

Essemtec AG – Terms and Conditions T&C

Version 1.1 / September 2021

1) Validity

The following terms are binding if both parties have explicitly or implicitly agreed to them. Any changes and the associated agreements will only take effect if Essemtec AG (hereinafter the "Supplier") provides the customer (hereinafter the "Buyer") with written confirmation thereof.

2) Scope of supply and technical specifications

The scope of the equipment to be supplied is defined in a detailed and formal supplier quotation. The equipment standards are defined in the Supplier's specifications and brochures. Any custom specifications requested by the Buyer must be specified, approved and quoted for separately.

3) Prices / Payment

The prices are defined and apply to the scope of supply and work defined in the reference quotation or the general price list. By default, all prices quoted by the Supplier are Free Carrier FCA (Aesch/LU, Switzerland) INCOTERMS 2010 and exclusive of VAT, local taxes, charges, freight, insurance and duties (where applicable). The risk of damage and loss of the product passes to the Supplier's FCA buyer. The Buyer will insure the product for its full market value and will only become its owner after all owed payments have been received. The prices may be changed without prior notice. The date of the quotation remains decisive.

Unless expressly stated otherwise, the price quoted for the equipment will not include transport, insurance, installation or on-site inspection and acceptance/training. The delivery price means the contractually agreed price for the ordered scope of supply as per the reference quotation and the general price list.

The currency and payment terms are defined in the reference quotation. The Supplier's standard payment terms are as follows:

- **50%** of the contract price is due as a down payment no later than 10 days after receipt of the order confirmation and the invoice. Manufacture of the equipment will not start until this down payment is credited.
- **40%** of the contract price five days before FCA shipping.
- **10%** of the contract price no later than 30 days after installation and site acceptance testing (SAT) or before production starts at the Buyer's headquarters, depending on which occurs first. This payment is due even if there are open queries concerning points which do not impair the manufacturing capability. The final payment is due without exception once the machine commences production at the Buyer's headquarters.

There are circumstances under which the Supplier will accept letters of credit. All additional costs due to alternative payment terms will be charged to the Buyer. Invoices are binding unless the Buyer objects to them immediately upon receipt. All supplier invoices are payable within 30 days. In the event of late payment, default interest will be charged at the rate of 0.04% per day on the full amount outstanding.

In the event of an unscheduled delivery for which the Supplier is not responsible, the same rate will be charged on all late payments. The date of the invoice is decisive in each case.

If non-standard or specific export documents are requested, the Supplier reserves the right to quote and charge for these special requests separately. The minimum order value (for spare and wear parts) is CHF 150. Cancellations of orders are not accepted. In the event of a cancellation, the Supplier will charge the following fees:

- **80%** of the contract price in the event of a cancellation less than two weeks before shipping



- **50%** of the contract price in the event of a cancellation less than four weeks before shipping
- **20%** of the contract price in the event of a cancellation less than six weeks before shipping

The costs for cancelling specific RFNS (Request for Non Standard) orders are equal to 100% of the costs of the unfinished products at the time of cancellation.

4) Factory acceptance by the Buyer

The acceptance test is carried out by the Buyer at the Supplier's headquarters in Switzerland. The purpose of the test is to demonstrate prior to delivery that the equipment functions correctly and performs as per the specifications. Generally, an acceptance test will take at least one work day. The operating parameters are jointly defined by the Supplier's specialists and the Buyer. Any specific performance criteria, test conditions or duration of the test requested by the Buyer must be defined, approved and quoted for in writing and ordered together with the system. Where applicable, customer training under operating conditions will only take place after acceptance testing of the plant is completed. Once acceptance testing is completed, the Buyer will sign the acceptance report and thereby approve the delivery.

If the Buyer requests specific material (printed circuit boards, components, feeders, resources) for the acceptance test, then it must be properly declared to customs and sent to the Supplier free of charge in advance.

5) Acceptance test after successful installation at the Buyer's headquarters

The acceptance test is carried out at the Buyer's headquarters. The purpose of the acceptance test is to demonstrate after installation that the equipment functions correctly and performs in accordance with the general and specific specifications as ordered. Usually, an acceptance test will take one work day. The operating parameters are defined by the Supplier's specialists in cooperation with the Buyer. Any specific performance criteria, test conditions or duration of the test requested by the Buyer must be defined, approved and quoted for in writing and ordered together with the system. Where applicable, installation and acceptance testing do not include process optimisation, which must be quoted for separately.

Where applicable, customer training under operating conditions will only take place after acceptance testing of the plant is completed. Once acceptance testing is completed, the Buyer will sign the acceptance report and thereby provide final approval of the acceptance test.

6) Warranty and service

The warranty period for new machines and parts is twelve months. (Six months if the machines and parts are used or refurbished). The warranty begins when the acceptance test is signed off or a large-volume production run starts, whichever occurs first. In each case, the warranty will not exceed fourteen months (eight months if the machines and parts are used or refurbished, unless key issues which render the machine inoperable are still pending).

The warranty is restricted to machines installed by the Supplier's authorised service technicians. The warranty does not cover parts which are subject to normal wear and tear, such as seals, hoses, filters, bearings, etc.

All warranty claims must be documented in writing immediately when they occur, and described in detail to the Supplier's global service network. To facilitate smooth troubleshooting and/or the return of parts, the Buyer shall follow all of the Supplier's instructions after reporting the incident.

Based on a root cause analysis of the event and the circumstances under which it occurred, the Supplier reserves the right to accept or dismiss the claim in whole or in part. In the event of a dismissal, the Supplier reserves the right to invoice the expenses incurred in connection with the claim. The warranty shall not apply under any circumstance if the equipment was used improperly (failure to observe the official supplier manual and/or instructions), was insufficiently maintained or was inadequately repaired or modified by third parties not approved by the Supplier, or if spare parts other than those from ESS were used.

In all cases, warranty claims do not extend the original warranty period.

The Supplier's standard warranty can be extended on request (by up to two years). The warranty terms for an extension are governed in a special service contract which is signed separately.

In all cases, the Supplier shall not be liable for incidental or consequential losses or a loss in production time and/or material due to damage to the delivered equipment.

7) Software licence

The Supplier's software will remain the property of Essemtec AG in its entirety (machines and applications). Any software provided/included/embedded via a separate licence may only be used in accordance with the licence agreement and in conjunction with the corresponding hard lock software security system (dongle).

Once the ordered system is installed and has been accepted, the Buyer shall be granted a fully paid non-transferable licence for the proper use of the machine software.

8) Intellectual property

Essemtec AG remains the owner of the entire intellectual property relating to the supplied equipment, processes and services. Under no circumstance whatsoever will the intellectual property be transferred as part of the provision of the equipment, processes, software or services.

9) Disposal

After using the delivered products, the Buyer will be responsible for their proper disposal at its own expense. The customer releases the Supplier from any and all obligations regarding disposal/return of the goods, disposal costs and any related third-party claims.

10) Privacy policy

The privacy policy can be found via this link: <https://essemtec.com/en/company/privacy-policy/>. We assume that the Buyer will confirm and approve it.

11) Applicable law and jurisdiction

The contract is subject to Swiss law. Lucerne, Switzerland, is the place of jurisdiction. English and German are the applicable languages.

Aesch, September 2021