

**Terms and Conditions of Sale and Delivery
of LSP Innovative Automotive Systems GmbH**

- hereinafter referred to as "LSP" -

Revision of April 2017

1 Scope of Application, Written Form

(1) Sales, deliveries of items to be manufactured or produced, as well as services of LSP of any type to entrepreneurs shall be made subject to these Terms and Conditions of Sale and Delivery on an exclusive basis.

(2) These Terms and Conditions shall apply exclusively; terms and conditions of the customer conflicting with or deviating from these Terms and Conditions of Sale and Delivery shall only become an integral part of the contract if LSP has given its express written consent to their applicability. These Terms and Conditions of Sale and Delivery shall also apply if LSP made the delivery to the customer without reservations being aware of terms and conditions of the customer conflicting with or deviating from these Terms and Conditions of Sale and Delivery.

(3) All arrangements made between LSP and the customer on the implementation of this contract, including modifications of contract and collateral agreements, shall be set forth in writing in this contract. This written form requirement can be waived in writing only.

2 Offer, Conclusion of Contract, Offer Documents

(1) If the purchase order is to be qualified as offer pursuant to sec. 145 BGB (German Civil Code), LSP may accept it within two weeks.

Unless expressly provided otherwise, offers of LSP shall be subject to confirmation.

(2) Conclusions of contract with LSP shall only take effect upon the acceptance of the customer's offer by LSP, a confirmation of order of LSP or by way of delivery.

(3) LSP is under no obligation to ensure the delivery of an item of delivery after the end of production or of the contract, unless the parties agreed otherwise in writing.

(4) LSP reserves its property rights and copyrights to illustrations, drawings, calculations, software and other documents. This shall also apply to such written documents that are labelled as "confidential". Prior to their disclosure to third parties, the customer requires the express written consent of LSP.

3 Prices, Terms of Payment, Rights to Set Off

(1) Unless provided otherwise in the confirmation of order, the prices of LSP shall be "ex works", excluding packaging or traveling costs; the latter shall be invoiced separately in each case.

(2) The statutory value added tax is not included in the prices of LSP; it will be shown separately in its statutory amount in the invoice on the date of invoicing.

(3) The deduction of discount requires a specific written agreement.

(4) Unless provided otherwise in the confirmation of order, the net amount (without deduction) of the price shall be due for payment within 30 days of the invoice date. The statutory regulations regarding the consequences of delayed payment shall apply.

(5) The customer is entitled to rights to set off only if its counterclaims are determined without further legal recourse, undisputed or acknowledged by LSP. Sec. 354a HGB (German Commercial Code) shall not be affected.

Moreover, the customer is entitled to exercise a right of retention only to such extent as its counterclaim is

based on the same contractual relationship.

- (6) If in the event of a call-off order, the customer does not purchase the minimum quantity agreed in the framework supply agreement within a monthly or annual period, the customer shall still be obliged to pay for the agreed minimum quantities. If LSP should succeed in selling the respective items to a third party, the amount to be paid will be reduced by the production costs of LSP.
- (7) If the contract should be a contract for work and services (and delivery), which the customer may terminate subject to the rules applying to contracts for work and services without the existence of a particular cause, LSP shall be provided compensation as defined in sec. 649 para. 1 sentence 2 BGB as follows: The costs incurred until the date of termination based on the LSP project documentation plus development costs incurred by LSP. - In case of service contracts, remuneration shall be made on the basis of the expenditure of time at the agreed hourly rate, and otherwise at the hourly rate as customary in the trade.

4 Period of Performance

- (1) The beginning of the period of delivery/performance specified by LSP is subject to the clarification of all technical issues.

The meeting of the obligation of delivery/performance by LSP is further subject to the timely and due fulfilment of the customer's obligations. The defence of the non-fulfilled contract shall be reserved.
- (2) Periods of delivery/performance shall only be binding if unequivocally agreed as such. Unless agreed otherwise, the period is 2 weeks.
- (3) LSP has the right to carry out partial delivery or performance to a reasonable extent, unless the customer may expect complete delivery considering the nature of the subject of performance.
- (4) In case of call-off orders, LSP shall have the right upon the conclusion of contract to procure the tools and materials required to fulfil the contract for

the entire order and to produce the entire ordered quantity immediately.

- (5) If the customer is a merchant (Kaufmann) as defined in the HGB, the customer shall examine the delivered products for noticeable defects in terms of both quantity and quality within 5 working days after the receipt of the goods and notify LSP thereof in text form as defined in the German Civil Code. Unnoticeable defects shall be notified within 5 working days of their detection. The receipt by LSP shall be decisive for the notification to be in time. Defects not notified in time shall not be considered.

In the event of alteration or processing of the delivered products already before the lapse of the period of notification, the customer's notification shall be excluded for all noticeable defects relating to all the delivered parts of a specific order.

The customer's approval of samples shall exclude the eventual notification of defectiveness of products, if the delivered products coincide with the approved samples.

- (6) If the customer gets in default of acceptance or violates any obligations to cooperate or if the delivery of LSP is delayed for other reasons the customer is to be held responsible for, then LSP shall have the right to request compensation of the damage LSP incurs in this respect, including extra expenses, if any. Additional claims or rights remain reserved.
- (7) If the conditions of paragraph (6) above are met, the risk of accidental loss or accidental deterioration of the item of purchase shall pass to the customer at the time the latter got in delay of acceptance or delay of complying with its obligations as debtor.
- (8) LSP shall be liable in conformity with the legal regulations if the relevant purchase contract constitutes a fixed-date transaction in the meaning of sec. 286 para. 2 no. 4 BGB or sec. 376 HGB. LSP shall also be liable pursuant to the legal regulations if as a consequence of the delay of delivery LSP is responsible for, the customer has the right to claim that its interest in a continued performance of the contract has ceased.

- (9) Furthermore, LSP shall be liable in accordance with the legal regulations if the delay of delivery is attributable to an intentional or grossly negligent breach of contract for which LSP is responsible; any fault of a representative or agent with vicarious liability of LSP shall be attributable to LSP. If the delay of delivery is to be attributed to a grossly negligent breach of contract for which LSP is responsible, LSP's liability for damages shall be limited to the foreseeable, typically occurring damage.
- (10) LSP shall be liable pursuant to the legal regulations also if the delay of delivery LSP is responsible for is based on the culpable breach of a material contractual duty; in this case, however, the liability for damages shall be limited to the foreseeable, typically occurring damage.
- (11) Other legal claims and rights of the customer shall remain reserved.
- (12) If delivery dates cannot be met due to circumstances not attributable to LSP or its pre-suppliers, particularly in case of force majeure, business disruptions or traffic disruptions, fire, flooding, strike, lack of energy and raw materials, the delivery dates shall be extended reasonably upon consultation between the parties. If the duration of the impediments due to the above circumstances continues for more than 12 weeks, LSP or the customer may rescind the contract if they cannot be reasonably expected to maintain the contract in force.
- (13) If LSP is to manufacture items requiring accessory parts, the customer shall provide such parts to LSP with an excess of 10%. Any provision of such accessory parts not in time or not in a flawless condition shall entitle LSP to invoice the extra costs incurred and shall exempt LSP from meeting the agreed delivery period, provided that LSP is not to be held responsible for the non-compliance.

5 Transfer of Risk, Packaging Costs

- (1) Unless provided otherwise in the confirmation of order, delivery "ex works" shall be agreed.
- (2) Separate agreements apply to the return of packaging materials.

- (3) If the customer so desires, LSP will take out transport insurance cover for the delivery; the customer shall bear the respective costs.

6 Tools, Tooling Costs

- (1) Tools of any type (forms, matrices etc.) shall be deemed owned by LSP in any case and shall not be transferred to the customer even if the latter contributes a share in the tooling costs or if the customer manufactured a tool at its own expense, but based on the design specifications of LSP.
- (2) The entire share in the tooling costs to be paid by the customer shall be due with the first delivery. LSP shall store the tools for 1 year after the last purchase order free of cost. The strictly net amount of the tooling costs shall be payable immediately. Unless agreed otherwise, such costs, including such for a tool insurance, shall be paid in addition to the prices set forth in Sec. 3 above.
- (3) If LSP provides the tool, the delivery dates shall be postponed if the tool becomes unusable during the operation due to wear and tear, unless the customer instructed LSP in a timely manner to procure replacement tools in good time.

7 Rights Relating to Defects, Liability

- (1) LSP shall provide warranty in conformity with the legal regulations for goods manufactured based on in-house developments in the sense that the ordered goods will be of defect-free quality, provided that the goods are duly handled, fitted, installed, used and stored in accordance with the technically relevant standards. In addition to the contractual agreements, the product description of LSP shall be solely decisive for the due quality of the goods, rather than public declarations, advertisement contents etc. of other manufacturers, pre-suppliers or third parties.

Any merely insignificant reduction of the value or the suitability for use shall not be a cause indicating the existence of defects.

In case of an order for a series of goods, the quality of the goods (including surfaces and measures) shall be subject to the tolerance samples approved by both parties prior to the start of the series, which are also part of the initial sampling. If the customer fails to submit tolerance samples within a reasonable period prior to the start of the series or fails to give its statement in good time on the tolerance samples it was submitted by LSP, the products delivered by LSP in form of an average type and of a medium quality shall be deemed free of defects.

- (2) If items are manufactured and supplied based on the design and drawings of the customer, LSP will only assume warranty for the execution of the delivered parts in accordance with the customer's documents.

No warranty is assumed for the suitability for the purpose of use expected by the customer or for a specific number of cases of use.

- (3) If the delivered goods have defects, LSP may opt for either removing the defects or supplying replacement.

In any case, LSP has the right to examine the defective condition on site. Accordingly, the customer commits itself to obtain the consent of LSP prior to returning or destroying defective products. The expenses required for examination and subsequent performance, particularly costs of transportation, traveling, labour and materials, shall be borne by LSP if there is actually a defect LSP is responsible for and to the extent in which they are not increased as a result of the relocation of the item of purchase to another place than the place of performance. If a request of the customer for defect removal should prove unjustified, however, LSP may request the customer to refund the costs incurred by LSP in this respect.

- (4) If LSP denies performance in a serious and final manner or denies the removal of defects and subsequent performance due to unreasonable costs or if the subsequent performance proves abortive or if the customer cannot be reasonably expected to accept subsequent performance, the customer shall be expressly entitled to opt for either reducing the price or rescinding the contract and claiming damages in lieu of performance. In case of just in-

significant breaches of contract, particularly in case of just insignificant defects to the goods, the customer shall not be entitled to any right of rescission.

- (5) LSP shall be liable in accordance with the legal regulations if the customer asserts damage claims based on intent or gross negligence, including intent or gross negligence of representatives or agents with vicarious liability of LSP.

If LSP is not held responsible for intentional breach of contract, the liability for damages shall be limited to the foreseeable, typically occurring damage, which is capable of compensation under German law.

- (6) Liability for negligence - for whatever legal cause - shall be excluded, unless in case of breach of a material contractual duty. LSP shall be liable in accordance with the legal regulations if LSP violates a material contractual duty culpably; in this case, too, however, liability for damages shall be limited to the foreseeable, typically occurring damage, which is capable of compensation under German law.

- (7) Liability for any culpable injury with lethal consequences or resulting in physical disability or damage to health shall not be affected; this shall also apply to the mandatory liability under the German Product Liability Act. LSP will not assume any additional product liability than the one required by German law.

- (8) Unless agreed otherwise above, liability shall be excluded. Particularly the liability of LSP for indirect and consequential damages of the customer, including loss of profits and disruption of business, shall be excluded to the widest legally permitted extent.

- (9) LSP shall maintain business and product liability insurance cover for personal injuries of € 3,000,000.00, for property damages of € 2,000,000.00, and for financial losses of € 500,000.00 per insured event (€ 6,000,000.00, € 6,000,000.00 and € 1,000,000.00 per insurance year), while the cover under the extended product liability policy is restricted for specific damage items. For damages insured under this policy, the liability of LSP shall be limited both as to the basis and to the amount of the claim to damages covered by the insurance,

unless in case of any more extensive limitations of liability under this contract.

- (10) Warranty claims and liability of LSP shall be excluded if the goods were damaged due to improper assembly by the customer (e.g. in a vehicle or test block) or due to the use in a vehicle (e.g. due to traffic accidents) or in a test block or if their structure is altered within the sphere of control of the customer without the express prior approval of LSP.

8 Overall Liability

- (1) Irrespective of the legal nature of the asserted claim, liability for damages in excess of the provisions in Section 7 above shall be excluded. This shall apply particularly to damage claims based on fault in conclusion of a contract (culpa in contrahendo), other breaches of duty or in case of claims in tort for compensation of property damages pursuant to sec. 823 BGB.
- (2) The limitation pursuant to paragraph (1) above shall also apply if instead of a claim for compensation of the damage the customer claims compensation of useless expenses in lieu of performance.
- (3) Where the liability for damages of LSP is excluded or limited, this shall also apply with regard to the personal liability for damages of the employees, collaborators, representatives and agents with vicarious liability of LSP.

9 Retention of Title

- (1) LSP reserves its title to any and all goods it delivers ("Goods Subject to Retention of Title") until all claims of LSP against the customer, also the ones on a conditional basis, have been satisfied. This shall also apply to claims arising in the future and to current account balance claims.
- (2) If the customer should act in breach of contract, particularly in case of default of payment, LSP shall have the right to repossess the Goods Subject to Retention of Title after a reasonable period has been set and lapsed. The repossession of the Goods Subject to Retention of Title shall imply the res-

cession of the contract. The customer shall bear the costs incurred for repossession. After the repossession of the item of purchase, LSP will have the right to dispose of it, the proceeds from such disposal having to be set off against the liabilities of the customer less reasonable disposal costs.

- (3) The customer shall treat the Goods Subject to Retention of Title with care and take out sufficient insurance at replacement value to provide cover for them against damages caused by fire, water and theft. When maintenance and inspection work becomes necessary, the customer shall carry out such work at its own expense in due time.
- (4) The processing of the Goods Subject to Retention of Title shall always be made on behalf and on the instruction of LSP. If any processing involves items not owned by LSP, the latter acquires the co-ownership to the new item proportionally to the value of the Goods Subject to Retention of Title delivered by LSP (final invoice amount, including VAT) compared to the other processed items at the time of processing. The same applies if the Goods Subject to Retention of Title are mixed with items not owned by LSP. Furthermore, the above provisions for the Goods Subject to Retention of Title are equally applicable to the item created by processing/mixing; the customer shall safeguard the so created solely owned or co-owned property for LSP.
- (5) In case of attachment of the Goods Subject to Retention of Title by third parties or any other third-party action affecting them, the customer shall point out to the title of LSP and inform LSP immediately in text form as defined in the German Civil Code to allow LSP enforcing its property rights pursuant to sec. 771 ZPO (German Code of Civil Procedure). If the third party is unable to refund to LSP the judicial or extrajudicial costs incurred in this connection, the customer shall be liable for such costs.
- (6) The customer has the right to resell the item of purchase in the ordinary course of business; however, the customer hereby assigns to LSP all the claims in the amount of the final invoice amount (incl. VAT) of the claim accruing to the customer from the resale against any of its customers or third parties, irrespective of whether the Goods Subject

to Retention of Title were resold without or after their processing. The customer shall still be authorised to collect such claim even after the assignment. The authorisation of LSP to collect the claim directly shall not be affected by the foregoing. LSP commits itself, however, not to collect the claim for as long as the customer meets its payment obligations resulting from the collected proceeds, does not get in default of payment, and particularly no application for institution of any settlement or insolvency proceedings has been filed and no suspension of payments occurred. If this is the case, however, LSP may request the customer to disclose the assigned claims and the respective debtor, provide the details required for collection, deliver the relevant documents, and notify the debtors (third parties) of the assignment.

- (7) LSP commits itself to release the collateral due to LSP on the customer's request to such extent as the realisable value of the Goods Subject to Retention of Title exceeds the claims to be secured by more than 10% on a more than just temporary basis; LSP has the right to select the collateral to be released.

10 Statute of Limitations

Claims resulting from material defects and defects of title against LSP shall become statute-barred within one year as of the delivery and/or service performance by LSP. The above limitation period shall also apply to contractual and extra-contractual damage claims of the customer based on a defect of the goods, unless the application of the regular statutory limitation (sec. 195, sec. 199 BGB) would entail a shorter period of limitation in the specific case. Claims for injuries with lethal consequences or resulting in physical disability or damage to health and cases of damages caused by LSP with intent or gross negligence, cases of fraud, as well as claims against LSP based on the German Product Liability Act shall not be affected by the foregoing.

11 Third-Party Property Rights

- (1) If LSP manufactures or delivers items based on drawings, models or samples

LSP received from the customer, the customer shall assume liability that LSP will not violate any third-party property rights by manufacturing, using or integrating the delivered products or services and delivering them, and shall indemnify and hold LSP harmless from and against any third-party damage claims.

- (2) In such cases, the customer shall provide legal assistance to LSP on the request of the latter or join lawsuits, if applicable, at its own expense.
- (3) The indemnification shall encompass all the expenses LSP incurs in connection with third-party claims.
- (4) The period of limitation for the entitlement to indemnification shall be two years as of LSP getting knowledge of the circumstances constituting the claim or LSP's grossly negligent unawareness thereof.

12 Copyrights, Title; Expenditure for Pilot Studies

- (1) LSP reserves the industrial property rights it is entitled to (particularly patents, utility models) in relation to the products it manufactures/sells, inventions or technical improvements, previous projects and pilot studies, sketches and documents prepared by LSP or based on data of LSP, and copyrights, as well as the title to prepared data, documents, sketches, drawings and software or the like to which the customer gets access in performing the contract.
- (2) Items in the sense of the above paragraph, particularly documents, software and data subject to copyright, shall be kept secret pursuant to Section 13 of these Terms and Conditions.
- (3) In the event of violation of property rights of LSP by the customer or in the event of breach of the obligations of non-disclosure pursuant to Section 13 of these Terms and Conditions, LSP has the right to rescind the contract at the expiration of a set reasonable period. Additional rights to cease and desist or damages shall not be affected by the foregoing.
- (4) If software of LSP is integrated in the item of purchase / delivered item, LSP grants to the customer a non-exclusive

right of use to the software within the framework of the use of the delivered items under the relevant contract; the software must not be reproduced, altered/processed/decoded and must not be used without the respective delivered item or passed on to any third party without a delivered item.

13 Non-Disclosure, Penalty

- (1) The customer shall bind its employees, freelance collaborators and subcontractors in conformity with the non-disclosure agreement in place between the parties and shall ensure that only those persons receive confidential information who are instructed to perform the contract.
- (2) In each case of culpable violation of any of the non-disclosure obligations by the customer or a violation of Section 12 of these Terms and Conditions, the customer shall pay penalty to LSP at a rate of 15% of the contractual net sales volume; in case of intent, the defence of causal continuity shall be excluded. Additional damage claims of LSP shall not be affected. As to the obligation of non-disclosure, the customer shall be liable additionally for its employees, freelance collaborators and subcontractors.

14 Protection of the Business Relations, Penalty

- (1) Unless with the written consent of LSP, the customer shall not establish contact with contractors of LSP, directly or via third parties, or enter into contracts with or refer such contracts to them that relate to the performance or products constituting the subject matter of contract, their further development and follow-up models, if any, for the term of the contract to which these Terms and Conditions apply and for another two years after its end. "Contractors" of LSP are such business partners with whom LSP had performance relationships in the field of purchasing relating to the delivery of goods and services on the date of conclusion of this contract or with whom LSP maintains or maintained business relations until the end of this contract. The presentation of contracts, confirmations of order or other documents such as bills of delivery, in-

voices, accompanying certificates etc. shall be sufficient evidence of the existing business relations.

- (2) The customer has no right to request LSP to provide information on contractors of LSP and their services beyond LSP's legal obligations, if any. In any case, the customer shall not disclose any details it comes to know about other contract partners and business processes of LSP.
- (3) In each case of culpable violation of any of the above understandings on the protection of performance relationships in respect of specific items in commercial transactions, the customer shall pay penalty to LSP at a rate of 15% of the net sales volume generated between the contractor and the customer; in case of intent, the defence of causal continuity shall be excluded. Additional damage claims of LSP shall not be affected.
- (4) In case of contacts established by contractors of LSP within 2 years after the end of this contract, the customer shall inform LSP thereof immediately. If LSP is not willing to provide the service offered by the contractors of LSP to the customer by itself or via a third party at usual market conditions, the customer may carry out the offered transaction with the contractor.

15 Place of Performance, Venue of Court, Applicable Law

- (1) Unless provided otherwise in the confirmation of order, the place of performance for the obligations of LSP and of the customer (particularly those relating to payment) shall be the place of business of LSP.
- (2) If the customer is a merchant as defined in the German Commercial Code, the place of business of LSP shall be the venue of court. However, LSP has the right to sue the customer at the court with jurisdiction at the customer's domicile as well.
- (3) The law of the Federal Republic of Germany shall govern to the exclusion of the norms of private international law.
- (4) If any of the provisions of this agreement should be or become invalid, this shall not affect the validity of the re-

maining provisions. The parties to this contract agree to replace the invalid provision by such a valid provision or to fill an omission within the provisions in such a manner that the commercial

success sought with the agreement will be achieved.