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GENERAL TERMS AND CONDITIONS OF SALE FOR VAR d.o.o. PRODUCTS

1. INTRODUCTION

- 1.1. As a general business term for numerous contracts, the pre-formulated contractual terms for VAR d.o.o.'s clients have been established. The Client may accept or reject these Terms. With these Terms and Conditions, we want to streamline the conclusion of contracts and exclude negotiations on details in case the Client accepts these Terms. The General Terms and Conditions are therefore bound by the principles of diligence and honesty.

2. SCOPE

- 2.1. The following Terms and Conditions apply to any sale or delivery of products, spare parts or services by VAR d.o.o., Gornja Radgona, unless the CLIENT and the SUPPLIER agree otherwise in writing.
- 2.2. Deviation from these conditions shall apply only if agreed in writing. All oral agreements must also be confirmed in writing to be valid. A written confirmation is a letter sent by fax, e-mail, regular mail or on a medium enabling record storage.
- 2.3. The agreed deviation from individual provisions of the General Terms and Conditions of Sale and Delivery does not affect the validity of other provisions. By confirming the order, the Client therewith accepts our General Terms and Conditions, unless otherwise specified in the offer or contract.

3. CONCLUSION OF THE CONTRACT OR OFFER

- 3.1. When requesting a quote or an offer from VAR d.o.o., the CLIENT must enclose technical documentation establishing the properties and dimensions of the product, so that the product is precisely defined and can be developed by VAR d.o.o. without additional instructions. The CLIENT must also send the internal technical specifications or standards they are using and that are related to the product requirements according to the plan or its handling, including the delivery terms and the product usage scope. They must also state the product quality and sampling requirements.
- 3.2. The drawings and other attachments attached to the offer are binding for us only if this is explicitly stated in the order. The Client may use them only for their own needs, and may not



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allow access or disclose them to third persons without our explicit consent. If the CLIENT does not accept the offer, we may at any time request them to return the documentation immediately.

- 3.3. If the request for a quote or an offer and/or technical documentation are not specified in sufficient detail, VAR d.o.o. will request of the CLIENT to supplement the technical documentation and other requirements accordingly, and may also issue an informative but non-binding offer.
- 3.4. If the product is well defined in the request for a quote or an offer by means of technical documentation, specifications and any other requirements, so that VAR d.o.o. can manufacture it without additional instructions and coordination regarding properties, VAR d.o.o. will send the CLIENT a binding offer. If the CLIENT changes the specifications and/or technical documentation or other requirements in any way after VAR d.o.o. has already submitted an offer, VAR d.o.o. has the right to amend the price, deadline, and other offered conditions affected by the change in specifications, technical documentation or other requirements.
- 3.5. The sampling request must be approved in advance by VAR d.o.o. In case of subsequent additional sampling requests, the CLIENT shall confirm the sampling on the basis of the originally agreed/confirmed requirements. In case the CLIENT nevertheless requests additional activities, VAR d.o.o. Will evaluate them and submit a special offer for sampling, in which such additional activities will be evaluated.
- 3.6. If the CLIENT rejects the samples or notifies a number of defective samples, such defects must be precisely identified, described, and accompanied by appropriate illustrative material.
- 3.7. VAR d.o.o. shall begin delivering products on the basis of the CLIENT's order only after the Client confirms the sampling in writing.
- 3.8. The conclusion of the contract is established by a written confirmation of the order to the CLIENT. Thereby, VAR d.o.o. undertakes to fulfil the order. Prior to placing the order, the CLIENT must inform us of legal, administrative, and other regulations that may cause a delay in delivery, prevent it or cause harm to VAR d.o.o.
- 3.9. If the CLIENT cancels the order in the development phase, they are obliged to reimburse all costs incurred up to the day of cancellation and the eventual damage.


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4. PRODUCT

- 4.1. The CLIENT is fully responsible for the technical documentation and design solutions defining the product for VAR d.o.o., and for the selection of the product material.
- 4.2. All possible changes in the product design proposed by VAR d.o.o. may only be carried out, if the CLIENT confirms them in writing before production. If the CLIENT does not confirm the proposed changes, VAR d.o.o. has the right to abandon the order with a statement of order abandonment.

5. TOOLS

- 5.1. The CLIENT is obliged to finance the tools according to the agreed maturity, acceptance criteria of individual phases of tool production, and becomes its owner upon full payment of the invoice for the entire tool set. VAR d.o.o. issues an invoice for the tool after the agreed maturity and phase have been reached. If the CLIENT does not confirm the sample without a justified reason within 15 days from the day of receipt of the sample, VAR d.o.o. has the right to issue an invoice for the tools after the expiration of this period. The CLIENT is obliged to pay the tool invoice by the due date on the invoice.
- 5.2. If the tools are delivered by the CLIENT themselves, they assume sole responsibility for the dimensional suitability of the tools and the product. Any coordination shall be arranged on the basis of an additional offer.
- 5.3. Tools manufactured by VAR d.o.o. have a service life (durability) as defined in the tool manufacturing contract. VAR d.o.o. shall, in a reasonable time before the expiry of the service life of tool, warn the CLIENT in writing that the tool has been worn out and that it must be renewed or remanufactured, and shall provide them with an appropriate offer. If the CLIENT does not order the renewal or a new tools or does not deliver a new tool themselves, VAR d.o.o. has the right to refuse any further order of such a product on the basis of tool wear or shall not be liable for any consequences (financial or material) that could result from tool wear (delivery delays, insufficient quality, etc.).
- 5.4. Tools VAR d.o.o. has not used because the CLIENT has not placed any order for the products for which these tools were intended in the last 10 years (obsolete tools), must be picked up by the CLIENT based on a written request of VAR d.o.o. no later than three months from the

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date of request. After three months from such a request, VAR d.o.o. may destroy the tools if there is no response from the CLIENT.

6. ORDERS

- 6.1. The order shall be in writing. The CLIENT shall submit the order to an e-mail address or forward it through the ERP/EDI system.
- 6.2. In addition to the CLIENT's company name, registered office, business address, tax number, and current account, each lot order must contain:
 - 6.2.1. Code of the ordered part used by the CLIENT;
 - 6.2.2. Any code of the ordered part used by VAR d.o.o.;
 - 6.2.3. Quantity of the ordered product;
 - 6.2.4. Desired delivery time of the ordered product;
 - 6.2.5. Unloading address;
 - 6.2.6. Any additional requirements about the packaging method, painting or transport requirements, etc.
- 6.3. VAR d.o.o. is only bound by the delivery deadline confirmed by a written confirmation of the order or through the ERP/EDI system.

7. CONFIRMATION, TRANSFER OR CANCELLATION OF THE ORDER


- 7.1. When VAR d.o.o. receives the order, we will confirm it in writing no later than in 6 business days from the date of receipt. If VAR d.o.o. receives the order after the end of our working hours (after 3 pm), it is considered that the order was received on the next business day. If the CLIENT does not receive the order confirmation by the end of 3 pm on the sixth business day, they must check whether VAR d.o.o. has received the order at all.
- 7.2. Any rejection or partial rejection of the order must be submitted by the supplier to the Client in written and justified form or through the ERP/EDI system no later than three (3) business days after the receipt of the order.
- 7.3. It is considered that VAR d.o.o. has fulfilled the order even when the products have been delivered in quantities that deviate from the confirmed quantities by a maximum of +/- 5%. Any difference is taken into account at the next delivery and settled with the next order, or when the order is closed by the CLIENT's written consent.

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- 7.4. The generally applicable lead time for fixed orders is 9 calendar weeks, unless otherwise specified in the individual contract.
- 7.5. In the case of Scheduling Agreements, the 4-calendar week frozen zone applies. In this period, the CLIENT may not change orders, both in terms of time and quantity. For the next four (4) calendar weeks from KT5 to KT8 the allowed absolute quantity variation of +/- 15% applies, as well as changing the delivery times as desired within the interval (KT5 - KT8). In this period, no postponement or cancellation of orders outside the interval is allowed.
- 7.6. The SUPPLIER is responsible for the fulfilment of orders up to 15% of the fluctuations in the planned quantities during the SOP period in the individual business year. If the quantities fluctuate above the limit of 15% in the mentioned period, the CLIENT is obliged to inform the SUPPLIER of the deviation in due time, within 6 months, and ask for confirmation of the ability to adjust the production capacities. If the CLIENT does not inform the SUPPLIER about the necessary adjustment and does not coordinate the production capacities, the latter is not responsible for any costs related to incomplete delivery (line congestion, penalties from the end Client, etc.).

8. LEAD TIME EXTENSION

- 8.1. The lead time is extended if we do not obtain the information necessary for order fulfilment or if the CLIENT changes them subsequently. The lead time is also extended if obstacles occur to the CLIENT, SUPPLIER or a third party, outside the area of their influence. Such obstacles usually fall under the notion of force majeure. Similarly, the delivery time is extended if the CLIENT is in arrears in fulfilling their obligations. The lead time shall be extended based on the relevant reason for the extension until the obstacle causing the extension is removed.
- 8.2. If the delay was caused by the SUPPLIER, the CLIENT is entitled to request the fulfilment of the delivery or to set a new appropriate lead time, after which they may withdraw from the contract.
- 8.3. Upon withdrawal from the contract, the CLIENT has the right to withdraw from the contract even if the SUPPLIER has already made partial deliveries or deliveries of parts that cannot serve as a usable unit. If a certain part of the delivery is already in use with the CLIENT and the contractual obligation has already been settled, this part may no longer be physically

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returned in case of withdrawal from further fulfilment of contractual obligations, if the reason for the delay is on the SUPPLIER's side.

9. PRICES

- 9.1. Our prices apply in accordance with the company's business sales policy and existing price lists, and are calculated on the date of the offer or confirmation of the order and according to the applicable costs of production, materials, and other services.
- 9.2. If the production costs increase significantly after the confirmation of the order due to the general circumstances, we reserve the right to a proportional increase in the price, of course after prior written notice to the Client. In the event of obvious mistakes in the price quotation in the offer or in the order confirmation, VAR d.o.o. is not obligated to deliver the product at the stated price.
- 9.3. Unless otherwise agreed, sales prices include packaging, transport and installation, as well as other services, and are valid until the end of the SOP. The offered information or data on the offer are confidential and may not be passed on to third parties.
- 9.4. The prices of finished products are adjusted with a certain frequency to the price of material, alloying additive, waste, additional material and surface protection agents.

10. PAYMENT TERMS

- 10.1. All payments must be made in accordance with the agreement to our bank account specified in the offer or order confirmation. The deadline for invoice complaints is eight (8) business days from the issuance date.
- 10.2. When paying, the CLIENT must state which invoice they are paying, and in the case of partial payment also what the payment refers to. If the CLIENT does not indicate the invoice number(s) they are paying, the payment amount covers the due invoices in their order of maturity.
- 10.3. The date of payment is the date when the payment has been made in full to the specified payment account.
- 10.4. The payment term is not automatically extended due to a possible complaint from the Client regarding the quality or quantity of the goods. Only in cases where the complaint is also


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acknowledged by VAR d.o.o., the payment term may be extended until the complaint is resolved.

- 10.5. We reserve the right to change the prior confirmed delivery and payment terms for the currently ordered goods due to a significant violation of payment terms for goods previously delivered, or to withdraw from the contract. If the client is late in fulfilling the payment obligations to VAR d.o.o., we are entitled to request the return of unpaid goods and to collect them from the Client. The Client must also compensate VAR d.o.o. for the reduced value of the goods due to use and reimburse all related costs.
- 10.6. Once a calendar year, the CLIENT and VAR d.o.o. must reconcile their mutual receivables or the payment balance on the IOP form, in the case of a Client from the Republic of Slovenia, and otherwise with a special record.
- 10.7. VAR d.o.o. has the right to assign its receivables by the CLIENT to a third party without a special consent of the CLIENT.

11. LATE PAYMENT AND PAYMENT INSURANCE

- 11.1. In the event of late payment, the CLIENT is obliged to pay default interest, which VAR d.o.o. charges in the amount of the applicable interest rate.
- 11.2. If the CLIENT is late with the payment, VAR d.o.o. has the right, in addition to the right to default interest, to apply one or more of the following measures of its choice until we receive the full payment (about which we are obliged to inform the CLIENT):
- 11.2.1. To delay the dispatch of products intended for the CLIENT;
 - 11.2.2. To withhold order confirmation and not to enter it in the system;
 - 11.2.3. To demand immediate payment of the arrears and all claims, including those not yet due;
 - 11.2.4. To withhold the delivery of tools owned by the CLIENT;
 - 11.2.5. To fulfil further deliveries only on the basis of advance payment;
 - 11.2.6. To require payment insurance for all future deliveries;
 - 11.2.7. To withdraw at its own discretion from all or only certain confirmed orders and/or other contracts concluded with the CLIENT who is late with payment, and to demand compensation for the damage;
 - 11.2.8. VAR d.o.o. shall not be liable for any damage caused to the CLIENT as a result of the application of the measures referred to in item 12.2.

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11.2.9. The CLIENT undertakes to provide VAR d.o.o. with the information required by the insurance company to insure our receivables from the CLIENT.

12. OWNERSHIP RESERVATION

- 12.1. All delivered goods shall remain the property of the SUPPLIER until the complete fulfilment of the Client's obligations for the delivered goods, including the payment of any costs of reminders and default interest.
- 12.2. The Client may dispose of the delivered goods only when all obligations to VAR d.o.o. have been settled. The costs of recovery or seizure incurred due to non-fulfilment of the Client's obligations shall be borne by the CLIENT. In the event of any seizure or similar requests for goods from third parties in which our products are involved, the Client shall immediately notify the third party of the ownership reservation clause.

13. PACKAGING AND TRANSPORT

- 13.1. VAR d.o.o. provides the packaging service in the usual sales manner, in order to protect the goods from weather and other influences during transport.
- 13.2. The method of packing and packaging is expected to be agreed in the specific offer. Transport and related costs shall be borne by the Client on the basis of the offer or order confirmation, unless otherwise specified.
- 13.3. The packaging shall be defined at the latest after the start of the first lot production.
- 13.4. VAR d.o.o. shall in no case be liable for transport damage, unless otherwise agreed.

14. PRODUCT ACCEPTANCE

- 14.1. The CLIENT may complain about the accuracy of the delivered quantities no later than within five business days from the delivery of the products. Subsequent quantity complaints will not be considered and recognized. The same procedure applies to packaging complaints.
- 14.2. The CLIENT is obliged to inform VAR d.o.o. about hidden defects within a maximum of 6 months from the day of delivery, namely within five days from the time they noticed the defect. After this deadline, such complaints shall not be recognized.
- 14.3. Complaints related to transport must be reported to the transport driver within 24 hours of receipt of the shipment or delivery documents, and must be entered on the transport



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document. VAR d.o.o. must also be notified of these complaints. Incoterms 2000 terms generally apply, unless otherwise specified.

14.4. Non-conformities of products must be reported to the e-mail address of the head of the VAR d.o.o. quality department (tadej.pintar@var.si). Notices and reports not addressed to this email address will not be processed by VAR d.o.o. and we shall not assume any responsibility for any costs or other consequences.

14.5. The CLIENT is obliged to inspect these products during its production process and before dispatching their products containing sets of VAR d.o.o.'s products, in a way that enables the detection of possible defects, in particular:

- Bumps, twists, and damage to surfaces that the Client's clients could complain about;
- Non-conformities and impurities on the surfaces which the Client's clients could complain about;
- Foreign matter from deburring in the product holes which the Client's clients could complain about;
- Incorrectly welded pieces.


In the event of the detection of such issues at the CLIENT, all provisions of these General Terms and Conditions on the handling and billing of non-compliant products apply.

VAR d.o.o. does not assume any responsibility for Client's client complaints due to such issues. VAR d.o.o. is also not liable for the costs and damages of the CLIENT if they have abandoned the quality control procedures during individual phases of their process or if there are no records of tests performed according to the function of the product.

14.6. The CLIENT is obliged to provide the following information in the complaint report:

- VAR d.o.o.'s shipping bill number or the label for the products referred to in the complaint report;
- The quantity of the processed/used products the disputed quantity arose from;
- Photos of defects and fault locations on the product.


If the complaint report does not contain all this information, VAR d.o.o. will not consider the complaint and it shall be considered irrelevant.

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- 14.7. The CLIENT is obliged to use the products according to the FIFO principle: otherwise VAR d.o.o. does not recognize any complaints for products of previous deliveries, if the CLIENT first complained about the products of newer deliveries.
- 14.8. After the completion of the assembly lot, the CLIENT must report the results of any ejection. They shall also keep us updated on the results for each quantity of products used if, in their process, they divide the supplied quantity into several lots.
- 14.9. VAR d.o.o. does not bear any administrative costs for preparation and sending of the complaints of our CLIENTS.

15. DEFECT WARRANTY

- 15.1. VAR d.o.o. is responsible for the product's compliance with the technical documentation and technical specifications of the product. In cases of derogations, the liability procedures as described in Item 14 apply. VAR d.o.o. is not responsible for improper and incorrect handling, installation or operation of products, unprofessional repairs and normal wear and tear after the delivery of goods to the CLIENT.
- 15.2. It is the CLIENT's obligation to indicate the exact costs according to the individual product code and to which complaint report these costs refer when calculating the costs of processing/repairs on their invoice. Before issuing the invoice for preview, they may send VAR d.o.o. a table with the costs according to the requirements from the previous sentence. The CLIENT is obliged to send VAR d.o.o. the invoice or the spreadsheet of additional costs for our confirmation before issuing and sending the formal invoice to VAR d.o.o., to the email address tadej.pintar@var.si. Only after confirmation by VAR d.o.o. or after reaching an agreement on changes, the Client may send the invoice to VAR d.o.o. by official mail to our address or, if so agreed, to the e-mail address tadej.pintar@var.si.
- 15.3. If the type of defect is such that the products can be repaired before use, the CLIENT and VAR d.o.o. agree on the performance of the repair or on the product replacement. If we agree on a repair, the repair may be performed by VAR d.o.o., the Client or a third party's, as agreed. In this case, the parties must agree in advance on the cost of repair. If the CLIENT repairs the products or has them repaired by a third party without the written consent of VAR d.o.o., they are obliged to bear all costs of defect elimination.
- 15.4. The warranty for products, equipment, work or services is 1 year, unless agreed otherwise. In the event of a delayed shipment or commissioning and if the reason for this is not on the

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CLIENT's part, the warranty expires no later than 1 year after delivery. All warranty claims must be in writing and contain clearly visible information on the type of defect and product identification data (Item 15.6.)

15.5. Due to defects in the products, the CLIENT has the rights specified in Items 16.2 and 16.3. In particular, VAR d.o.o. is not responsible for:

15.5.1. Damage to items, persons, property or other damage;

15.5.2. Damage caused by a defective product if the CLIENT has failed to comply with its specified control procedures for the product or assembly in which the product is installed, including testing the functionality of the product in the assembly;

15.5.3. Damage caused by the product if the defect was due to the technical documentation, specifications, instructions, and requirements of the CLIENT;

15.5.4. Damage caused by the product if it has been incorrectly installed, overloaded or misused, or it was not in use according to its function.

16. LIABILITY FOR DAMAGES


16.1. VAR d.o.o. is only liable for damage due to product defects and/or other damage if it was caused through gross negligence or wilful misconduct. VAR d.o.o. is not liable for lost profits, production downtime, recalls, and loss of reputation, or other indirect damages. Compensation is limited to the value of defective products supplied.

16.2. The CLIENT is not entitled to reimbursement of administrative costs incurred in exercising the rights related to product defects.

17. DAMAGES COMPENSATION

17.1. Compensation for damages can only be claimed when we have been proven grossly responsible. Compensation for loss of profit is excluded in all cases. Compensation for damage resulting from a defective supply or capacity must, unless specifically requested by the CLIENT, be compensated within the contractually specified warranty period.

18. FORCE MAJEURE

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- 18.1. If due to an event that is beyond the reasonable control of either Party of the contract and cannot be prevented or avoided by the Party, such as earthquakes, storms, other natural disasters, war, state measures, riots, fire, strikes, lack of material, etc., and due to the Party being unable to fulfil or timely fulfil its obligations, the Party is obliged to inform the other Party in writing about such an event and its impact it has on the fulfilment of contract obligations.
- 18.2. In such a case, the parties shall, if possible, agree on adjustments to the contractual obligations. If the fulfilment of the contract/offer due to such an event cannot be performed within 90 days from the day of force majeure occurrence, the other Party may withdraw from the contract.
- 18.3. A Party who is prevented from fulfilling the contract obligations by force majeure is not liable for damage caused to the other Party.

19. GENERAL

- 19.1. Changes and deviations from the General Terms and Conditions of Sale are possible only by agreement of both the Parties and must be confirmed in writing.

20. APPLICABLE LAW AND COUR JURISDICTION

- 20.1. All relations between the Parties are governed by the law of the Republic of Slovenia. The application of the United Nations Convention on Contracts for the International Sale of Goods (Vienna Convention) is excluded.
- 20.2. The Client may not transfer their contractual rights to a third party. All legal proceedings between the client and supplier are subject exclusively to the laws of the Republic of Slovenia. The Court of Murska Sobota is competent for resolving disputes.

21. VALIDITY OF THE TERMS AND CONDITIONS

- 21.1. The General Terms and Conditions of Sale and Delivery shall remain in force until revoked and shall take effect immediately.
- 21.2. The General Terms and Conditions are published on the VAR d.o.o. website: www.var.si.
- 21.3. The applicable language of communication between VAR d.o.o. and the CLIENT is Slovenian, and may also be, by agreement between the Parties, English and/or German.



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