
GENERAL TERMS OF PRODUCTION AND SALE

1. SCOPE

1.1. These General Terms and Conditions for Production and Sale (referred to as General Terms and Conditions) regulate the legal agreements between MTG AD, OSAM, ALUKOM, and CENTROMET, collectively and individually referred to as "MTG" or "Supplier" on the one hand, and on the other, their customers (also referred to as "Buyers" or "Clients") regarding the production and supply of products, details, and the provision of services.

MTG applies in its commercial relations with the Buyers the General Terms and Conditions for the production and delivery of specially developed components of Orgalim SC 06, the latter being an integral part of these General Terms and Conditions, except for what is expressly stated in this document.

1.2. All terms and conditions proposed in the Buyer's order, respectively his general conditions of purchase, which lead to an amendment or conflict with the terms and conditions of sale specified here, are contested and do not bind MTG. Any amendment or addition to these General Terms and Conditions will be effective only if unequivocally accepted by MTG in writing. If different terms and conditions are unambiguously agreed upon in writing, they apply exclusively to the specifically mentioned matter and the particular transaction.

2. MODEL KIT, TOOLS, AND EQUIPMENT

2.1. Unless otherwise agreed, models, special tools, and equipment provided by the Supplier to be used exclusively in the performance of the contract shall be paid for by the Buyer and when fully paid shall become the property of the Buyer.

If they are provided by the Customer, all production templates and tools (models, master boxes, samples, casting patterns/die, machine or control equipment, etc.) must be marked, provided with assembly instructions or use, and must be delivered free of charge to a location specified by the Supplier.

If the Supplier deems it necessary to modify parts for better manufacturability, the costs will be charged to the Customer, subject to the Customer's prior written consent.

2.2. In cases where, in accordance with the contract, the Supplier is required to provide models, special tools, or equipment, the Buyer must reimburse the Supplier for the cost of replacing or repairing them due to normal wear and tear or depreciation or other reasons for which the Supplier is not responsible.

3. RESPONSE TO INQUIRIES, OFFERS, AND ORDERS

3.1. Responses to inquiries provided by MTG are not offers and cannot be considered offers. Features of the product or service contained in documents attached to the response to an inquiry (e.g. sketches, illustrations, presentation data, etc.) will not be considered as expressly agreed features. MTG reserves the right to introduce changes in them until the characteristics and other parameters of the transaction are confirmed in writing in the order confirmation.

3.2. The Supplier is bound only by the terms of the order confirmation sent in writing by letter, e-mail, fax, or other written means of communication with the Customer.

3.3. If the Customer cancels an order already confirmed by the Supplier, it shall compensate the Supplier for all costs incurred and work performed up to the date of termination, as well as for all other direct and indirect consequences that the Supplier would have gained from the execution of the order.

4. ORDER ACCEPTANCE

An order will not be considered accepted if it is not expressly confirmed by MTG in writing by letter, email, fax, or other written means of communication. Commitments or additional agreements, as well as additions and amendments of any nature, will only be valid if confirmed by the Supplier in writing, by e-mail, or by fax.

Unless otherwise agreed in writing, all deliveries are "Ex Works" in accordance with Incoterms 2020. Only the delivery time confirmed by the Supplier in writing is binding.

5. DELIVERY TIMES

5.1. Delivery times are fixed in the order confirmation. If the fulfillment of any of the deadlines is tied to the prior fulfillment of an obligation of the Client, the deadline is calculated from the date on which the Client has fulfilled his obligation.

5.3. In the event of late delivery due to the Supplier's fault and if an agreement provides for late delivery penalties, these penalties may not exceed 5% of the delivery price (excluding VAT) for the later delivered parts.

6. PRICES AND TERMS OF PAYMENT

6.1. The prices in response to an inquiry may be changed by MTG, due to changes in the prices of raw materials, materials, energy carriers, or the minimum wage in Bulgaria, before the confirmation of an order.

6.2. The prices of the products are those confirmed in writing by the Supplier. Unless otherwise stated, they do not include transport, trade charges, excise duties, VAT, or other charges.

6.3. Unless otherwise agreed in advance in writing, the invoice price is payable in full as follows:

6.3.1. Tools should be paid 50% in advance after order confirmation by bank transfer and 50% after sample approval, but no later than two weeks after receiving the samples. In case of refusal by the Buyer to continue work on the production of tooling, the amount paid in advance by the Buyer to produce the tooling will not be reimbursed by the Supplier.

6.3.2. Manufactured parts are payable within 30 days of the invoice date without discounts or deductions of any kind.

6.4. All bank fees outside of Bulgaria due in connection with money transfers from the Buyer to MTG are entirely for the account of the Buyer so that MTG receives the full amount on the invoice.

6.5. The recipient of all payments is MTG. Unless otherwise agreed in writing, transfers are made by direct bank transfer to the recipient's account specified in the invoice.

6.6. If payment is delayed, late payment interest at the rate of 0.07% for each day of delay, but not more than 10% of the overdue amount, shall be charged on the amount due. If the delay lasts more than 3 months, MTG reserves the right to file additional claims.

6.7. If the Buyer does not meet the payment deadlines or other obligations under this or other transactions, MTG has the right, without prejudice to its other rights, to suspend the performance of its obligations until the moment of payment or until the moment of fulfillment of the obligations, as well as to exercise its right to extend the delivery period within reasonable limits by notifying the Buyer in writing.

6.8. If the Buyer has not paid the amount due within three months, the Supplier has the right to terminate the contract by written notice to the Buyer and claim full compensation for the losses incurred.

6.9. Clauses 6.6, 6.7, and 6.8 do not waive or limit any other action by MTG to protect rights arising from the existence of arrears.

7. UPDATE OF PRICES

7.1. REGULATION OF PRICES

If the parties have agreed on the use of a price regulation formula, product prices will be regulated only in cases where the application of the formula leads to an increase/decrease of at least 2% of the effective price.

7.2. PRICE ADJUSTMENT CLAUSE¹

In cases where MTG has agreed with the Buyer on price regulation depending on the movement of the price of basic raw materials, materials, or labor, the following links will be used as a data source:

Materials cast iron, steel, scrap:

<http://www.feaf.es/Contenidos/Ficha.aspx?IdMenu=196f4b1b-3a98-42af-be93-37ca3cac093a&Idioma=en-GB>

Materials aluminum:

¹It is based on the clause [published by the United Nations Economic Commission for Europe as part of General Conditions ECE 188 and 188A](#)

<https://www.lme.com/Metals/Non-ferrous/Aluminium#tabIndex=0>

Materials non-ferrous metals:

<https://www.lme.com/en-GB/Metals/Non-ferrous#tabIndex=0>

Electricity:

IBEX – Independent Bulgarian Energy Exchange

<https://ibex.bg/downloads/> - Average Daily Prices "Day ahead" Market

<https://www.dker.bg/bg/elektroenergetika/tseni-6.html>

Others:

Information from the National Social Security Institute:

<https://nssi.bg/en/statistics/economic-and-social-indicators/>

8. TRANSFER OF OWNERSHIP

8.1. The goods remain the sole and exclusive property of the Supplier until the time when the Buyer pays the agreed price for them in full.

9. INTELLECTUAL PROPERTY AND CONFIDENTIALITY

9.1. MTG belongs to the field of industrial subcontractors. When the Client engages the services of MTG, he decides to engage the services of MTG specialists because he believes that MTG has equipment and capabilities suitable for his needs.

Unless otherwise agreed, MTG does not design the parts it manufactures. However, the contract may state that MTG will create all or part of the design of the castings provided that the Customer, who retains control of his product, also retains responsibility for the design, according to the industrial result he seeks. Therefore, any proposal of MTG, which is agreed upon with the Customer, and which aims to improve the technical specifications or modify the drawings of the part and the workmanship, and is dictated by the economic requirements or those specific to the production process at MTG, never leads to the transfer of responsibility to MTG, nor to the assumption of responsibility by MTG. This applies especially in the case of an industrial partnership or any relationship involving a manufacturing stage. In this case, the contract specifies the area of intervention of each party.

9.2. The delivery of the parts does not transfer to the Customer any title or derivative rights belonging to the Supplier related to its manufacturing studies, software, research, and patents. Therefore, the Client undertakes to maintain the confidentiality of any type of information, whether written or not, such as industrial drawings, sketches, or technical instructions, that MTG will provide to him. The same applies to studies proposed by MTG related to improving the quality or cost of the details by modifying the original technical specifications. If the Customer accepts them, he must accept the Supplier's conditions for their use within the framework of the order. The price of production tools

designed by MTG, whether made by MTG or not, includes MTG's intellectual property rights to those tools. The same applies to any adaptations that MTG makes to the tools provided by the Client to ensure that the parts are of high quality.

9.3. The customer protects and guarantees MTG against all consequences of actions that would be taken against it due to the fulfillment of the order of the details, regarding the rights of third parties on industrial or intellectual property such as patent, trademark, or registered design.

10. COMPLAINTS AND DEFECTS

10.1. The buyer is obliged to inform MTG in writing, providing maximum details of his objections, regarding quality and/or quantity, certifying the truth of his objection by providing the following information:

10.1.1. Shipping details:

- Order number
- invoice number and date

10.1.2. Photographs including the Supplier's logo and/or other documents proving non-compliance.

10.1.3. Details of the claimed item:

- a description of the discrepancy
- name/number of the claimed item
- number of claimed items
- model/mold number
- in case of non-conforming volume of the lot, data on the shortage/surplus in quantity.

10.2. Any objections regarding visible defects shall be raised by the Buyer within 15 days of receiving the products at the destination specified in the relevant shipping documents.

10.3. Notification of hidden defects shall be made in writing immediately after their discovery, but no later than 60 days from the date of receipt of the products.

10.4. MTG undertakes to respond to a submitted objection within 15 days after receiving the evidence on it. MTG has the right to send its representatives to certify the discrepancies or absences.

10.5. The Supplier shall not be liable for defects resulting from materials and services provided or specified by the Buyer.

10.6. The Supplier is only responsible for defects that appear in the operation agreed in writing and with the correct use of the products.

10.7. MTG does not cover in any way:

- costs of operations at the Buyer's and/or at its customer's, carried out when non-conforming parts and, where appropriate, costs of the part that replaces a non-conforming one, including but not limited to handling, machining, inspection, and testing;
- other costs of any kind and, but not limited to assembly, disassembly, and withdrawal of non-conforming parts or aggregates that contain them.

10.8. In the event of termination of a contract/order by the Customer, the total compensation, including penalties payable by the Supplier, will not exceed 10 percent of the price of the products in respect of which the contract or order was terminated, respectively.

11. TYPES OF DETAILS, INSPECTION, AND ACCEPTANCE

11.1. Acceptance takes the form of a letter or other means of communication that reproduces a document sent to MTG.

11.2. In all cases, even when acceptance after delivery is not foreseen, the type and duration of the control and the necessary tests, standards, and strict classifications, as well as the type of tolerance, must be described in the drawings and specification provided by the Customer, together with his request for an offer and be mutually confirmed in the contract/confirmation between MTG and the Client.

11.3. If there is no specification describing the type of control and tests to be carried out, the Supplier will carry out such measurements as it considers sufficient to issue a certificate of conformity with the order. In these cases, the Supplier will certify compliance with Certificate 2.1, according to Section 3 of EN10204:2004.

11.4. Inspections and tests that are imposed as necessary by the Customer will be carried out at its discretion in the Supplier's premises, by the Customer himself, by an authorized laboratory or by a third authorized party. This should be described in the contract or request for quotation, as well as the type and duration of the control and tests.

11.5. In cases where acceptance by the Customer is required, the term and conditions for acceptance must be agreed upon in writing with the Supplier.

11.6. The cost of control and tests is separate from that of the parts themselves but may also be included in the price of the parts when the Client and MTG have agreed on this. This price also considers the value of the special work that must be done to reach the conditions necessary to carry out the inspection, especially in the case of tests where the integrity of the parts is not violated.

11.7. Unless otherwise stated in the contract, the acceptance must take place in the Supplier's premises, at the Customer's expense, no later than the week following the notification of product availability addressed by the Supplier to the Customer or to an organization responsible for acceptance. In the event of temporary inability to accept by the Client or the named organization, the details will be stored with the Supplier at the Client's expense and

risk. After a second notification is sent by the Supplier, where again the necessary steps are not taken after two weeks from the date of its dispatch, the details are considered accepted, and the Supplier is entitled to dispatch and invoice them. In any case, these tests and acceptances are carried out according to the appropriate standards and conditions specified in the drawings and technical specifications and as agreed between the Client and MTG.

12. FORCE MAJEURE

The Buyer and the Supplier agree that in their commercial relationship "force majeure" means a circumstance/event of an extraordinary nature that occurred after the conclusion of the contract, respectively the confirmation of an order, which makes its execution impossible and could not be foreseen, such as fire, production accidents, military actions, natural disasters - storms, heavy rains, earthquakes, hail, floods, icing, etc. acts of nature, as well as government bans, embargoes, strikes, riots, rebellions, turmoil, and other similar events. The Buyer and the Supplier agree that a lack of cash and the occurrence of a regional or global economic crisis does not constitute force majeure within the meaning of these General Terms and Conditions. It is not a force majeure event that occurred as a result of failure to exercise due care.

13. ARBITRATION

All disputes arising out of or relating to these Terms and Conditions and/or the Agreement/Order, including disputes arising out of or relating to their interpretation, invalidity, performance, or termination, as well as disputes to fill gaps in the Terms and Conditions and/or Agreement or their adaptation to new circumstances, will be resolved by the Arbitration Court at the Bulgarian Chamber of Commerce and Industry in accordance with its Rules for cases based on arbitration agreements.

The substantive law of the Supplier's country shall apply.

14. GENERAL PROVISIONS

If bankruptcy proceedings are opened against the Buyer, he undertakes to immediately notify MTG of this.

If a provision of these General Terms and Conditions of Manufacture and Sale becomes invalid or unenforceable, the validity of all other provisions shall not be affected. The invalid provision will be replaced by a valid provision that comes as close as possible to the original meaning.

Unless otherwise expressly agreed, the fact that the Client sends a production order to MTG or one of the Suppliers is considered confirmation by the Client that he has read these General Terms and Conditions and that he accepts their application in his relationship with MTG and the Suppliers.

