

**GENERAL TERMS AND CONDITIONS (GTCs) for Merchant Customers of
FERD. SCHMETZ NEEDLE CORPORATION**

- (1) The following general terms and conditions apply only to customers which are merchants as defined in §2-104(1) of the Uniform Commercial Code. These general terms and conditions do not apply to consumers.
- (2) The following general terms and conditions apply to the supply of goods as well as other services such as paid consulting.

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A. General Terms and Conditions

§ 1 Scope of Application

- (1) These general terms and conditions apply to all our areas of operation, including but not limited to the supply of goods and paid consulting.
- (2) Our relationship with the customer is governed exclusively by these general terms and conditions, including all future transactions and all business contacts with the customer, such as subsequent contract negotiations or the subsequent contracts, even if such general terms and conditions are not expressly agreed upon or referred to again. The application of the customer's general ordering or purchasing conditions is expressly rejected.
- (3) To the extent any third party is a beneficial party to a contract between us and a customer, these general terms and conditions shall apply to such third party, expressly including our limitation of liability. Customer agrees to include these general terms and conditions in any agreement between itself and such third party.
- (4) Acceptance of our services and deliveries by the customer is considered as acknowledgement of the validity of these general terms and conditions.

§ 2 Formation of Contract

- (1) Unless otherwise agreed in writing, our offers are subject to confirmation by us and non-binding.
- (2) We are not bound by an order until it has been confirmed by us in writing in the form of an order confirmation, or until we commence with the execution of the order.

§ 3 Scope of Supply and Performance, Performance Deadlines

- (1) Our written offer or our order confirmation is definitive in respect of the scope of our supply or service. Additional terms, agreements and amendments require our written confirmation. If our offer or order confirmation is based on information provided by the customer (data, figures, illustrations, drawings, system requirements, etc.), our offer will only be binding to the extent such information is correct. If it becomes apparent after execution of the contract that the order cannot be carried out according to the customer's specifications, we may, in our sole discretion, withdraw from the contract if and to the extent that the customer is not prepared to accept any alternative solution proposed by us, to assume any additional costs which may arise, or to accept a later delivery time.
- (2) Where reasonable, in our sole discretion, we shall be entitled to partial performance. We will have the right to use subcontractors to fulfill our contractual obligations.
- (3) In the event we become concerned about a customer's ability to meet its obligations under any contract or these general terms and conditions, including but not limited to payment, we may require such customer to make advance payment for any goods or services, in our sole discretion. We retain the right to withdraw from individual contracts should the customer fail to make an advance payment or provide security within fifteen (15) days of request of same by us.
- (4) The delivery date shall be agreed upon on a case by case basis and shall be stated on the order confirmation unless otherwise agreed to by us in writing. To the extent the goods have been shipped by the delivery date or notification has been sent to the customer that the goods are ready for shipment, the delivery date will be deemed met. The commencement of the delivery period, which for purposes of these general terms and conditions shall mean the period between the written order confirmation and the agreed-upon delivery date, and compliance with delivery dates presupposes that the customer has provided correct specification and any cooperation required by us in a timely and proper manner, including that the customer has made available to us all documents requested, and makes any required advance payments, if applicable.
- (5) We will not be in default in the event of force majeure or other exceptional circumstances beyond our control. In the event of force majeure, we shall have the right, in our sole discretion, to terminate the contract with no liability to the customer whatsoever, even to the extent we were in default prior to such event of force majeure. In the event of such events of force majeure where we do not terminate the contract, the delivery or performance deadlines will be extended by the period of the event of force majeure and any additional period of time we deem necessary. For purposes of these general terms and conditions, an event of force majeure shall include but not be limited to operational disturbances or breakdowns, delays in transportation, labor strikes or other circumstances beyond our control, including without limitation, Acts of God, natural disasters, epidemics, pandemics, or any local, state, or federal state of emergency.
- (6) We may refuse performance and terminate the contract with no liability to the customer if it becomes apparent that payment may be jeopardized by the customer's inability to make such payment, including the customer's poor financial circumstances or if other obstacles to payment become

apparent, e.g. export or import bans, war, the insolvency of suppliers or absence of the required employees due to illness.

§ 4 Prices, Costs

- (1) Our prices for supplies of goods are net prices and, unless otherwise agreed in writing, the terms of delivery are always FCA 9960 NW 116th Way, Suite 3, Medley, Florida 33178 (Incoterms 2020). Notwithstanding the provisions of this incoterm concerning the transportation and insurance contracts, we undertake to organize the transportation by determining the means of such transportation, the transportation route and, if we consider it necessary, transportation insurance, without being responsible for choosing the fastest and/or least expensive option. The customer will bear the costs and risks for all transportation and insurance costs in accordance with the FCA provisions in Incoterms 2020. The prices can be taken from our offer or our order confirmation or - if no prices are stated in the offer or in the order confirmation - from our currently valid price list.
- (2) For services, the prices refer to the implementation of the service at the agreed place of performance. All taxes of any kind levied by any federal, state, municipal or other governmental authority, shall be added to all invoices and shall be the sole responsibility of the customer.
- (3) If a performance period for services of more than four months has been agreed between the time of confirmation of the order and the performance of the service, we will have the right, in the event of any costs increases during such period, to pass such increase on to the customer. The same will apply if a performance period of less than four months was agreed to, but such performance can only be provided by us later after four months as a result of customer's delay in providing necessary documents, assistance, or payment, as applicable.
- (4) In the case of services to be performed by us, such payment shall always be based on a per hour cost of time actually spent, unless a flat-rate payment was agreed to in writing. The units of time recording and the current hourly rates will be provided in our offer or our order confirmation or, if no hourly rates are stated in the offer or order confirmation, from our currently valid price list.

§ 5 Terms of Payment

- (1) Unless otherwise agreed, our invoices relating to the supply of goods are payable without deduction within 30 days of the invoice date. Invoice amounts relating to services are payable within 15 days of the invoice date without deduction. If we provide our supplies or services in partial deliveries, we will have the right to demand a corresponding partial payment for each such partial delivery.
- (2) The customer is not entitled to make deductions without our express written consent.
- (3) If the customer is in default of payment from the 16th or 31st day after receipt of the invoice, as applicable, interest will accrue on the unpaid amount at the lesser of 1.5% per month or the maximum interest allowed under applicable law.
- (4) Payments are to be made exclusively by the customer. Payment by third parties, even if accepted by us, shall not fulfil the customer's payment obligations unless the customer has our prior written consent.
- (5) Cash payments are generally not accepted by us.
- (6) In the event we agree to payment in installments and the customer is more than two weeks in arrears with any such installment, either in whole or in

part, the entire outstanding balance will become due for immediate payment.

- (7) The assignment of claims against us by the customer requires our prior written consent, which will only be refused for good cause, in our sole discretion.

§ 6 Purchase Money Security Interest

- (1) Customer hereby grants us a purchase money security interest under § 9-103 of the Delaware Uniform Commercial Code (or any other corresponding law) in the goods purchased from us (the "Collateral") to secure customer's payment obligations to us.
- (2) Customer hereby irrevocably authorizes us to file UCC-1 financing statements to perfect the security interest granted herein and any extensions or amendments thereto.
- (3) Legal title and ownership of the goods supplied by us does not transfer to customer until the goods are paid for in full. The goods remain the property and collateral of us until full payment has been received.
- (4) The customer shall notify us immediately of any seizure or other interference of third parties in respect to our rights in the Collateral and will provide us with all documents and information necessary to oppose such interference by all legal means.
- (5) The customer must treat the Collateral with care. At our request, the customer must sufficiently insure the Collateral at its own expense against fire, water and theft at their replacement value. If maintenance and inspection work become necessary, such maintenance and inspection will be done within a reasonable amount of time and at the customer's sole expense. We shall have the right at any time after reasonable notice to inspect the Collateral for so long as any balance of the purchase price remains outstanding.
- (6) If the customer does not fulfill its obligations under any contract entered into with us or if, in our good faith opinion, customer's credit becomes impaired, we may suspend performance until such time as we have received full payment for any goods already delivered or in process and are satisfied (in our sole discretion) as to customer's credit for future deliveries. If we suspend performance and later proceed with any such order, we shall be entitled to such extension of time for performance as is necessitated by the suspension. We shall also have the right to rescind the contract. In such case, customer, upon written notice from us, shall surrender the Collateral and customer hereby authorizes us to enter the premises of customer to retake possession of the Collateral at the expense of the customer and to sell it by private sale or public auction at the highest price possible, notwithstanding the customer's financial obligations and other duties; after deduction of the costs of such sale the proceeds thereof shall be used to reduce the customer's debt; any remaining surplus shall be made available to customer.

§ 7 Obligations of the Customer to Cooperate

- (1) The customer must reasonably support us and our employees to the extent deemed necessary by us, in our sole discretion. If we have to provide project-related services by our employees at the customer's premises, support at our request may also include the customer providing us work rooms and workstations with PCs and telephones, the costs of which will be borne by the customer.
- (2) Materials, information and data that we require in order to perform our services must be made available to us by the customer. Data and data carriers must be technically free of defects. If special legal or operational

safety regulations apply at the customer's premises, the customer must inform us of this in writing prior to the services being provided.

- (3) The only instructions that the customer may provide to our employees are instructions related to safety requirements and operating regulations in the customer's premises or by applicable law. Instructions or individual questions regarding services to be provided by us are not to be given to the employees entrusted with the task by us, but to the contact persons named by us for the project.

§ 8 Liability for Defects and General Liability

- (1) Claims made by the customer for a defect in our products or services shall be void if not made within one year from the date of delivery, except in the case of fraud or our willful misconduct.

- (2) Claims by the customer for subsequent performance due to defects in the service or goods to be provided by us are subject to the following provisions:

1. If the supplied goods are defective, we may, at our sole option, choose whether to provide subsequent performance by eliminating the defect (rectification of defects) or by supplying a defect-free item (replacement delivery). This is without prejudice to the right to refuse the chosen type of subsequent performance under applicable law.
2. We are entitled to make the subsequent performance dependent on payment by the customer of the purchase price due.
3. Any subsequent performance by us will be done in a reasonable amount of time, in our discretion, after we have received the defective product in order that we may inspect same. In the event of a replacement delivery, the customer must return the defective item to us at their sole cost.
4. We will be entitled to carry out the rectification of defects on the customer's premises.
5. We will bear the expenses required for the purpose of inspection and subsequent performance, including transportation, travel, labor and material costs, provided that a defect exists. If we determine no defect exists, the customer shall reimburse us for our out of pocket costs and expenses.
6. In the case of the supply of goods, the following shall also apply:

If the customer has installed the defective goods into or attached to another product in accordance with intended use, we will be obligated, to reimburse the customer for the necessary expenses for the removal of the defective goods and the installation or attachment of the repaired or delivered defect-free product.

7. The customer will bear the expenses for rectification of defects or subsequent delivery that arise as a result of the customer removing the product from the delivery location, as provided in the contract or order confirmation.

- (3) The customer's claims for defects, in particular the claims for subsequent performance, withdrawal from the contract, reduction in price and compensation for damages, presuppose that the customer inspected the goods or services at the time of delivery and reported any defects to us in writing promptly after such inspection. The report will be considered prompt if it is made within 10 days of the discovery of the defect, with timely dispatch of the report being sufficient to comply with the deadline. Irrespective of this obligation to inspect and report defects, the customer must report obvious defects in writing within ten days of delivery, in

which case timely dispatch of the report is sufficient to meet the deadline. If the customer neglects the proper inspection and/or reporting of any defects, our liability for the unreported defect will be waived and the customer shall be responsible for any such defects. Notwithstanding the foregoing, we may not waive our liability to the extent a defect exists as a result of fraud or willful misconduct on our part.

- (4) The customer can only demand compensation:

1. for damage resulting (i) from an intentional or grossly negligent breach of duty on our part, or (ii) from an intentional or grossly negligent breach by one of our legal representatives, executives or agents of obligations that are not essential to the contract (material obligations) and are not main or secondary obligations in connection with defects in our products or services.
2. from damage resulting from the intentional or negligent breach of essential contractual obligations (material obligations) on our part, on the part of one of our legal representatives, executive employees or agents. Essential contractual obligations (material obligations) within the meaning of these general terms and conditions are obligations whose fulfilment is essential for the proper execution of the contract and on whose compliance the customer may reasonably rely.
3. Furthermore, we will be liable for damage due to the negligent or intentional breach of obligations in the case of deficiencies in our supplies or services (subsequent performance or secondary obligations) and
4. for any damage that falls within the scope of a warranty (commitment) or a guarantee of quality or durability expressly given by us in writing.

- (5) In the event of a negligent breach of an essential contractual obligation, the amount of liability will be limited to the damage typically to be expected and foreseeable for us at the time of the contract, provided that due care was exercised.

- (6) Claims for damages by the customer in the event of a negligent breach of a material contractual obligation will be barred after one year from the delivery or service date. Excluded from this is damage in the case of injury to life, limb or health.

- (7) If third parties are commissioned or involved in the initiation or settlement of the contractual relationship between the parties, the above-mentioned warranty and liability limitations will also apply to such third parties.

§ 9 Intellectual Property Rights, Tools, Models and Molds

- (1) If we manufacture according to drawings, models or samples or specifications provided by the customer, the customer must ensure that intellectual property rights of third parties are not infringed by this. Before placing an order with us, the customer is obligated to ascertain whether the products it has ordered infringe the on the intellectual property rights of third parties. In this respect, the customer must indemnify us against any claims by third parties. If the customer is prohibited from manufacturing or supplying by a third party with reference to an intellectual property right belonging to it, we will be entitled, without examining the legal situation, to stop work and demand reimbursement of the costs incurred.

- (2) If we make tools, molds, models or similar items for the purpose of providing the delivery or service, we will retain title to them. This will also apply if we demand partial payment from the customer for such production. If we invoice the customer for such items in full and the customer pays for the manufacture of such items in full, ownership will

pass to the customer. Notwithstanding the foregoing, we will retain possession of such items as long as we provide services to the customer using such items.

§ 10 California Prop 65 (Cal. Health & Safety Code § 25249.6)

For all products manufactured for, or supplied by us to the customer, for sale in, or delivery to, California, we are obligated to comply with California Health and Safety Code Section 25249.5 et seq., and any regulations promulgated pursuant thereto ("Prop 65"). We must (1) notify customer of any and all products manufactured for, or supplied by us to customer, for sale in, or delivery to, California that contain substances listed in Prop 65 that require a Prop 65 warning; or (2) certify that products manufactured for, or supplied by us to customer, for sale in, or delivery to, California do not contain substances listed in Prop 65 and thus do not require a Prop 65 warning. If we fail to timely and properly notify customer of any product that requires a Prop 65 warning, and to provide a proposed form on any warning required pursuant to Prop 65, we will defend, indemnify and hold customer harmless from and against any and all loss, damage, liability, fees, cost and/or expense whatsoever including reasonable legal fees and expenses, direct, special, incidental and consequential damages arising out of or relating to any Prop 65 violations. Our warranty shall run to customer, its successors, assigns and authorized customers only.

§ 11 Miscellaneous Provisions

- (1) Any agreement, contract, conformation of order, and these general terms and conditions, shall be governed by, and construed in accordance with the laws of the State of Delaware, without regard to its principals of conflicts of laws.
- (2) If any provision in these general terms and conditions or a provision within the framework of other agreements is or becomes invalid, the validity of all other provisions or agreements will not be affected.
- (3) Neither the United Nations Convention on the International Sales of Goods nor any other existing or future bilateral or international treaties shall be applicable to any contract between the customer and us.

B. Special Terms and Conditions for the Supply of Goods

§ 1 Scope of Application

In addition to the general conditions under Section A., the following special conditions shall also apply for the supply of goods.

§ 2 Scope of Services

- (1) Transportation insurance for goods to be shipped will only be taken out upon written request by the customer. The transportation insurance is then taken out in the name and for the account of the customer.
- (2) Our obligations cover the transfer of ownership and surrender of the object of purchase. Unless agreed to in writing by us, the assembly, installation or configuration of the object of purchase is not part of our obligation.

Valid from: June 2020