

Sales Conditions

1. General

- 1.1. The Sales Conditions of Schweizer Electronic AG ("SE") shall be exclusively applicable. Any customer conditions to the contrary or any conditions which deviate from SE's Sales Conditions will not be accepted, unless SE explicitly agreed in writing to the applicability thereof. SE's Sales Conditions shall also be applicable if SE delivers to the customer without any reservations, although SE is aware of the customer's conditions to the contrary or any conditions which deviate from SE's Sales Conditions.
- 1.2. SE's Sales Conditions shall only be applicable in dealing with commercial enterprises as defined in BGB (Civil Code) Section 310 Subs. 1.
- 1.3. SE's Sales Conditions shall also be applicable to all future business transactions with the customer.

2. Prices and Payment

- 2.1. Unless specified otherwise in the order confirmation, SE's prices are quoted ex works, plus the respectively applicable statutory value added tax. Costs of packaging, transport, insurance and all other additional expenses will be invoiced separately.
- 2.2. Payment shall be deemed to have been made if SE can dispose of the amount received. If checks or bills of exchange are received, payment shall be deemed to have been effected when they have been honored.
- 2.3. The customer shall not offset any claims against SE's claims or apply a right of retention unless his counterclaim is uncontested or has been finally adjudicated.
- 2.4. In case of delayed payments, SE is entitled to charge default interest at a rate of 9 percentage points above the base interest rate.
- 2.5. If services or goods are to be executed or delivered within a period of more than three months after the order has been confirmed, SE shall be entitled to adjust the price in accordance with any increase in costs that occurred during that period.

3. Offers, Orders and Deliveries

- 3.1. SE's offers are always subject to change without notice. SE will confirm any orders immediately after having reviewed all commercial items in writing. As a basic principle, SE will issue a preliminary order confirmation because at that time the contract review has not yet been performed in accordance with TS 16949 on the basis of the documentation available, and / or the documents necessary to execute the order are not yet available in their entirety in all cases.
- 3.2. The order confirmation is issued subject to technical feasibility of the order. If cost- or time-relevant factors are determined before the contract review has been completed, these will be coordinated with the customer and corrected in an amended order confirmation. SE's prices are valid as per order confirmation, subject to changes resulting from price increases for materials.
- 3.3. The delivery of lower or higher quantities is customary in the industry and does not entitle the customer to complain or refuse acceptance. The customer shall be obligated to pay for excess quantities, or to accept the delivery of a lower amount. Such deliveries of higher or lower quantities shall normally be in the range of max. 10 % of the quantity ordered, unless agreed otherwise.
- 3.4. Special agreements have to be made concerning blanket orders with calling options. Quantities made available on call will not be manufactured unless the customer has explicitly stated the delivery date. The material for manufacture shall be purchased upon prior coordination for the entire quantity, and shall be invoiced to the customer if the contract is cancelled and if it cannot be used for other purposes.
- 3.5. For prototypes and products of the pre-production batch, the customer acknowledges the following: A prototype describes a product which in its shape, design, operation and manufacture already resembles the final product. It usually is not meant to be delivered to the end customer / user and is solely used during the development process. The guarantee for prototypes is limited to the electrical function according to Gerber data as delivered. Any consequential liability for deficiencies is excluded. A product of the pre-production batch (also initial batch or pilot series) describes a product which is manufactured during the introductory phase of a series production for testing purposes. In essence, the manufacturing process of the pre-production batch corresponds to the process which is applied later on for products designated for sale. Minor process adjustments for later series productions are possible. Guarantee and liability regarding the products of the pre-production batch is limited to their electrical function in the as-delivered condition according to their Gerber data, and their mechanical function according to their dimensioned drawing.
- 3.6. SE has the right to provide partial deliveries or partial performance at any time.

4. Rights of Third Parties

- 4.1. The customer shall be exclusively responsible to determine whether any technical documentation provided to SE by the customer or on his behalf infringes existing copyrights, trademarks or other rights of third parties. SE will not review such rights.
- 4.2. The customer shall be solely liable for the infringement of third-party rights by the execution of an order. He shall furthermore keep SE indemnified against all third-party liability for such a violation of rights upon first call.

5. Proofs and Samples for Release

- 5.1. The review and release of films, drawings, data and samples shall release SE from any liability for obvious faults not complained about.
- 5.2. No liability shall be assumed in respect of faults in the order, documents or data submitted which are caused by unclear or incomplete information. The customer shall bear all additional costs associated therewith.
- 5.3. Orders, including subsequent orders for samples, will always be scheduled for manufacturing to comply with the delivery date. The customer shall inform SE in writing if SE should wait for the manufacturer's release of production.

6. Facilities

- 6.1. All tools, equipment, review tools, test adapters and similar equipment manufactured or obtained in order to manufacture printed circuit boards (contractual items) according to the customer's documents, shall be charged at their proportionate cost. They will remain SE's property.
- 6.2. SE hereby undertakes that the contractual items will in any case
 - 6.2.1. be manufactured suitable for production and used in an appropriate manner,
 - 6.2.2. be properly stored and insured against the risk of fire, and
 - 6.2.3. be maintained and taken care of until they are used.
- 6.3. In the event of a breach of one of these duties, SE shall bear the cost of repair or a substitute procurement of the contractual items. All other claims shall be rejected.
- 6.4. The natural wear of mechanical tools shall be placed to the debit of the customer. He shall bear the cost of producing a substitute tool. The minimum tool life is to be defined in advance if large quantities are involved.
- 6.5. The customer shall be appropriately notified before mechanical tools are being disposed of. If the customer fails to recover the tools within two weeks of shipping, despite repeated written and telephone requests to do so, SE shall be entitled to dispose of them.

7. Delivery Times

- 7.1. The delivery times and periods, which can be agreed upon as binding or nonbinding, will only be valid upon SE's written confirmation. The beginning of the delivery time confirmed by SE is conditional upon the clarification of all technical matters, the timely receipt of all documents, approval and releases to be provided by the customer, as well as compliance with the agreed terms of payment and other obligations of the customer. If these conditions are not met in time, the time limits shall be extended accordingly unless SE is responsible for the delay.

- 7.2. Any later requests for amendments or changes by the customer shall lead to a reasonable prolongation of agreed terms and deadlines, as well as an invoicing of the additional expenditures.
- 7.3. In the event of force majeure and other unforeseeable, extraordinary and unindebted circumstances, e.g. interruption of operations, strikes, lock-outs, interventions by the authorities, disturbance in energy supply, material shortage etc., even if occurring at the presupplier, the delivery time shall be extended by the duration of such circumstances, if SE is thereby prevented from meeting SE's obligation in time. If the delivery or performance becomes impossible or unacceptable due to the above mentioned circumstances, SE shall be exempted from its obligation to deliver. If the delivery time is extended, or if SE is exempted from its obligation to deliver, the customer shall not be entitled to any damage claims resulting therefrom.
- 7.4. In the event that an agreed delivery time has been culpably delayed, default in delivery shall not be present unless an adequate additional period of time has been granted.
- 7.5. Default shall only be deemed to have occurred if the customer has met all his contractual obligations.
- 7.6. If the customer incurs damages due to a delay resulting from SE's fault, he shall be entitled to claim damages for default to the exclusion of any other claims. The damages for default shall amount to 0.5 % for each full week of delay, but no more than 5 % of the value of that part of the total delivery that cannot be used in time because of the delay.
- 7.7. The customer's claim for damages for delayed delivery as well as claims for damages in lieu of performance, which are in excess of the limits specified in section 7.5, shall be excluded in all cases of delayed delivery, even after expiry of an additional time for delivery granted to SE. This does not apply where liability is mandatory in cases of intent, gross negligence or injury to life, body or health. The customer may only rescind the contract within the scope of statutory regulations to the extent that SE is held responsible for the delayed delivery. No change of burden of proof to the disadvantage of the Buyer is connected with the preceding provisions.
- 7.8. The customer is obliged to state upon SE's request within an adequate period of time whether he wants to cancel the contract because of the delay, or whether he insists on the delivery.
- 7.9. If at the customer's request the shipment or delivery is delayed by more than one month after the consignment is ready for shipment, the customer may be charged storage fees in the amount of 0.5 % of the price of the items to be delivered, but not more than 5 % in total, for each month or part thereof. The parties reserve the right to evidence higher or lower storage cost.

8. Reservation of Title

- 8.1. SE reserves title to the items purchased until receipt of all payments from the business relationship with the customer. In the event of the customer's behavior contrary to the contract, in particular, if payment is delayed,
 - 8.2. SE shall be entitled to take back the purchased items. Taking back the items is not to be interpreted as cancellation of the contract, unless SE has expressly cancelled the contract in writing. The attachment of the purchased items by SE is always to be interpreted as a cancellation of the contract. After having taken back the purchased items, SE is entitled to realize them. The proceeds from the realization of such items are to be offset against the customer's liability, less adequate costs of realization.
 - 8.3. The customer shall treat the purchased items carefully; in particular, he shall adequately insure them for their reinstatement value at his own expense against the risk of fire, water and theft.
 - 8.4. In the event of a third-party accessing the reserved goods, the customer shall point out SE's property rights relating thereto, and notify SE in writing without delay. To the extent that the third party is not able to reimburse SE for any cost paid in and out of court in connection with the protection of SE's rights, the customer shall be liable in respect thereof.
 - 8.5. The customer shall be entitled to resell the purchased items in the ordinary course of business, however, he shall assign all claims in the amount of the final amount invoiced (including value-added tax) to SE to which he may be entitled from his customers or third parties for the resale or any other right (insurance, tort), regardless of whether the purchased items have been resold without or after having been processed further. The customer shall be entitled to collect these claims even after having made this assignment. SE's right to collect the claim itself remains unaffected thereby. However, SE undertakes not to collect the claim for as long as the customer meets his obligation to pay SE from the proceeds received by him, is not in default of payment, and in particular, for as long as no request to initiate bankruptcy or insolvency proceedings has been made, or the customer has suspended all payments. If the obligation not to collect is cancelled, SE may require the customer to disclose the claims assigned and the debtors thereof to SE, to provide all information required for collection, to release the necessary documents, and to inform the debtors of the assignment.
 - 8.6. The purchased items will in any case be processed or converted by the customer on behalf of SE. If the purchased items are processed together with other items, which do not belong to SE, SE shall acquire co-ownership of the new items proportion to the value of the purchased items with respect to other items processed at the time they were processed. Furthermore, the item resulting from the process shall be subject to the same reservations as the purchased items. The customer shall keep the items of which SE is co-owner on behalf of SE free of charge.
 - 8.7. SE undertakes to release the securities to which SE is entitled at the customer's request to the extent that the value of SE's security exceeds the claims to be secured by more than 20 %; however, SE reserves the right to select the claims to be released.
 - 8.8. In the event of breach of duty by the customer, in particular, in the event of default of payment, SE shall be entitled to cancel the contract and take back its property after an additional adequate period of time granted to the customer has expired unsuccessfully; the statutory provisions concerning the dispensability of granting an additional period of time shall not be affected. The customer shall be obliged to release the requested items.
- ### 9. Warranty
- 9.1. The customer has to examine the goods delivered right after delivery. Obvious defects have to be notified to SE in writing within 14 days from delivery and hidden defects within 14 days from the date on which the defect was discovered. The legal consequences for § 377 HGB shall apply if the customer fails to make any such notification.
 - 9.2. Any warranty claim shall be limited to the specifications of SE's printed circuit board standard. The optical and electrical final testing shall be carried out on the basis of the latest state of the art and shall be subject to the specification of all functional features by the customer. To the extent that the purchased items are defective in a way for which SE is responsible at the time of passing of risk, SE shall, at its sole discretion, either repair or replace the items. In the event of a repair, SE shall bear all expenses in connection therewith, in particular, all transport, travel, labor and material cost, provided that these have not been increased by the fact that the purchased items were taken to a place other than the place of performance. No liability shall be assumed for defects or faults of parts or documents supplied by the customer. To the extent that damages are produced by parts supplied by the customer, such damages shall be borne by the customer.
 - 9.3. In the event that SE is not prepared or not able to provide subsequent performance, or if this performance is delayed beyond an adequate additional period of time granted by the customer for reasons for which SE is responsible, or if subsequent performance fails for any other reason, the customer shall be, at his sole discretion, entitled to either cancel the contract or demand an appropriate reduction of the purchase price.
 - 9.4. In the event of complaints about defects, the payments may be retained by the customer in an amount that is adequate in proportion to the defects occurred. The customer may only withhold payments if a complaint about a defect has been submitted which is beyond doubt as to its justification. If the complaint about defects was not justified, SE shall be entitled to demand reimbursement by the customer for the expenses incurred by him.

- 9.5. Warranty claims are excluded in the event of insignificant deviations from the agreed condition, of insignificant impairment of the usefulness, of natural wear and tear or damages produced after the passing of risk resulting from faulty or negligent treatment or processing, excessive stress (e.g. soldering temperature on PCB above 260 °C), unsuitable electrical components, inappropriate storage (storage conditions as defined in PERFAG standard items 3c and 2e concerning PCBs) or special external influences not provided for in the contract, non-reproducible software errors as well as in case of sale of demonstrators. If the customer or third parties perform inadequate changes or repair works, the consequences arising therefrom shall not be subject to claims for defects.
- 9.6. The customer's claims for any expenses incurred for subsequent performance, in particular, transport, traveling, labor and material costs, are excluded if the expenses are increased because the items purchased were subsequently taken to a place other than the customer's branch office, unless they were taken there for their intended purpose.
- 9.7. The customer's right to take recourse against SE in accordance with Bürgerliches Gesetzbuch (Civil Code) Section 478 (Recourse of the Entrepreneur) shall be excluded because only partial components (printed circuit boards) are supplied. Furthermore, all rights to recourse shall be restricted to the extent that the customer has not made any agreements with his customer in addition to the statutory claims for defects. The scope of the customer's possible right to take recourse against SE in accordance with BGB Section 478 Subs. 2 shall further be analogously governed by No. 9.6.
- 9.8. Unless provided otherwise below, any other claims of the customer - for any legal reason whatsoever -, especially for the infringement of obligations resulting from the obligation and from tort, shall be excluded.
- 9.9. This does not apply where liability is mandatory, e.g., according to the product liability law, in cases of intent, gross negligence, injury of life, body or health, the non-performance of fundamental contractual obligations. The claim for damages resulting from the non-performance of fundamental contractual obligations shall nevertheless be limited to typical, foreseeable damages, unless it involves intent or gross negligence, injury to of life, bod or health. The burden of proof is not reversed to the customer's disadvantage by the above provisions.
- 9.10. As far as SE is negligently in breach of fundamental contractual obligations, SE's liability for damages to property and personal injury shall be limited to the coverage provided by SE's product liability insurance. The customer may review SE's insurance policy on demand.
- 9.11. The claims for real defects shall only vest in the direct customer and cannot be assigned. Claims for real defects shall be time-limited after 12 months from passing of risk. The same time limit also applies to claims for reimbursement for consequential damages, unless claims for tort are asserted. The statutory provisions concerning suspension of expiration of prescription, suspension and restart of time limits shall not be affected.
- 10. Total liability**
- 10.1. Regardless of individual liability provisions contained in SE's Sales Conditions (e.g. items 7.2 - 7.6, 9.4 - 9.11) SE's liability shall in any case be limited to cases of intent and gross negligence on the part of its agents, and in the event of a culpable violation of fundamental contractual obligations SE shall be liable on the merits, such liability to be limited to the reimbursement for the typical and foreseeable damage.
- 10.2. The provision contained in no. 10.1 shall not be applicable to claims under sections 1 and 4 of the product liability act.
- 10.3. To the extent that SE is not liable, or liability is limited, the same applies to the personal liability of its employees, representatives, and agents.
- 10.4. To the extent that the customer is entitled to damages, such entitlement shall be time-limited upon the expiry of the time period applicable to claims for defects specified in no. 9.11. The statutory time limits shall be applicable to claims for damages under the product liability law.
- 11. Observance of export laws**
- 11.1. The customer shall not export or re-export, directly or indirectly, the goods delivered by SE without the authorization required under export control laws and/or regulations of any countries claiming jurisdiction over the contracting parties. The customer shall not export or re-export, directly or indirectly, the goods delivered by SE to any country against which any sanction is imposed under certain resolutions of the Security Council of the United Nations for as long as such resolutions remain valid and effective and as far as the goods delivered by SE remain prohibited to be exported to such country.
- 11.2. In the event the customer breaches any provision of this section 11, the customer shall be liable to SE for all direct and indirect damage sustained by SE due to such breach. SE shall in such an event have the right to terminate the contract with the customer forthwith without any liability towards the customer. Furthermore SE shall not be obliged to accept or fulfil any orders which might contravene any export control laws, rules and/or regulations of any relevant countries or provisions of this section 11.
- 12. Place of performance and venue**
- 12.1. SE's principal place of business shall be the place of performance.
- 12.2. SE's principal place of business shall be the exclusive venue for all disputes arising from the present contract.
- 13. Governing law**
- 13.1. This contract shall be subject to the law of the Federal Republic of Germany to the exclusion of the conflicts of law provisions. The terms of the UN Sales Convention or other conventions relating to the laws of sales of goods shall explicitly not apply.