



Terms and Conditions for the Supply of Products and Services – VAC Magnetics LLC

1. AGREEMENT. These terms and conditions and the document to which they are attached, constitute the “Agreement” under which VAC Magnetics LLC (“VAC”) sells its products (“Products”) and services (“Services”) to a purchaser (“Buyer”). In the event there is a written agreement signed by both parties that conflicts with the terms and conditions set forth herein, the terms of the written agreement shall control. By placing orders with VAC, Buyer agrees to these terms and conditions. VAC hereby notifies Buyer in advance that VAC objects to any terms and conditions in Buyer’s purchase order or other document which are additional to or different than these terms and conditions, whether or not such additional or different terms would materially alter this Agreement, unless such different or additional terms or conditions are specifically agreed to in writing by a duly authorized signing officer of VAC.

2. DELIVERIES. VAC shall use reasonable efforts to meet delivery and performance dates, but any such dates shall be estimates only and VAC shall not be liable for failure to do so. VAC reserves the right to make early or partial shipments and invoice Buyer accordingly.

3. CHANGES. Should the Buyer request any modifications, changes or alterations to any order after the order is in process surcharges may apply. Seller will communicate any such surcharges to Buyer at the time Buyer submits a change and Buyer can elect whether to proceed. In manufacturing special alloys, there may be fluctuations in the production for manufacturing reasons. VAC may deliver excesses or shortfalls, provided this may reasonably be expected of the Buyer and VAC notifies the Buyer without undue delay of the quantity deviations – compared to the order originally confirmed by VAC – in the event of (i) quantity over deliveries of up to 120 %, or (ii) quantity under deliveries of up to 80%. The Buyer shall owe payment for the actual amount delivered.

4. FORECASTS; RELEASES; REQUIREMENTS. Unless a longer period is required and communicated by VAC in writing, Buyer shall provide VAC no less than six (6) weeks of firm orders or releases for finished Products, no less than twelve (12) additional weeks of firm authorization to purchase raw materials, and no less than thirty-four (34) additional weeks for planning volumes. In no event shall VAC be obligated to produce or deliver Products not in accordance with this paragraph or VAC’s standard capacity rates (as modified and communicated from time to time). If Buyer fails to purchase at least ninety (90%) of quoted volumes during the applicable period of the contract, Buyer agrees that the pricing on Products delivered to Buyer shall be adjusted retroactively to reflect the impact of lower volume on the costs and expenses of VAC’s performance, including with respect to raw material, labor, development and non-recurring engineering expenses, capital expenditures, facilities and equipment, manufacturing and logistics efficiencies, and other direct and indirect costs and expenses of VAC. Buyer hereby agrees to pay VAC such additional amounts upon demand following Buyer’s receipt of VAC’s invoice.

5. PAYMENT. Unless different terms are agreed to in writing, Buyer shall pay all invoiced amounts due to VAC within 30 days from the date of VAC’s invoice. Buyer shall make all payments hereunder by wire transfer or check and in US dollars. VAC shall issue invoices with shipment of Products or performance of Services. Any amounts unpaid after the due date shall accrue interest at a rate equal to the maximum interest rate and most beneficial time periods allowable by law. If Buyer fails to pay for any one or more shipments when due, VAC shall have the right, in addition to other remedies, to either: (a) suspend or cancel future deliveries; or (b) require cash payment on or before shipment/delivery. Should Buyer’s financial viability become unsatisfactory to VAC, cash payment or satisfactory security may be required by VAC before proceeding with further Product deliveries or Service performances. Buyer agrees to furnish VAC with credit information on request. Buyer shall not withhold payment of any amounts due and payable by reason of any set-off of any claim or dispute with VAC, whether relating to VAC’s breach, bankruptcy or otherwise.

6. PRICE. Unless VAC otherwise states in writing, the price for the Products shall be determined on the date of shipment, as most VAC Products contain metal components whose market value fluctuates. VAC price quotations for Products and/or Services are valid for the time period specified by VAC in the quote. All prices are subject to change by VAC at any time. Prices do not include taxes and in some cases may not reflect metal surcharges.

7. TAXES. Buyer shall reimburse VAC for all taxes, excises or other charges that VAC may be required to pay to any governmental entity or collect for any governmental entity upon the production, sale, transportation, delivery or use of the Products and Services sold hereunder.

8. SHIPMENT. VAC will ship Products EXW VAC facility dock (Incoterms 2010) unless different terms are agreed to in writing. Title to Products transfers to Buyer upon payment in full. If for any reason title transfers to Buyer before Buyer pays for Products in full, Buyer hereby grants to VAC a lien on and security interest in such Products until payment in full has been received by VAC.

9. ACCEPTANCE. Buyer shall inspect the Product for compliance with the order and VAC specifications immediately upon receipt of Product. Failure of Buyer to give written notice of non-acceptance to the carrier and VAC immediately upon receipt shall constitute final acceptance of the Product.

10. NO LICENSE; VAC PROPERTY. The sale of any Product or Service hereunder does not transfer to Buyer any right or license under any patent, trademark or other intellectual property right with respect to any such Product or Service. VAC retains ownership of all intellectual property rights to the Products and Services sold hereunder. Any molds, tooling and construction documents necessary for performance of the contract and created by VAC or on behalf of VAC shall be the sole property of VAC. The Buyer shall have no rights thereto, even if it has contributed to the costs for the creation or production of the molds, tooling or construction documents.

11. WARRANTIES. VAC warrants that Products sold hereunder to Buyer at the time of delivery shall: (a) conform to VAC’s standard written specifications for such Products; and (b) be adequately contained, packaged or labeled and shall conform to the affirmations of fact stated thereon. VAC warrants to Buyer that it shall perform the Services using personnel of required skill, experience and qualifications and in a professional and workmanlike manner in accordance with generally recognized industry standards for similar services and shall devote adequate resources to meet its obligations under this Agreement. VAC does not warrant that the use of the Products, Services, or articles made therefrom, either alone or in conjunction

with other material, will not infringe any third party intellectual property rights. The Buyer warrants that the manufacture and delivery of Products manufactured according to Buyer’s instructions will not infringe any third party intellectual property rights. In the event that such intellectual property rights are asserted by third parties against VAC, VAC may terminate the contract, unless the respective third party withdraws its claims within thirty (30) days by way of written notice to VAC. The Buyer shall indemnify VAC against any and all third-party claims based on such intellectual property rights. The Buyer shall indemnify VAC against any and all third party claims based on damage caused by the Products, as far as the damage results from drawings, samples or other instructions by the Buyer. Determination of the suitability of the Products or Services for the uses and applications contemplated by Buyer and others shall be the sole responsibility of Buyer. Any suggestions or recommendations made by VAC concerning uses or applications of the Products or Services are believed to be reliable, but VAC makes no warranty or guarantee of the results to be obtained since the conditions of the use and application by Buyer and others are beyond VAC’s control. VAC is not liable for warranty claims caused by the following: 1) negligence of Buyer or third party; 2) alteration or misuse of the Product or Services; 3) any specification or modification made at the request of Buyer; 4) Buyer’s failure to follow health and safety instructions provided by VAC or in accordance with industry standards; or 5) Buyer’s failure to comply with laws. Finally, VAC has no liability for any warranty claims: 1) if the Product has not been paid for in full; or 2) unless VAC is given a reasonable opportunity to examine the Products or Services to which the claim relates and Buyer returns any such Products to VAC upon VAC’s request.

12. BUYER INDEMNIFICATION. To the fullest extent permitted by applicable law, Buyer hereby expressly agrees to indemnify, defend, and hold harmless VAC and VAC’s affiliates, and its and their officers, directors, managers, employees, agents, successors and assigns from and against any and all claims, liabilities, lawsuits, losses, costs, expenses and damages (including attorneys’ and professionals’ fees) of any kind or nature whatsoever, including claims for personal injury (including death) or property damage, whether such claims are founded in contract, tort or otherwise, including strict liability, which arise as a result of or otherwise relate to the Agreement (including any breach thereof) and/or the Products, except to the extent arising solely and directly as a result of VAC’s gross negligence or willful misconduct. **13. CLAIM PERIOD; DISCLAIMER.** In no event shall Buyer make a claim or commence any action against VAC later than one (1) year after delivery of the Products or Services to which the claim relates. Buyer’s failure to give VAC written notice of any claim or action within the applicable time period shall constitute an absolute and unconditional waiver of such claim or action. EXCEPT AS SET FORTH IN THESE TERMS AND CONDITIONS OF SALE, VAC MAKES NO OTHER WARRANTIES, EXPRESS OR IMPLIED, OR WHETHER ARISING BY OPERATION OF LAW OR OTHERWISE, INCLUDING BUT NOT LIMITED TO IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR WARRANTY AGAINST INFRINGEMENT OF INTELLECTUAL PROPERTY RIGHTS OF A THIRD PARTY. BUYER ASSUMES ALL RISKS RESULTING FROM THE USE OF THE PRODUCT OR SERVICES PURCHASED, WHETHER USED SINGLY OR IN COMBINATION WITH OTHER SUBSTANCES OR IN ANY PROCESS.

14. LIMITATION OF LIABILITY. TO THE FULLEST EXTENT ALLOWED BY LAW, BUYER’S EXCLUSIVE REMEDY AGAINST VAC, AND VAC’S SOLE OBLIGATION, FOR ANY AND ALL CLAIMS, WHETHER FOR BREACH OF CONTRACT, WARRANTY, TORT (INCLUDING NEGLIGENCE) OR OTHERWISE SHALL BE LIMITED TO EITHER OF THE FOLLOWING, AT VAC’S SOLE DISCRETION: (a) SHIPMENT OF REPLACEMENT PRODUCT OR REPERFORMANCE OF APPLICABLE SERVICES OR (b) CREDIT OR REFUND OF THE PRICE FOR SUCH PRODUCT OR, RESPECTIVELY, SERVICES AT THE PRO RATA CONTRACT RATE. THE PARTIES SHALL NOT BE LIABLE TO EACH OTHER IN ANY ACTION OR CLAIM FOR CONSEQUENTIAL, INCIDENTAL OR SPECIAL DAMAGES, INCLUDING BUT NOT LIMITED TO LOSS OF PROFITS OR LOSS OF OPPORTUNITY, WHETHER SUCH ACTION OR CLAIM IS BASED IN CONTRACT, TORT (INCLUDING NEGLIGENCE AND STRICT LIABILITY), STATUTE OR OTHERWISE. TO THE EXTENT PERMITTED BY LAW, ANY STATUTORY REMEDIES WHICH ARE INCONSISTENT WITH THIS PROVISION ARE EXPRESSLY WAIVED BY BUYER. Products claimed to be nonconforming shall not be returned or discarded except as provided below. In no event shall VAC be liable for any loss, damage, cost or expense attributable to any act, omission or misrepresentations by Buyer or any third party.

15. BUYER OBLIGATIONS. In addition to other obligations stated herein, Buyer assumes all risk and liability for loss or damage resulting from the handling, use, or application of the Product, Services, and containers delivered hereunder. Buyer agrees to familiarize itself and keep informed (without reliance on VAC) concerning any hazards to persons or property involved in handling and using such Product, Services, and containers. Buyer shall advise its employees, customers, agents, distributors, consultants, independent contractors and others who handle or use such Product or Services of any hazards or who may foreseeably do so. Buyer hereby indemnifies and agrees to defend and hold VAC, its subsidiaries and affiliates and their respective directors, officers, shareholders, customers, employees, agents, successors and assigns of each, harmless from and against any and all liabilities, losses, costs or damages, including reasonable attorney fees, resulting from claims (unless finally determined to be the result of the gross negligence or willful misconduct of VAC) resulting from (a) use or handling of the Product or Services by Buyer or any third party, whether or not the Product is combined with any other materials, substances or equipment or the Product or Services are used in any manufacturing process; (b) failure by Buyer to disseminate safety and health information as required above; (c) failure of Buyer to comply with laws; or (d) misappropriation or infringement of intellectual property rights, including but not limited to patent, trademark or copyright infringement, resulting from use or handling of the Product or Services by Buyer or any third party. Any stenciling, marking or numbering other than that contained on the preprinted VAC label shall not be relied upon and no guarantee of accuracy is made with respect to any such markings.

16. TERMINATION. VAC may terminate the contract, if a) the Buyer is in default of payment, or b) ceases payment, or c) the Buyer becomes illiquid or overindebted, or d) an application for insolvency proceedings over the Buyer's assets is filed, or e) proceedings for the protection against creditors or the appointment of a trustee or receiver or similar proceeding are initiated against the Buyer.

17. FINANCIAL INFORMATION. VAC shall have no obligation to participate in any Buyer financial review or otherwise provide any of VAC's financial information to Buyer or any other person, including as it relates to Buyer owned tooling and/or capital equipment. Notwithstanding the foregoing, upon an uncured material breach by VAC and written request by Buyer, VAC will only be required to produce financial information relative to the default and ability to perform its obligations in the future after mutually agreed to procedures have been established for the review of actual and forecasted financial information, which financial information shall be limited in all respects to annual, fiscal, interim or internal financial statements consisting of an income statement and balance sheet of VAC and VAC's general ledger records related to its direct and indirect costs relevant to the subject Products. VAC shall have no obligation to participate in any Buyer audit, inspection or quality review except with respect to VAC's ability to perform its obligations in the future, and only after mutually agreed to procedures have been established. Such audit, inspection or quality review shall be at VAC's cost, upon at least four (4) weeks prior written notice, and in no event more frequently than once in any 12-month period.

18. GENERAL COMPLIANCE. VAC is not only committed to compliance with all applicable laws and the highest standards of integrity and ethics itself, but also expects the same from its business partners and customers. For this reason, VAC and Buyer commit to VAC's Code of Conduct (on VAC's website: <https://vacuumschmelze.com>). Alternatively, Buyer is entitled to refer to its own Code of Conduct, provided that it is equivalent in content to VAC's Code of Conduct. According to that, Buyer agrees to comply with all applicable laws and regulations. For the avoidance of doubt, this includes but is not limited to all applicable regulations for the protection of human rights and environmental standards, anti-bribery and anti-corruption laws, national and international custom laws, environmental laws, antitrust and competition laws, tax laws, laws for proper accounting and financial reporting, all relevant regulations for the prevention of accidents, other occupational health and safety regulations as well as data protection regulations. The Buyer shall be liable and indemnify VAC against all costs or other losses (in particular claims of third parties, fines, immaterial damages) resulting from the Buyer's non-compliance with the applicable laws and regulations as well as the provisions of this Section 14, unless the Buyer proves that it is not responsible for the violation.

19. EXPORT CONTROL AND COMPLIANCE WITH FOREIGN TRADE REGULATIONS. (1) The Parties shall comply with all export control and foreign trade restrictions under applicable German and EU law; the Parties shall also comply with U.S. export control laws, regulations, U.S. sanctions, Executive Orders, and directives ("U.S. Trade Laws"), as applicable, and it shall comply with Chinese law to the extent compatible with German, EU law or U.S. Trade Laws ("Applicable Foreign Trade Law").

(2) The Buyer warrants that it is not subject, directly or indirectly, to personal sanctions under Applicable Foreign Trade Law.

(3) The Buyer shall be liable and shall indemnify VAC against all costs or other losses (in particular claims of third parties, fines, immaterial damages) resulting from the Buyer's non-compliance with the Applicable Foreign Trade Law and the provisions of the Sections 19 and 20, unless the Buyer proves that it is not responsible for the breach.

(4) If there is reason to believe that an export license is required under Applicable Foreign Trade Law for the performance of the contractual obligations by VAC, the entire contract between VAC and the Buyer shall be subject to the condition precedent that such export license is granted under U.S. Trade Laws, EU Law or German Law, as applicable. Should that a potential export license requirement arises after conclusion of the contract, any delays or non-performance due to export inspections or approval procedures shall suspend the time periods for delivery dates or other obligations, unless VAC is responsible for such delay. The Buyer shall be obliged to support VAC in the application procedure, in particular providing all necessary information and documents (e.g. end-user-certificate).

(5) VAC shall be entitled to suspend performance of contractual obligations upon becoming aware or having reason to believe that fulfilling the contract would constitute a breach of Applicable Foreign Trade Law. If the contract can ultimately not be fulfilled due to the Applicable Foreign Trade Law, either contracting party may terminate the contract in whole or in part with immediate effect by providing written notice to the other party. In the event of termination, the contracting parties shall be obliged to return any benefits already received, unless this is prohibited by the Applicable Foreign Trade Law. Further claims for compensation (including damages) shall be excluded.

(6) If the Buyer intends to re-export the Products at a later stage, for example after processing, modification or treatment, the Buyer shall be obliged to comply with the Applicable Foreign Trade Law in this case as well.

20. ADDITIONAL COUNTRY-SPECIAL EXPORT CONTROL REGULATIONS

(1) The Buyer may not directly or indirectly sell, export or re-export Products that fall within the scope of (i) Article 12g of Council Regulation (EU) No. 833/2014 or (ii) Article 8g of Council Regulation (EU) No. 765/2006 and which are supplied in the context of or in connection with operations subject to these terms and conditions, to Russia or Belarus or for use in Russia or Belarus.

(2) The Buyer agrees that it will not directly or indirectly export, re-export, transfer (in – country) without a license or authorization Products that are subject to U.S. Trade Laws. The Buyer agrees that it will not directly or indirectly resell, transship, or otherwise divert Products to any embargoed or sanctioned countries including, without limitations, to Cuba, Iran, North Korea, Venezuela, Russia, Belarus, Syria, Crimea Region of Ukraine or to any other persons or entities that are subject to U.S. sanctions or other restrictions under U.S. export control laws, regulations, Executive Orders, and directives.

(3) The Buyer may not use any intellectual property rights, trade secrets or rights of access to or reuse of material or information within the meaning of Article 12ga of Council Regulation (EU) No. 833/2014, that it has obtained from VAC through sale, license or other transfer in connection with goods falling within the scope of Article 12ga of Council Regulation (EU) No. 833/2014 which are intended for sale, supply, transfer or export, directly or indirectly, to Russia or for use in Russia.

(4) If the Products purchased from VAC are exported, (re-)sold, (re-)exported or otherwise delivered or transferred, transshipped, or diverted to third parties or – subject to VAC's prior consent – sublicensed with respect to intellectual property rights or trade secrets within the meaning of paragraph (3) of this Section 20, the Buyer shall oblige these third parties or sublicensees to comply with the obligations under paragraph (1), (2) and (3) and pass these on to their customers or sublicensees accordingly.

(5) The Buyer undertakes to establish and maintain an appropriate monitoring mechanism to detect conduct by third parties in the further supply chain, including potential resellers, that would frustrate the purpose of paragraph (1), (2) and (3) of this Section 20.

(6) Any breach of paragraph (1), (2), (3), (4) and (5) of this Section 20 shall constitute a material breach of a material contractual obligation ("Kardinalpflicht") and VAC shall be entitled to take reasonable remedial action, including, without limitation, to terminate the contract with immediate effect by written notice and to claim a contractual penalty in the amount of 30% of the total value of the contract or the price of the exported Products, whichever is higher.

(7) The Buyer shall inform VAC immediately of any violations or potential violations in the application of this Section, including any relevant activities of third parties that could frustrate the purpose of paragraph (1), (2) and (3) of this Section 20. Upon VAC's request, the Buyer shall provide VAC with information on compliance with the obligations under paragraph (1), (2), (3), (4) and (5) of this Section 20 within two weeks.

21. CUSTOMS CLEARANCE. VAC takes care of customs formalities only to the extent required under the contractual provisions or the agreed Incoterms. VAC does not act as a customs agent for the Buyer. The Buyer shall be obliged to support VAC in the performance of customs formalities, in particular the Buyer shall provide all necessary information and documents.

22. EXCUSES FOR NONPERFORMANCE. VAC shall not be responsible for delays in performance due to causes beyond VAC's reasonable control, including but not limited to the acts or omissions of Buyer, acts of God, strikes or other labor disputes, acts of terror, war, plant shutdowns, voluntary or involuntary compliance with any law, order, regulation, recommendation or request of any governmental authority, inability to obtain fuel, material or parts, delays or unavailability of transportation, breakdowns of machinery or equipment, fires, explosions or accidents. In addition, VAC shall be excused in the event of its inability to obtain raw materials necessary for manufacturing the Product. In the event VAC is excused from performing pursuant to this clause, VAC shall have the right to utilize its available production and/or supply to satisfy its own requirements and to allocate remaining production and/or supply among its customers as it sees fit, and Buyer hereby releases VAC from liability for any resulting incomplete fulfillment of any order.

23. MISCELLANEOUS. This Agreement is not assignable by Buyer. If any term or condition is declared void, invalid or unenforceable by rule of law, that term or condition will be deemed modified or deleted, but only to the extent required to comply with such rule of law. The parties disclaim applicability of the U.N. Convention on Contracts for the International Sale of Goods to the sale of Products hereunder. This Agreement shall be governed by the laws of the State of Kentucky (USA), regardless of its conflict of laws provisions. Any dispute arising out of or in connection with the Agreement shall be subject to the exclusive jurisdiction of the state or federal courts located in Elizabethtown, Kentucky. EACH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL ACTION, PROCEEDING, CAUSE OF ACTION OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT. This document constitutes the entire written agreement of the parties covering the sale and purchase of the Products and Services and there are no understandings, agreements, representations, express or implied, that are not contained herein. No modification of these terms and conditions shall be binding on VAC unless approved in writing by a duly authorized signing officer of VAC.