completely returned.
2. After completion of a job task those objects shall be returned to us without further request.

VIII. Billing and payment

1. After successful and contractual delivery of the ordered goods or provision of the agreed service we shall receive an invoice from the supplier. For processing purposes the invoice has to show our order number, the designation of the invoiced items as well as our supplier number. Invoices without this information will be considered as not received, because they cannot be processed.
2. Payment shall be made after conventional delivery/service provision and receipt of the invoice. In case of defective delivery or performance we retain the right to withhold the payment until complete fulfillment or clarification of issues. Bonuses, discounts and price reductions shall remain unaffected.
3. Unless otherwise indicated in the order or contractually agreed, the agreed price is due for payment within 30 calendar days subsequent to complete delivery and service provision (including the agreed acceptance, if applicable) and receipt of a proper invoice. If we pay within 14 calendar days, the supplier shall grant us a 3% cash discount on the net amount of the invoice. In case of bank transfer, payment is considered as done in time if our bank receives our transfer order before expiry of the payment deadline; we are not responsible for any delays caused by the banks involved in the payment procedure.
4. We do not owe any due date interests. Regarding payment delay, the legal regulations shall apply.
5. The supplier shall not have the right to offset against our claims, except for counterclaims that we do not dispute or that have been adjudicated against us as final and absolute or for claims arising from the same contractual relationship.

IX. Non-disclosure and reservation of title

1. We reserve property rights and copyrights for images, plans, drawings, calculations, executive instructions, product descriptions and other documentation. Such documentation must be used exclusively for the contractual services and must be returned to us after contract fulfillment. This documentation, as well as any other documentation or information of confidential or sensitive nature, must not be disclosed to any third parties, including after contract termination. The obligation to secrecy shall only expire when and insofar as the knowledge contained in this documentation has become common knowledge.
2. The above provision shall also apply to substances and materials (e.g. software, finished and semi-finished products) as well as tools, models, samples and other items that we provide to the supplier for production. As long as these items are not processed, they must be kept safe, separately and insured to an appropriate extent against destruction and loss at the expense of the supplier.
3. Processing, mixing or combining (further processing) of provided items shall be carried out for us by the supplier. The same applies if the delivered goods are further processed by us, so that we are considered the manufacturer and, at the latest after further processing, become the owner of the product in accordance with the legal provisions.
4. The transfer of ownership of the goods must be unconditional and regardless of payment of the price. However, if we accept a particular offer of the supplier where payment of the purchase price is a condition, the retention of title of the supplier expires at the latest when the purchase price for the delivered goods is paid. In the orderly business process, we remain entitled to resell the goods before paying the purchase price. Purchase price received from our buyer in such case shall be used for settlement of the corresponding supplier's receivable without undue delay. Should the buyer be delayed, the supplier shall be entitled to request security assignment of our receivable against such buyer within the meaning of article 554 of the Slovak Civil Code.

X. Warranty

1. The supplier guarantees that the delivered goods correspond to his offers and to the contractually agreed quality and that they do not infringe the rights of third parties. The subjects of the contract must always be compliant with the laws applicable in Slovak Republic, especially regarding equipment safety and product liability. There is no limitation in the statutory liability and/or warranty obligations of the supplier.
2. If a machine, a device or a complete plant is manufactured and/or installed according to a specifically agreed plan or special request, the supplier shall guarantee that the subject of the contract fulfills the purpose intended by us.

3. The scope of warranty to be provided by the supplier also includes the parts produced by his suppliers and the deliveries of the suppliers respectively.
4. Our obligation to investigate and to reprimand for faults does not arise until the delivery/service has been received in our plant. The examination and notification period, which starts at that point in time, is at least one month for complex cases.
5. Regarding the commercial obligation of examination and notification the legal provisions (art. 427 Slovak Commercial Code) apply, provided that: Our obligation of examination is limited to faults which are clearly visible during external examination of the goods including the delivery documents at the incoming inspection (e.g. transport damages, incorrect or short delivery) or which can be noticed by random sample testing at our quality control. If an acceptance is agreed, there is no obligation of examination. Otherwise it depends on whether an examination is feasible considering the circumstances of the individual case according to regular business procedures. Our obligation to give notice of faults detected later remains unaffected. Irrespective of our obligation of examination our notification of faults shall be considered as immediate and in time if it is submitted within 14 working days from the detection or, in case of obvious faults, from delivery. Periods in complex cases are not affected hereby.
6. In the case of immovable objects such as permanently fixed machinery and equipment, an official acceptance from our side is required. We are not obliged to accept them until the machine or the equipment has been correctly installed or set up and is operational.
7. In case of faults, we are entitled to demand either rectification or a replacement delivery of parts free of faults from the supplier. Supplementary performance includes removal of the faulty goods and reinstallation, if the goods were installed integrated in another item according to its intended purpose. The supplier must also bear the costs incurred for examination and supplementary performance (including possible costs for removal and reinstallation) if it turns out that there was no fault. Our liability for compensation in case of unjustified claims for supplementary performance remains unaffected, but we can be held liable in this regard only if we have realized or grossly negligently not realized that there was no fault.
8. If a punctual improvement or replacement delivery is not possible, if it is not successful or reasonable, we can make a claim for compensation and/or withdraw from the contract or demand a price reduction. In the aforementioned cases we are also entitled to have the faults corrected at the expense of the supplier. If a fault is only noticed after further processing, the supplier shall also be liable for the damage arising to us from this fault.
9. Otherwise, in case of a defect of quality or title, we are legally entitled to reduce the purchase price or to withdraw from the contract. Moreover, according to the legal provisions we are eligible for compensation for damages or expenses.
10. If not agreed otherwise, the supplier provides our company with a warranty period to all goods (including results of services) of at least 2 years, within the meaning of section 429 et seq. of the Slovak Commercial Code. Different period shall apply if (i) a longer period results from any provision of law notwithstanding whether to us or to an end user, or (ii) expressly agreed otherwise, or (iii) a longer period is declared by the supplier in any form, or (iv) construction works are affected – in such case at least 5 years warranty period applies. If more occasions of the previous sentence occur, the longest warranty period shall always apply. The supplier shall be responsible for all defects that arise within the warranty period, if not caused by breach of obligations of our company or the end user. The warranty periods commence at the acceptance, or in case of goods intended to further sale, at the acceptance by the end user, if the law does not stipulate a later moment of warranty period commencement.

XI. Liability of the manufacturer

1. Within the context of his liability for cases involving damage stated in section 1 the supplier is also obliged to compensate for possible costs resulting from these damages, which have resulted from or are linked with a recall campaign of ours. In case of multiple damagers, articles 438 et seq. of the Slovak Civil Code and article 293 of the Slovak Commercial Code apply. Concerning the content and extent of the recall measures to be carried out, we shall, as far as possible and reasonable, inform the supplier and give him the opportunity to make a statement. Any other legal claims shall remain unaffected.
2. The supplier commits to taking out a comprehensive product liability insurance for damages to persons or property.

XII. Recourse against suppliers

1. Beside the claims for defects, we are entitled without any restrictions to recourse claims within a supply chain. We are in particular entitled to claim from the supplier exactly the kind of supplementary performance (rectification or replacement delivery) which we owe to our customer in the individual case. This does not restrict our legal right to choose any of the claims for defects (especially under art. 436 et seq. of the Slovak Commercial Code or under any provision of the GPC).
2. Before we recognize or fulfill any claims for defects from our customer (including compensation for expenses), we will inform the supplier, explain the facts and ask for a written statement. If the supplier makes no statement within an appropriate period and if no amicable solution is

achieved, the claims for defects that we actually granted shall be considered as owed to our customer, it rests with the supplier to provide counter evidence.

XIII. Statute of limitation

1. The mutual claims of the contractual parties shall fall under the statute of limitation under the terms of these GPC, unless a longer period is determined by applicable legal regulations.
2. As stated in art. 397 of the Slovak Commercial Code, the general limitation period shall be 4 years. Moreover, claims resulting from defects of title, or in case of other third party's rights, shall not fall under the statute of limitation in any case as long as the third party can still - especially for lack of limitation - claim this right against us.

XIV. Other provisions

1. We will process the data that we have received from the supplier due to our business relationship in accordance with the legal regulations.
2. The supplier can only assign claims against us to third parties with our written consent; this shall also apply to assignment of claims in the framework of a factoring contract. If claims are assigned without our consent, we are authorized to withdraw from the contract (the right to object against such assignment remains unaffected). The same applies if insolvency proceedings against the supplier are initiated or moved for.
3. In case one or several provisions of the conditions mentioned above are or become invalid or unfeasible, the validity of the other provisions of this contract shall remain otherwise unaffected. Such invalid provisions shall be replaced by new provisions which aim at the same degree of economic success. The same applies for handling contractual omissions.
4. As far as provisions have not become an integral part of the contract, the subject matter of contract shall insofar obey the legal regulations.
5. The place of performance is the registered office of our works for which the delivery of work/services is destined.
6. The contractual relationships shall be governed exclusively by Slovak law, notwithstanding its collision provisions.
7. In every case of any disputes between us and the supplier, also for any future claims from the business, including those from bills of exchange, checks and other documents, the jurisdiction is dedicated to Slovak courts according to provisions of Act no. 160/2015 Coll. Civil Disputes Code.