

## **GENERAL TERMS AND CONDITIONS OF COMMERCIAL SALE** (the “Terms and Conditions”)

### **1. OFFER, CONFIRMATION OR AGREEMENT**

Any Offer is expressly made conditional on Buyer's assent to all of the terms contained in the Offer without deviation. Acceptance by Buyer of an Offer may be evidenced by (i) Buyer's written or verbal assent or the written or verbal assent of any representative of Buyer, (ii) Buyer's acceptance of delivery of the Products or payment of purchase price for the first installment of the Products (if applicable), or any such acceptance by any representative of Buyer, or (iii) other conduct by Buyer or any representative of Buyer consistent with acceptance of the Offer.

In the event that any Offer or Confirmation is sent in response to Buyer's blanket purchase order, the terms and conditions of that Offer or Confirmation, including these Terms and Conditions, shall apply to any delivery by Seller, irrespective of whether Buyer submits additional purchase orders (electronically or otherwise) and whether Seller provides a Confirmation to such additional purchase orders. All terms and conditions of such documents by Buyer are hereby rejected.

Seller's Offers are open for acceptance within the period stated by Seller in the Offer or, when no period is stated, within thirty (30) days from the date of the Offer, but any Offer may be withdrawn or revoked by Seller at any time prior to the receipt by Seller of Buyer's acceptance related thereto.

If Seller receives an order from Buyer for the sale by Seller and purchase by Buyer of Products and such order is not a response to an Offer by Seller, or if Seller receives an order or acceptance by Buyer which deviates from Seller's Offer, such order or acceptance, respectively, shall be deemed to be a request for an Offer only.

An acceptance by Buyer of any Offer made by an order gatherer, liaison officer, agent or sales representative for Seller shall constitute an Agreement between Seller and Buyer upon explicit Confirmation by Seller itself.

### **2. PRODUCTS, QUANTITIES AND PRICING**

Prices in any Offer, Confirmation or Agreement are in Euros and do not include any taxes, duties or similar levies, now or hereafter enacted, applicable to the Products. Seller will add taxes, duties and similar levies to the sales price where Seller is required by law to pay or collect them and will be paid by Buyer together with the price.

With regard to Custom Products Seller may deliver a quantity that is a maximum amount of ten percent (10%) more or less than the ordered quantity of any order line item. Such delivered quantity will be accepted and paid for (against an amount being the actual delivered quantity times the unit price) in full satisfaction of each party's obligation under the Agreement for the quantity ordered.

### **3. RIGHTS IN DOCUMENTATION AND INTELLECTUAL PROPERTY**

Seller shall retain title to and possession of all designs, masks, database tapes and source code of the Products.

A sale of any of the Products and these Terms and Conditions shall not be construed as conferring any right, license or immunity:

- a. under any intellectual property rights to any combination, machine, or process in which Products might be used, or to any modifications of Products or documentation;

- b. with respect to any trademark, trade or brand name, corporate name, or any other name or mark, or contraction, abbreviation or simulation thereof;
- c. under any intellectual property rights covering an industry standard set by a standard setting body or agreed to between at least two companies; or
- d. under any intellectual property rights with respect to which Seller has informed Buyer or has published a statement that a separate license has to be obtained or that no license is granted or implied.

#### 4. PAYMENT

- a. Unless agreed otherwise between Seller and Buyer in writing, Seller may invoice Buyer for the price of the Products delivered upon delivery of the Products in accordance with the applicable Incoterm. Net payment is due within thirty (30) days of date of invoice unless agreed otherwise between Seller and Buyer in writing. All payments shall be made to the designated Seller's address. If deliveries are made in installments, each installment may be separately invoiced and shall be paid for when due. No discount is allowed for early payment unless agreed to in writing by Seller. Interest will accrue on all late payments, at the rate of eighteen percent (18%) per annum or the maximum rate permitted by applicable law, whichever is lower, from the due date until payment in full.
- b. All deliveries and performance of work agreed to by Seller shall at all times be subject to credit approval of Seller. If, in Seller's judgment, Buyer's financial condition at any time does not justify production, performance of work or delivery on the above payment terms, Seller may require full or partial payment in advance or other payment terms as condition for delivery, and Seller may suspend, delay or cancel any credit, delivery or any other performance by Seller.
- c. Payment by Buyer of non-recurring charges (as may be made to Seller for special design, engineering work or production materials) shall not convey title to any design, engineering work or production materials, and title shall remain in Seller.
- d. Buyer shall not offset, withhold or reduce any payment(s) due by it to Seller. The payment of fees and charges is a covenant of Buyer that is independent of the other covenants made by the parties hereunder.
- e. If Seller incurs exchange rate losses due to Buyer's failure to pay when payments are due, Seller shall be entitled to equivalent compensation from Buyer for such losses.
- f. In the event of any default by Buyer in the payment of any fees or charges due, or any other default by Buyer, Seller shall have the right to refuse performance of any work and delivery of any Products until payments are brought current and Seller may suspend, delay or cancel any credit, delivery or any other performance by Seller. Such right shall be in addition to, and not in lieu of, any other rights and remedies available under these Terms and Conditions or at law or in equity.

## 5. DELIVERY AND QUANTITIES

- a. Products shall be delivered EX WORKS (EXW) Incoterms® 2010, means facility of the Seller, unless otherwise agreed in writing between Seller and Buyer. Delivery dates communicated or acknowledged by Seller are approximate only, and Seller shall not be liable for, nor shall Seller be in breach of its obligations to Buyer, because of any delivery made within a reasonable time before or after the stated delivery date. Seller agrees to use commercially reasonable efforts to meet the delivery dates communicated or acknowledged by it on the condition that Buyer provides all necessary order and delivery information sufficiently prior to the agreed delivery date.
- b. In the event Buyer contests delivery, Buyer must request a proof of delivery from Seller within ninety (90) days of the date of Seller's invoice, otherwise delivery shall be deemed completed.
- c. Buyer will give Seller written notice of failure to deliver and thirty (30) days within which to solve. If Seller does not solve within thirty (30) days, Buyer's sole and exclusive remedy is to cancel the affected and undelivered portions of the Agreement.
- d. Title in the Products shall pass to Buyer upon payment in full of the purchase price in respect thereof. Risk of loss in the Products shall pass to Buyer upon Seller's delivery in accordance with the applicable Incoterm.
- e. If Buyer fails to take delivery, then Seller may deliver the Products in consignment at Buyer's costs and expenses.
- f. In the event of shortages Seller may allocate its available production and Products, in its sole discretion, among its customers and as a result may sell and deliver to Buyer fewer Products than specified in Seller's Offer, Confirmation or Agreement, as the case may be.

## 6. CUSTOM PRODUCT

Prices and/or schedules for Custom Products are subject to change by Seller if any specifications are revised or supplemented or there are unforeseen difficulties with the design.

## 7. RESCHEDULING AND CANCELLATION

No order, Agreement or any part thereof may be rescheduled or cancelled without Seller's prior written consent.

## 8. FORCE MAJEURE

Seller shall not be liable for any failure or delay in performance if:

- a. such failure or delay results from the fact that Seller's manufacturing volume of the Products concerned is lower than anticipated due to interruptions in the manufacturing process; or
- b. such failure or delay does not result from its fault; or

- c. such failure or delay is caused by Force Majeure as defined below or by law.

In case of such a non-attributable failure, the performance of the relevant part(s) of the Agreement will be suspended for the period such non-attributable failure continues, without Seller being responsible or liable to Buyer for any damage resulting therefrom.

The expression “Force Majeure” shall mean and include any circumstances or occurrences beyond Seller’s reasonable control (whether or not foreseeable at the time of the Offer, Confirmation or Agreement) as a result of which Seller cannot reasonably be required to execute its obligations. Such circumstances or occurrences include but are not restricted to: acts of God, war, civil war, terrorism, insurrections, strikes, fires, floods, earthquakes, labor disputes, epidemics, governmental regulations and/or similar acts, freight embargoes, non-availability of any permits, licenses and/or authorizations required, defaults or delays of suppliers or subcontractors and/or inability or impracticability to secure transportation, facilities, fuel, energy, labor, materials or components. In the event that the Force Majeure extends for a period of three (3) consecutive months (or in the event that the delay is reasonably expected by Seller to extend for a period of three (3) consecutive months), Seller shall be entitled to cancel all or any part of the Agreement without any liability of Seller towards Buyer. In the event Seller’s production is curtailed, for any reason, Seller shall have the right to allocate its available production and Products, in its sole discretion, among its various customers and as a result may sell and deliver to Buyer fewer Products than specified in Seller’s Offer, Confirmation or Agreement, as the case may be.

## 9. LIMITED WARRANTY AND DISCLAIMER

- a. Seller warrants that under normal use the Products (excluding any Excluded Products shall, at the time of delivery to Buyer and for a period of twelve (12) months thereafter (or such other period as may be agreed-upon in writing by the parties), be free from defects in material or workmanship and shall substantially conform to Seller’s specifications for such Products, or such other specifications as Seller has agreed to in writing, as applicable.
- b. Seller’s sole and exclusive obligation, and Buyer’s sole and exclusive right, with respect to claims under this warranty shall be limited, at Seller’s option, either to (a) the replacement or repair of a defective or non-conforming Product, or (b) an appropriate credit for the purchase price thereof. Seller will have a reasonable time to repair, replace or credit. The non-conforming or defective Products shall become Seller’s property as soon as they have been replaced or credited for.
- c. All Excluded Products shall be delivered AS IS WITHOUT WARRANTY OF ANY KIND.
- d. Notwithstanding the foregoing, Seller shall have no obligations for breach of warranty if the alleged defect or non-conformance is found to have occurred as a result of: environmental or stress testing, misuse, neglect, improper installation, accident, improper repair, alteration, modification, improper storage, improper transportation or improper handling of the Products, after the risk of loss in the Products has passed to Buyer.
- e. Buyer may ship Products returned under warranty claims to Seller’s designated facility only so long as the returns are in conformance with Seller’s then-current return material authorization policy and are accompanied by a duly completed return material authorization

form issued by Seller. Where warranty adjustment is made, Seller will pay for freight expenses. Buyer shall pay for returned Products that are not found to be defective or non-conforming together with the freight, testing and handling costs associated therewith.

- f. THE EXPRESS WARRANTY GRANTED ABOVE SHALL EXTEND DIRECTLY TO BUYER AND NOT TO BUYER'S CUSTOMERS, AGENTS OR REPRESENTATIVES. THE EXPRESS WARRANTY GRANTED ABOVE IS IN LIEU OF ALL OTHER WARRANTIES, WHETHER EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE, MERCHANTABILITY, OR NON-INFRINGEMENT OF INTELLECTUAL PROPERTY RIGHTS. ALL OTHER WARRANTIES ARE HEREBY SPECIFICALLY DISCLAIMED BY SELLER.
- g. Subject to the exclusions and limitations set forth in Section 11 of these Terms and Conditions, the foregoing states the entire liability of Seller in connection with defective or non-conforming Products supplied hereunder.

## 10. INTELLECTUAL PROPERTY RIGHTS INDEMNITY

- a. Seller, at its expense, shall: (i) defend against a claim in a legal proceeding brought by a third party against Buyer that any Product as furnished by Seller hereunder directly infringes the claimant's patent or copyright; and (ii) hold Buyer harmless against damages and costs awarded by final judgment in such proceeding (or agreed upon in a settlement to which Seller consents) to the extent directly and solely attributable to infringement by the Product.
- b. Seller shall have no obligation or liability to Buyer under Section 10(a): (1) if Seller is not: (i) promptly notified in writing of the claim, (ii) given the sole right to control the defense and settlement of such claim, including the selection of counsel, and (iii) given full reasonable assistance and cooperation by Buyer in such defense and settlement; (2) if the claim is made more than three (3) years after the date of delivery of the Product; (3) to the extent that any such claim arises from: (i) modification of the Product, (ii) design, specifications or instructions furnished by Buyer, or (iii) the combination or use of the Product with any product, software, service or technology; (4) for unauthorized use or distribution of the Product or use beyond the specifications of the Product; (5) to the extent that any such claim arises from Buyer's use, sale, offer for sale or importation of the Product after Seller's notice to Buyer that Buyer should cease any such activity because the Product is, or is reasonably likely to become, the subject of a claim of infringement; (6) for any costs or expenses incurred by Buyer without Seller's prior written consent; (7) to the extent that the claim is based on any Excluded Products; (8) to the extent that any such claim arises from any infringement or alleged infringement of third party's intellectual property rights covering an industry standard set by a standard setting body or agreed to between at least two companies; (9) for infringement of any third party's intellectual property rights with respect to which Seller has informed Buyer or has published a statement that a separate license has to be obtained or that no license is granted or implied; or (10) to the extent that patent infringement damages are computed using a royalty base that exceeds the cost of the Product.

If any claim of infringement is brought against Seller as a result of Buyer's actions in connection with items (3), (4), or (5) of this Section 10(b), Buyer shall indemnify Seller

against and hold Seller harmless from any damages or costs arising from or connected with such claim of infringement and shall reimburse all costs incurred by Seller in defending any claim, demand, suit or proceeding for such infringement, provided Seller gives Buyer prompt notice in writing of any such suit or proceeding for infringement.

- c. If any Product is, or in Seller's opinion is likely to become, the subject of a claim of infringement, Seller shall have the right, without obligation and at its sole option, to: (i) procure for Buyer the right to continue to use or sell such Product, (ii) replace or modify such Product in such a way as to make the modified Product non-infringing, or (iii) terminate any Agreement to the extent related to such Product. In the event of any such termination, Buyer may return to Seller all such Products in Buyer's possession at the time of such termination, which are then subject to the claimant's continuing claim of infringement; and upon such return Seller shall credit Buyer the sum paid to Seller by Buyer for such Products, less appropriate depreciation.
- d. The foregoing indemnity is personal to Buyer and is not assignable, transferable or subject to pass-through to any third party including Buyer's customers.
- e. SUBJECT TO THE EXCLUSIONS AND LIMITATIONS SET FORTH IN SECTION 11 OF THESE TERMS AND CONDITIONS, THE FOREGOING STATES SELLER'S ENTIRE LIABILITY AND OBLIGATION TO BUYER OR ITS MEDIATE OR IMMEDIATE CUSTOMERS AND BUYER'S SOLE REMEDY WITH RESPECT TO ANY ACTUAL OR ALLEGED INFRINGEMENT OF ANY INTELLECTUAL PROPERTY RIGHTS OF ANY KIND.

## 11. LIMITATION OF LIABILITY

- a. EXCEPT FOR BUYER'S LIABILITY UNDER SECTIONS 3 OR 11(C) HEREOF, NO PARTY SHALL BE LIABLE TO THE OTHER PARTY FOR ANY LOST PROFITS OR LOST SAVINGS, INDIRECT, INCIDENTAL, PUNITIVE, SPECIAL OR CONSEQUENTIAL DAMAGES WHETHER OR NOT SUCH DAMAGES ARE BASED ON TORT, WARRANTY, CONTRACT OR ANY OTHER LEGAL THEORY, EVEN IF SUCH PARTY HAS BEEN ADVISED, OR IS AWARE, OF THE POSSIBILITY OF SUCH DAMAGES. IN NO EVENT SHALL SELLER BE LIABLE FOR ANY DAMAGE, COSTS OR EXPENSES ASSOCIATED WITH WARRANTY OR INTELLECTUAL PROPERTY INFRINGEMENT CLAIMS, WHETHER FOR THE REPLACEMENT OR REPAIR OF PRODUCTS, INCLUDING LABOR, INSTALLATION OR OTHER COSTS INCURRED BY BUYER AND, IN PARTICULAR, ANY COSTS RELATED TO THE REMOVAL OR REPLACEMENT OF ANY PART OF PRODUCTS, EXCESS PROCUREMENT COSTS, OR REWORK CHARGES.
- b. The aggregate liability of Seller, for all Buyer claims arising out of or in connection with the sale or use of any Product, shall not exceed the amount that Buyer has paid Seller for such Product during the twelve (12) months immediately preceding Buyer's notification to Seller of the applicable Buyer claim. Notwithstanding the above (a) the liability of Seller, for Buyer claims regarding delay or non-delivery of Products, shall not exceed fifty percent (50%) of the purchase price of the delayed or non-delivered Products concerned. The existence of more than one Buyer claim, or Buyer claims involving more than one Product, shall not enlarge or extend the above specified limits.

- c. The Products are not designed, authorized or warranted to be suitable for use in military, life support, life-critical or safety-critical system applications, nor in applications where failure or malfunction of a Product can reasonably be expected to result in a personal injury, death or severe property or environmental damage. Inclusion and/or use of Products in such equipment or applications, without prior authorization in writing of Seller, is not permitted and for Buyer's own risk, verification and validation of the suitability of use. Buyer agrees to fully indemnify Seller for any damages resulting from such inclusion or use.
- d. Buyer must provide notice to Seller of any claim that Buyer has under these Terms and Conditions within ninety (90) days of the date that the claim arises. Buyer agrees that any claim noticed or filed outside of the deadline set forth in the preceding sentence are deemed waived.
- e. The limitations and exclusions set forth above in this Section 11 shall only apply to the extent permitted by applicable mandatory law.

## 12. CONFIDENTIALITY

Except for non-confidential documentation provided to Buyer for distribution with a corresponding Product, Buyer acknowledges that all technical, commercial and financial information (including without limitation any source code) disclosed to Buyer by Seller is the confidential information of Seller. Buyer shall not disclose any such confidential information to any third party and shall not use any such confidential information for any purpose other than as agreed by the parties and in conformance with the purchase transactions contemplated herein.

## 13. COMPLIANCE WITH LAWS

Each party hereto represents that it is duly authorized to enter into these Terms and Conditions and represents that with respect to its performance hereunder, it will comply with all applicable state and local laws, including, but not limited to those pertaining the export or import controls or restrictions of other applicable jurisdictions.

If the delivery of Products under these Terms and Conditions is subject to the granting of an export or import license by a government and/or any governmental authority under any applicable law or regulation, or otherwise restricted or prohibited due to export or import control laws or regulations, Seller may suspend its obligations and Buyer's rights regarding such delivery until such license is granted or for the duration of such restriction and/or prohibition, respectively, and Seller may even terminate any Agreement related to such Products, without incurring any liability towards Buyer. Furthermore, if an end-user statement is required, Seller shall inform Buyer immediately thereof and Buyer shall provide Seller with such document upon Seller's first written request; if an import license is required, Buyer shall inform Seller immediately thereof and Buyer shall provide Seller with such document as soon as it is available.

By accepting Seller's Offer, entering into any Agreement and/or accepting any Products, Buyer agrees that it will not deal with the Products and/or documentation related thereto in violation of any applicable export or import control laws and regulations.

#### 14. ASSIGNMENT AND SETOFF

Buyer shall not assign any rights or obligations under these Terms and Conditions or any Agreement without the prior written consent of Seller. Buyer hereby waives any and all rights to offset existing and future claims against any payments due for Products sold under these Terms and Conditions or under any other agreement that Buyer and Seller may have and agrees to pay the amounts hereunder regardless of any claimed offset which may be asserted by Buyer or on its behalf. Seller is allowed to assign any rights or obligations under these Terms and Conditions and any Agreement to its affiliates or to any third party in connection with a merger or a change of control.

#### 15. GOVERNING LAW AND FORUM

These Terms and Conditions, and all Offers, Confirmations and Agreements, are governed by and construed in accordance with the laws of the Croatia. All disputes arising out of or in connection with these Terms and Conditions, or any Offer, Confirmation or Agreement, shall first be attempted by Buyer and Seller to be settled through consultation and negotiation in good faith and a spirit of mutual understanding. All disputes that are not so settled within a period of thirty (30) days from the date the relevant party notified the other party to that effect, shall be submitted to the courts of Rijeka, the Croatia, provided that Seller shall always be permitted to bring any action or proceedings against Buyer in any other court of competent jurisdiction. The United Nations Convention on Contracts for the International Sale of Goods shall not apply to these Terms and Conditions, or any Offer, Confirmation or Agreement. Nothing in this Section 15 shall be construed or interpreted as a limitation on either Seller's or Buyer's right under applicable law for injunctive or other equitable relief or to take any action to safeguard its possibility to have recourse on the other party.

#### 16. BREACH AND TERMINATION

Without prejudice to any rights or remedies Seller may have under these Terms and Conditions or the Agreement or at law, Seller may, by written notice to Buyer, terminate with immediate effect any Agreement, or any part thereof, without any liability whatsoever, if:

- a. Buyer fails to make payment for any Products to Seller when due;
- b. Buyer fails to accept conforming Products supplied hereunder;
- c. any proceedings in insolvency, bankruptcy (including reorganization) liquidation or winding up are instituted against Buyer, whether filed or instituted by Buyer, voluntary or involuntary, a trustee or receiver is appointed over Buyer, or any assignment is made for the benefit of creditors of Buyer; or
- d. Buyer violates or breaches any of the provisions of these Terms and Conditions and/or the Agreement.

Upon occurrence of any of the events referred to under 16(a) through 16(d) above, all payments to be made by Buyer under the Agreement shall become immediately due and payable.

In the event of cancellation, termination or expiration of any Agreement the terms and conditions destined to survive such cancellation, termination or expiration (which shall include without limitation all defined terms and Sections 4, 8 through 16 and 19 through 24 of these Terms and Conditions) shall survive.



## 17. PRODUCT AND PRODUCTION CHANGES

Seller reserves the right to make at any time Product and/or production changes. In such event Seller represents that said changes shall not negatively affect form, fit or function of the Products and their performance characteristics.

## 18 SEVERABILITY

In the event that any provision(s) of the Agreement or these Terms and Conditions shall be held invalid or unenforceable by a court of competent jurisdiction or by any future legislative or administrative action, such holding or action shall not negate the validity or enforceability of any other provisions thereof.

## 19. WAIVER

The failure on the part of either party to exercise, or any delay in exercising, any right or remedy arising from any Offer, Confirmation or Agreement, or these Terms and Conditions, shall not operate as a waiver thereof; nor shall any single or partial exercise of any right or remedy arising therefrom preclude any other or future exercise thereof or the exercise of any other right or remedy arising from any Offer, Confirmation or Agreement, or these Terms and Conditions or by law.

## 20. NOTICES

All notices and communications to be given under these Terms and Conditions shall be in writing and shall be deemed delivered upon hand delivery, confirmed facsimile communication, or three (3) days after deposit in the mail of the home country of the party, postage prepaid, by certified, registered, first class or equivalent mail, addressed to the parties at their addresses set forth on the Offer, Confirmations and/or Agreement.

## 21. ATTORNEYS' FEES

Should a dispute arise from the subject matter of any Offer, Confirmation or Agreement, or these Terms and Conditions, the prevailing party in any resulting litigation shall be reimbursed by the other party for any and all reasonable attorneys' fees and expenses incurred.

## 22. RELATIONSHIP OF PARTIES

The parties hereto intend to establish a relationship of buyer and seller and as such are independent contractors with neither party having authority as an agent or legal representative of the other to create any obligation, express or implied, on behalf of the other.

## 23. MODIFICATIONS AND CHANGES

Seller reserves the right to make any amendments or modifications to these Terms and Conditions at any time. Such amendments and modifications shall have effect (1) on all Offers, Confirmations and Agreements referring to such amended or modified Terms and Conditions as from the date of such Offer, Confirmation or Agreement, and (2) on any existing Agreement thirty (30) days from notification of such amendments or modifications by Seller to Buyer, unless Buyer has notified Seller within such thirty (30) days period that it objects thereto.

## 24. DEFINITIONS

In this Agreement the terms defined hereunder shall have the following meaning:

**'Agreement'** any agreement resulting from an Offer or Confirmation, and any agreement incorporating these Terms and Conditions by reference;

**'Confirmation'** all acceptances, acknowledgements or confirmations by Seller of any order of Buyer, including without limitation orders of Buyer resulting from any pricing or other framework agreement between any Buyer and Seller;

**'Custom Products'** Products designed and manufactured for the unique needs of Buyer, to Buyer's specifications or requirements.

**'Products'** the products sold by Seller;

**'Offer'** all quotations and offers of Seller to Buyer;

**'Seller'** EUROMODUL d.o.o. a Croatian Company, registered under the laws of the Croatia.

*General Terms and Conditions of Sale, January 2010*