

# Terms and Conditions of Audio AG

## 1. Preface

- 1.1. The following conditions apply to the business relations between the Audio AG and the Customer. Should affiliated companies of the Customer order products from Audio AG, then these Terms and Conditions shall apply to this order as well.
- 1.2. No term or condition of this Terms and Conditions may be waived or modified except in writing signed by Audio AG or an authorized agent of Audio AG.
- 1.3. These Terms and Conditions shall also apply for all future business transactions with the Customer.

## 2. Delivery, Shipment and Packing, Passing of Risk

- 2.1. Audio AG's offers are without engagement and may be revoked at any time, until they have been confirmed in writing by Audio AG or invoiced, and/or if goods are in delivery.
- 2.2. Any delivery times or dates stated in writing or verbal shall not be binding on Audio AG and be deemed approximate only with a delivery delay of max. 30 calendar days. Audio AG is entitled to deliver prior to the specified date.
- 2.3. Acts of God, the occurrence of unforeseen obstacles, or other involuntary events, shall entitle Audio AG to defer delivery for the duration of the obstacle. In the case of any such unforeseen obstacles to delivery as aforesaid, Audio AG may also repudiate the contract to the extent that it has not already been fulfilled. This shall give rise to no claims for compensation on the part of the Customer.
- 2.4. Unless stated otherwise in these Terms and Conditions or agreed otherwise in writing with the Customer, delivery is effected ex works (Incoterms 2010, ICC Paris) at Haimhausen or alternative warehouse defined by Audio AG. With the start of shipment all risk (breakage, shrinkage etc.) shall pass to the Customer even where delivery has been agreed carriage paid. This also applies to partial deliveries. The Customer shall also be held responsible for consequential loss of or damage to sold goods in case of default in acceptance.
- 2.5. On placing the order, the Customer must state the delivery location, opening hours and other particulars applying at the place of delivery and installation.
- 2.6. The Customer must inform Audio AG in good time – at the latest one week before delivery commences – about any changes at the named delivery location. If the Customer fails to provide any such notification, then at the Customer's expense Audio AG may have the contractual item put into storage and delivered at some later date.

## 3. Prices and Terms of Payment

- 3.1. All prices are quoted in Euro and are net prices. Value-added tax, packaging and shipping costs, costs of encashment like COD and bank charges may be added, if applicable.
- 3.2. Audio AG's invoices shall fall due for payment within 30 calendar days of date of invoice, unless otherwise agreed.
- 3.3. Payments must be made in Euro, unless otherwise agreed.
- 3.4. Payments will only be deemed made, when the amount in question has been credited to Audio AG's bank account. In case of any delay in payment, Audio AG shall, without prejudice to Audio AG's right to claim for any additional loss or damage, charge interest on arrears on outstanding invoices at a rate of 4 percentage points above the discount rate of the Deutsche Bundesbank, but at least 9% per annum. If Audio AG suffers additional financial damage, such damage may be claimed as well.
- 3.5. The Customer shall only have the right to make offset, if his counterclaims have been finally and absolutely established at law, are undisputed or have been recognized by Audio AG. The Customer shall only have a right of withholding insofar as his counterclaim relates to the same contractual relationship.
- 3.6. Audio AG reserves the right to reasonably increase Audio AG's prices in line with any cost increases, especially as a result of changes in material and wage costs, occurring after conclusion of contract.
- 3.7. In the case of any delay in payment, all Audio AG's claims existing at such time shall become due and payable immediately.

## 4. Reservation of Title, Passing of Title

- 4.1. Audio AG reserves title to the item of sale until such time as the entire receivables arising from the business relationship with the Customer have been paid in full. For this purpose, extended reservation of title shall apply, unless otherwise agreed in writing. Claims arising from the business relationship shall also encompass interest, ancillary claims and costs of any legal action as well as costs of intervention in the case of seizure of the item of sale by any third party.
- 4.2. The Customer is entitled to resell the item of sale in the ordinary course of his business. In the case of such resale he hereby already assigns to Audio AG, until such time as all Audio AG's claims have been met in full, his own claims against his own Customer arising from resale of the item of sale. Audio AG hereby accepts the said assignment. The assignment shall also encompass any balance claims on open account, if agreed. Until revocation of such entitlement by Audio AG, the Customer is entitled to collect the assigned claims in his own name.
- 4.3. The Customer shall have a duty on Audio AG's request, to inform Audio AG of the names of his customers against whom he has acquired claims through resale of the item of sale as well as of the amounts owed by such customers and to allow Audio AG to inspect his books and accounts in respect thereof. The Customer shall have a duty to inform Audio AG without delay of any seizure of the item of sale or of any other such intervention by third parties, Audio AG reserves a right of lien on sold goods, if these come into Audio AG's possession during the sales process or a repair etc.
- 4.4. Any processing or transformation of the item of sale by the Customer shall be deemed done on Audio AG's behalf. Should the item of sale be processed together with other items not belonging to Audio AG, Audio AG shall have co-title to the new item so created in the same proportion as that between the value of the item of sale (total invoice amount including value added tax) and the value of the other items involved at the time of processing. The same shall also apply in the case of any combination of the item of sale with other items not belonging to Audio AG.
- 4.5. If, in the event that the law of another country should apply, Audio AG's reservations of title should not be effective in that country or if, for example, in addition to the Terms and Conditions, they should also require to be registered, the Customer shall have a duty to assist, at his expense, in all necessary measures and in particular to make all declarations as may be necessary on his part in order to render Audio AG's reservation of title effective or in order to provide Audio AG with security which is equivalent to reservation of title.

## 5. Liability

- 5.1. Audio AG shall not be liable for slight negligence ("einfache Fahrlässigkeit"), unless the breach involves one of its cardinal duties underlying the contract.
- 5.2. Audio AG's liability in the event of willful intent or gross negligence or for loss or damage resulting from culpable injury to life, limb or health of the Customer or arising under a warranty of quality or warranty for durability/ shelf life shall be as specified in the statutory regulations.
- 5.3. In the case of any culpable breach of a material contractual duty, the amount of Audio AG's liability shall, except in any of the cases referred to in sections 5.1 and 5.2, be limited to the amount of loss or damage foreseeable and typical in the case of a contract of the kind in question.
- 5.4. Other than in the cases referred to in sections 5.1 and 5.2, above, Audio AG's liability shall be limited to the amount of the lower of the contractually owed remuneration or at most EUR 50,000.00.

- 5.5. The foregoing shall be without prejudice to Audio AG's liability under the German Product Liability Act.
- 5.6. Insofar as Audio AG's liability for compensation or damages is barred or limited, this shall also apply to the personal liability for compensation or damages of Audio AG's employees, representatives and vicarious agents.

## 6. Scarities, Warranty

- 6.1. The period of limitation for claims for defects shall be one year, unless other statutory rules apply. This shall not apply in the case of fraudulent misrepresentation, willful intent or the cases specified in Arts. 478 and 479 BGB. This shall not affect the limitation period for recovering from the supplier as provided for under Arts. 478 and 479 BGB. The start of the limitation period shall be as specified in the law. Warranty shall be void in the event of any damage caused by improper handling or installation by Customer or third parties.
- 6.2. Goods and services must be examined for damages or deficiencies by the buyer immediately. In the event of damage, deficiencies or incorrect delivery in terms of quality or quantity, the buyer is obliged to inform Audio AG in writing without delay.
- 6.3. To the extent of its statutory warranty obligations, Audio AG shall be liable for material defects of the device. Audio AG's Warranty requires:
  - 6.3.1. that the Customer immediately reports the defect to Audio AG in writing;
  - 6.3.2. that the Customer can specify and prove that the defect is caused by poor workmanship or defective materials; and
  - 6.3.3. that the item has been properly assembled, installed, used and serviced.
- 6.4. Audio AG shall honor its warranty obligations by making subsequent repairs or a substitute delivery, at its own option. In the event of any defect of the item of sale, the choice of remedy shall lie with Audio AG. Any expenses connected with the remedy of defects arising from the fact that the item of sale has been sent or taken to a place other than the place of performance shall be borne or refunded by the Customer. The warranty shall lapse if the Customer has procured items from third parties and such items have been inappropriately installed in or connected to the contractual devices.
- 6.5. Audio AG's Warranty shall be void in case of the use of unsuitable accessories or changes to the original device by the Customer or unauthorized third parties.
- 6.6. Audio AG's Warranty shall be void in case the warranty seal on the product has been tampered with or removed.
- 6.7. Natural wear and tear and damage through improper treatment, handling or storage is excluded from warranty.

## 7. Non-Disclosure

- 7.1. The parties undertake to keep secret any information, documents, models, programs and suchlike that materialize under or in connection with this contract. This shall not apply if the Customer lawfully obtains the information, documents, models, programs and suchlike from a third party rather than from Audio AG, or if same become public knowledge without any rights being infringed.
- 7.2. Information, documents, models, programs and suchlike which Audio AG provides to the Customer for its use serve to illustrate the contractual item from the Customer, and they may not be published or copied by the Customer, nor may they be provided to third parties for use by the latter. The Customer shall return the afore-mentioned information and documents at Audio AG's request.
- 7.3. Prior written consent from Audio AG is required in text form if the Customer wants to draw up brochures or similar printed matter referring to Audio AG's devices, and/or to use such materials in dealings with third parties.
- 7.4. The foregoing provisions shall not affect Audio AG's right to use materials about its own products in dealings with third parties, e.g. to publish them or distribute them externally.

## 8. Industrial/Intellectual Property Rights

Insofar as Audio AG provide technical documentation, illustrations, molds, tools, samples or also tender documents, Audio AG reserves title and all copyright and other industrial/intellectual property rights thereto even if the Customer should have borne all or part of the costs therefore. The aforesaid may not be made accessible to any third party and must be returned to Audio AG without delay in the event of an order not being placed. The Customer is prohibited from producing the item of sale, or having it produced by any third party, with the aid of the technical documentation, illustrations, molds, samples and/or tender documents.

## 9. Inventions

- 9.1. Any inventions by Audio AG which give rise to a patent, utility model or copyright, or which create any other right or intellectual property right in connection with contractual devices, shall be Audio AG's sole property.
- 9.2. This shall also apply if work done in this respect has been partly or fully financed by the Customer. However, Audio AG shall grant the Customer a non-exclusive right of use on request, insofar as a separate agreement on this is reached.

## 10. Governing Law, Place of Performance and Legal Venue

- 10.1. This contract shall be exclusively governed by German law. The application of the UN Convention on Contracts for the International Sale of Goods (CISG) is excluded.
- 10.2. The exclusive venue for all disputes arising from or in relation to this Terms and Conditions and any Purchase Orders concluded hereunder shall be the Regional Court of Munich I ("Landgericht München I"). Audio AG shall, also have the right to bring legal action against the Customer at his own general place of jurisdiction.

## 11. Secondary Obligations

- 11.1. Each party shall take into account the other party's legitimate rights and interests. In particular, each party shall ensure that its own sphere of influence is safe and poses no health hazard to others.
- 11.2. Audio AG is not responsible for the Customer's employees and property staying or remaining within Audio AG's sphere of influence. In particular, Audio AG shall not be liable for any injury or loss.

## 12. Final Provisions

- 12.1. More than one Customer shall bear liability as joint and several debtors.
- 12.2. Ancillary agreements, supplements and amendments to this contract must be done in writing in order to become effective in law, unless some stricter form – e.g. public recording or notarization – is prescribed. The same shall also apply to this clause.
- 12.3. In the event that any or more provisions contained in this Terms and Conditions should, for any reason, be held to be unenforceable in any respect, unenforceability shall not affect any other provisions of these Terms and Conditions, but they shall be construed as if such unenforceable provision had not been contained herein. Any unenforceable or otherwise invalid provision shall be interpreted as closely as possible to its original economic and legal intentions.