

GENERAL SALES CONDITIONS

1 - SCOPE OF APPLICATION - DEFINITIONS - BINDING NATURE - FORM OF ADDENDA AND AMENDMENTS

- 1.1. These General Conditions of Sale apply to all sales contracts between SMRE SpA (as Seller) and the Customer (as the Purchaser acting for purposes relating to its business, trade, craft or professional activities) and concerning machinery and/or components manufactured and/or marketed by SMRE S.p.A.
- 1.2. For the purposes of the interpretation and application of these Conditions of Sale, the following terms shall have only the meanings specified below:
 - *"Seller"*: SMRE SpA, with headquarters in Umbertide (PG), loc. Montecastelli, Piazza Antonio Meucci, 1 (VAT no. 02739550545)
 - *"Purchaser"*: the Customer receiving the Sales Proposal and/or proposing the Purchase Order.
 - *"Sales Proposal"*: the document, drawn up in written or electronic form and originating from SMRE SpA, containing the details of the Machinery offered and the related terms of sale (object, price, delivery and payment terms, etc.).
 - *"Purchase Order"*: the document, drawn up in written or electronic form and originating from the Customer, containing express acceptance of the Sales Proposal, or a request to purchase Machinery and the related terms (object, price, delivery and payment terms, etc.);
 - *"Machinery"*: the Machinery object of the Sales Proposal and/or Purchase Order.
- 1.3. These General Conditions of Sale are binding on the Purchaser from the time this document is signed or from the time of the signing of the express and specific reference to them made in the Sales Proposal and/or the Purchase Order. The obligations of the Seller and Purchaser arising in connection with the sale of the Machinery can only be derived from these General Conditions of Sale (unless waived by agreement of the Parties in writing).
- 1.4. Any addenda to, and/or amendments of, the General Conditions of Sale signed by the Purchaser shall only be effective if expressly agreed between the Parties in writing.

2 - CONCLUSION OF THE CONTRACT - OBJECT AND CHARACTERISTICS - FITNESS FOR USE

- 2.1 The contract of sale is considered concluded for all intents and purposes in the following cases:
 - a) when the Seller receives the acceptance of its Sales Proposal from the Purchaser, in writing and duly signed in all its parts (including a reference to these General Conditions of Sale),
 - b) when the Seller receives a Purchase Order, duly signed by the Purchaser, constituting explicit acceptance of a Sales Proposal previously made against it by the Seller (the Purchase Order must expressly indicate the number and date of the corresponding Sales Proposal).In no case will addenda and/or amendments made by the Customer to the terms and conditions of the Sales Proposal be considered valid for the purposes of the conclusion of the contract.
If the parties agree to make addenda and/or amendments to a Sales Proposal, they will only be valid and effective when the Seller adds them in a new Sales Proposal and the contract will be deemed concluded when the Seller receives the Purchaser's acceptance of the new Sales Proposal, in writing and duly signed in all its parts (pursuant to preceding paragraph "a" of this clause 2.1).
- 2.2 The object of the sale is the Machinery having the characteristics described in the Sales Proposal duly accepted pursuant to preceding paragraph 2.1, or in any accessory documentation expressly referenced in said document.
- 2.3 The supply includes only the material exactly specified in the Sales Proposal duly accepted under preceding paragraph 2.1, with the exclusion of any other object or component even though accessory;
- 2.4 The only valid description of the characteristics, quality and functionality of the Machinery are the specifications in the Sales Proposal duly accepted pursuant to preceding paragraph 2.1 (or in the various documentation expressly referred to in said document); as regards the definitive dimensions of the Machinery, its weight and

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the electricity and compressed air required for its proper functioning, the only valid specifications are those of the layout drawings prepared based on the Machinery ordered, with the addition of optional accessories.

- 2.5 The data provided in advertising and promotional documentation is all approximate and may change at any time, also because such documentation may refer, indiscriminately, to several versions of the same Machinery; in any case, all data cited in the Seller's informational publications (such as weight, speed, power, dimensions, capacity, etc.) shall be considered as approximate only and not binding on the Seller.
- 2.6 The Purchaser acknowledges that, due the continuous evolution, development and research that the Seller applies to its production, the characteristics of the Machinery may change up to the date of delivery; therefore, the Purchaser agrees not to raise exceptions in this regard (even with regard to the origin of components) so long as these changes are intended to improve the quality of the Machinery, result from technological improvements or were made necessary by provisions of the law and, in any case, do not substantially change the functionality of the Machinery.
- 2.7 The Purchaser acknowledges and accepts that, except for a specific different request noted in the Sales Proposal and/or the Purchase Order, and duly accepted in writing, the brands of all the components of the Machinery (both main and accessory) will be those selected by the Seller at its sole discretion.
- 2.8 The Purchaser declares that it decided to purchase the Machinery that is the object of sale after previously assessing and fully understanding all its features and capabilities and after previously assessing, under its own exclusive responsibility, its full suitability to perform the processing for which it was purchased, also in relation to the characteristics and needs of its own production, materials used for this production and the quality of its finished product.
- 2.9 The Purchaser is expressly forbidden to use the Machinery for any other purpose than that indicated in the User's Manual delivered with the Machinery, expressly releasing the Seller from all liability in the case of any use or application other than that indicated and/or with non-original accessories or, in any case, not supplied by the Seller itself.
- 2.10 The Seller will not be in any way liable if the Purchaser uses the Machinery to produce materials that do not conform to the standards required by the market and/or that violate current law (whether national, supra-national and/or foreign) and/or that violate the intellectual property and/or patents of third-parties.

3 - PRICE AND PAYMENTS

- 3.1 The sales price is that specified in the Sales Proposal duly accepted pursuant to preceding paragraph 2.1, and it shall be construed as definitive, excluding VAT, and not subject to further discounts and/or rebates. This price will remain unchanged until the date of delivery, except for the possible addition of other accessories with prior express and specific written confirmation by both the Buyer and the Seller.
- 3.2 Said price is understood to be Ex Works (ICC Incoterms 2010) at the Seller's plant in Umbertide, loc. Montecastelli, unless otherwise stated in the Sales Proposal duly accepted.
- 3.3 Payment of the price shall be made in the manner and terms specifically indicated in the Sales Proposal duly accepted pursuant to preceding paragraph 2.1 and shall be made at the Seller's domicile.
- 3.4 Failure to pay advances and/or the confirming deposit will entitle the Seller to automatically stop production, with the resulting, inevitable postponement of delivery not attributable to the Seller. A delay in payment of the balance will block the right to assistance specified in paragraph 6.
- 3.5 In case of payments after the agreed due dates, the Purchaser will automatically be charged interest on arrears pursuant to Legislative Decree no. 231/2002.
- 3.6 Any sum paid by the Purchaser for any reason (down payment, deposit, security deposit, etc.) following the conclusion of the sale is non-interest-bearing for all effects. If the Purchaser, for any reason, even beyond its control, expresses its intention to withdraw from this sales contract before the delivery of the Machinery and the Seller, at its sole discretion, considers this request to be unjustified, all sums already paid for any reason will, in

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any case, be withheld by the Seller to partially cover the expenses it incurred based on the order received and lost earnings, without prejudice to the right to take action for compensation of any additional damages.

- 3.7 In any event, if the Purchaser, after having paid the down payment and/or the deposit, requests the cancellation of the order and/or fails to pay one or more of the subsequent instalments within 30 days of the contractually agreed due date, SMRE will be entitled (but not obligated), after giving notice to perform within 15 days, pursuant to Art. 1454 of the Italian Civil Code, to terminate the contract and withhold all sums collected until that time in any capacity, without prejudice to compensation for additional damages.

4 – DELIVERY TERMS

- 4.1 The delivery terms are those specified in the Sales Proposal duly accepted pursuant to preceding paragraph 2.1 above and shall be construed as indicated in working days according to the Italian calendar. The timeframe only commences from the date the Seller receives the sum agreed as a down payment and/or security deposit and/or confirming deposit or, if later, the date of the approval, in writing, of the final layout by the Purchaser or again, always if later, the Purchaser's formal notice that it has formalized any paperwork for financing the purchase.
- 4.2 In the case of purchase and payment through leasing, delivery can only take place after receipt at the Seller's headquarters of the original of the Sales Proposal duly accepted also by the leasing company chosen by the Purchaser. This document must be received at least 15 days before the agreed delivery date. If this document is received late, the delivery date will automatically be postponed and delivery will take place within 15 days from the date of receipt of the document.
- 4.3 The Purchaser acknowledges and accepts that the delivery times may be affected by external factors beyond the control of the Seller (by way of example but not limiting: unavailability of raw materials, strikes, lockouts, stoppages of the assembly lines, technical obstacles related to production, unavailability of components and transport difficulties) and/or, in any case, events beyond the Seller's responsibility. Therefore, in such cases the delivery time will be considered as approximate and not binding on the Seller. In no case may the Purchaser claim damages, refunds or penalties for the failure to deliver the machine or for delays of the related delivery.
- 4.4 Delivery terms are understood to be automatically extended in the following cases:
- when the Purchaser does not pay the agreed advances on time;
 - when the Purchaser fails to provide all the data needed for making the supply in a timely manner and does not promptly approve the diagrams, drawings and/or layouts required by the Seller;
 - when the Purchaser requests changes to the Machinery and/or accessories after the conclusion of the contract;
 - when the Purchaser does not provide any materials/samples required for the design or testing of the machine enough in advance;
 - when the delay of delivery is due to causes of force majeure (including, but not limited to, strikes by suppliers, carriers, etc.);
 - when the Purchaser has not duly, and in a timely manner, prepared the spaces or surfaces where the Machinery must be assembled and installed or has not yet obtained the necessary permits required for the installation by law.
- 4.5 Except as indicated otherwise in the Sales Proposal duly accepted pursuant to preceding paragraph 2.1, transport risks will be borne by the Purchaser even if the purchase price includes transportation and even if transport is the responsibility of the Seller.
- 4.6 If, when the Machinery is ready, the delivery does not occur due to a fact beyond the Seller's control, the delivery shall be understood to have been effectively made in compliance with the agreed delivery terms the moment the Seller sends the Purchaser a notice of "goods ready".
- 4.7 If, when the Machinery is ready for delivery, the Purchaser should inform the Seller that it is unable to receive it for reasons not attributable to the Seller, the Seller shall be entitled to invoice it as "ready at the Seller's

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warehouse" and charge the Purchaser the cost of storing the Machinery at its warehouse or a third-party warehouse.

5 - INSTALLATION, ASSEMBLY AND TESTING

- 5.1 The Seller tests all Machinery produced at its headquarters before delivery. For the full satisfaction of the Purchaser, in the days before the scheduled delivery the Seller will make its facilities and its technicians available to test the Machinery in the Purchaser's presence and with the specific materials it uses, simulating real production. The Purchaser will be responsible for sending the Seller the materials necessary for the test at least 25 (twenty-five) days before the required delivery date, as well as attending such testing. It is the Purchaser's responsibility, and in its interest, to attend the testing in order to verify the conformity of the Machinery to the Sales Proposal duly accepted pursuant to preceding paragraph 2.1. If the Purchaser fails to attend testing at the Seller's headquarters, it will be considered valid and binding and will automatically determine acceptance of the Machinery.
- 5.2 The Seller undertakes to install and commission the Machinery at the Purchaser's premises and to carry out a further operational test. To this end, the Seller shall not, in any case, be obliged to make connections and/or preparations of the power line of the Purchaser's premises. The Purchaser shall provide for the preparation of the electrical and pneumatic (compressed air) lines of its premises for the easy and standard powering of the Machinery; these preparations shall be made in accordance with the Seller's technical specifications.
- 5.3 Installation by the Seller will not, in any case, include unloading the Machinery at the Purchaser's premises, not even if transport was organized by the Seller. Once it has reached the Purchaser's premises, the Purchaser shall see to unloading the Machinery on its own responsibility and at its own expense. To this end, the Purchaser shall provide a forklift truck rated for the weight of the Machinery as specified in the layout and, based on its own needs, any additional appropriate means for the storage of the Machinery at its premises while waiting for the Seller's technicians who will install it.
- 5.4 Prior to installation, the Purchaser shall position the Machinery in the established assembly area, which must be ready for assembly and installation. The Seller's technicians are not authorized to move materials and/or unload goods at the Purchaser's premises and/or to prepare the assembly area. If the equipment is to be placed on a loft or difficult to access area, the Purchaser shall determine how to place the Machinery in this area and will be wholly responsible for the suitability of the work area and related structures (by way of example and not limiting: for the capacity of the loft to support the weight of the Machinery).
If, when the Seller's technicians arrive, the Machinery has not already been placed in the established assembly area and placement requires passage through narrow passageways, trap doors, stairs, platforms, etc., or if the movement cannot be performed easily and within a few minutes, the technicians will be authorized to return to the Seller until the time the Purchaser has properly placed the Machinery. Similarly, if at the time of installation, the connections required for the operation of the Machinery have not been made, the Seller's technicians will be authorized to return to their headquarters until the time that all connections have been actually and properly made. In both cases described above, the installation shall be postponed to a date to be established consistent with the Seller's already scheduled commitments and the Purchaser will be responsible for the new expenses for travel, room and board and technical assistance.
- 5.5 The installation of the Machinery at the Purchaser's premises will take place after the date of delivery. The Seller will determine the installation date and inform the Purchaser in the notice of the delivery date of the Machinery.
- 5.6 The Purchaser is exclusively responsible for the travel and room and board expenses of the Seller's personnel for the installation and assembly of the Machinery, unless agreed otherwise in the Sales Proposal duly accepted pursuant to paragraph 2.1.

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5.7 Customers are responsible to provide to S.M.R.E, free of any charge, all the testing materials needed to complete testing and run-off of their machine. The testing material provided must be supplied in the quantity specified and considered by S.M.R.E. sufficient for the completion of the tests.

The supply of such testing materials will be done at the customer's exclusive expense. The delivery to S.M.R.E.'s facility of such testing material must occur no later than 25 working days prior to the scheduled run-off date and in compliance with what is established under points 4.4, 4.7 and 5.1 above.

In case the delivery of test material is late, insufficient material is sent, the material is non-conforming, of poor quality or of different nature when compared to the materials that are used during regular manufacturing processes; S.M.R.E. will not be responsible for machine delivery delays and/or incomplete or partial completion of the above-mentioned tests. In such specific cases, the customer shall be deemed responsible of the incomplete or partial completion of the tests. The customer shall thus bear all the costs relevant to any further technical activity necessary for the machine "fine-tuning".

6 – ASSISTANCE AND MAINTENANCE

- 6.1 Assistance and maintenance will be provided upon the Purchaser's specific written request, specifying the problem that has arisen.
- 6.2 The Purchaser is the only one responsible for verifying the correct operation of the Machinery, as well as for the quality and suitability of the processes carried out with the Machinery.
- 6.3 The Seller is not responsible if incorrect settings and/or failures of the Machinery cause defects or differences and/or lack of production of the semi-finished or finished products that are being processed.
- 6.4 The travel expenses of the Seller's personnel for the service of assistance and maintenance are the exclusive responsibility of the Purchaser and shall include expenses for room and board, airline tickets, and car (per km travelled based on ACI rates) and the hourly cost of the personnel from their departure from the Seller's plant to their return.
- 6.5 A technical report will be issued for every service call made by the Seller's personnel with the detail of the work performed and any parts replaced; based on this report, the Seller will issue an invoice with payment in 30 (thirty) days from the end of the invoice month by direct debit to the bank account indicated by the Purchaser.

7 – WARRANTY

- 7.1 The Machinery is covered by the manufacturer's warranty for a period of 24 (twenty-four) months as required by EEC Community legislation. Electronic, pneumatic and other components that the Seller purchases from third parties are covered by the supplier's warranty.
- 7.2 Under the warranty, the Seller undertakes to repair or replace the parts of the Machinery it recognizes as defective and/or unfit for use due to defective materials or fabrication: after replacement, these parts must, in any case, be returned to the Seller and the replacement parts and components will be provided free of charge under the warranty.

If an intervention on Purchaser's premises is required, all expenses for travel and stay will be invoiced to the Purchaser. Working hours of Seller's technician(s) will not be invoiced to the Purchaser.

- 7.3 The Purchaser is always responsible for shipping expenses of replacement parts, even if covered by the warranty.
- 7.4 The Purchaser shall forfeit its rights under the warranty and, in any case the warranty shall be understood not to apply, if the failures and/or malfunctions reported were caused by the Purchaser, its employees and/or third parties unrelated to the Seller; by poor installation when not attributable to the Seller; by fault, negligence and/or incompetence in the use of the Machinery; by incorrect and/or abnormal use of it and/or by the use of inappropriate materials; by poor and/or faulty maintenance not performed by the Seller; by repairs, replacements, modifications and/or tampering performed or ordered to be performed by the Purchaser without the Seller's authorization; as well as by causes of force majeure. It is understood that the qualitative results of

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the processing done by the Machinery (and, in particular, welding and gluing Machinery) may vary according to the quality of the materials used by the Purchaser. The Seller is therefore hereby expressly released from any liability for any malfunctions and any quality defects in the results of the processing if the materials processed by the Purchaser with the Machinery are of a quality not appropriate to the processing in question and/or the type of Machinery and/or the technology installed in it.

- 7.5 The warranty excludes all parts that, by their nature or use, are subject to normal wear and tear or unavoidable deterioration.
- 7.6 The manufacturer's warranty will apply for all components not fabricated by the Seller.
- 7.7 The Seller's obligations under the warranty are considered to have been fulfilled for all intents and purposes by the repair or replacement of any defective components and, therefore, the Seller will be exempt from any claims for damages.
- 7.8 Upon completion of the repair, the Purchaser will be responsible for verifying the correct operation of the Machinery according to its specifications. The Purchaser will confirm the success of the repair by signing the test report that the Seller's technician will complete at the end of the service call.
- 7.9 In any case, requests for warranty service and complaints will not authorize the Purchaser to suspend contractually required payments; any credit memos that may be agreed upon under the warranty will be applied to the last payment instalment.

8 - RESERVATION OF OWNERSHIP

- 8.1 The Seller reserves ownership of the Machinery delivered, pursuant to articles 1523 and following and 2762 of the Italian Civil Code until the total payment of the agreed price and the fulfilment of all the Purchaser's obligations. The Purchaser is therefore bailee of the delivered Machinery, with the obligation to keep it and not remove it from the place where it was installed, except for the use for which it was intended, without the Seller's written consent. In the event of the seizure, attachment or similar measure on the Machinery delivered and not yet paid in full, the Purchaser is obliged to notify the Seller within 3 (three) days by registered letter with acknowledgement of receipt, as well as to notify the executors of the existence of the retention of title.
- 8.2 In the event of a failure to pay or a delay in the payment of the price in the terms and according to the methods agreed (of even a single instalment if payment by instalments was agreed), the Seller shall be entitled to sue for the forced recovery of the sums in arrears or, at its sole discretion, to obtain the return of the Machinery sold with retention of title, and to collect the instalments already paid by way of compensation for the use of Machinery, and, in any case, without prejudice to the right to sue for any greater damages.
- 8.3 The Purchaser is responsible for the expenses of transcribing and recording the contract and the retention of title.

9 - MACHINERY THAT PRODUCES FUMES

- 9.1 If, during operation, the Machinery produces fumes pursuant to article 237 of Legislative Decree no. 81/2008, the Purchaser, as the employer who makes the Machinery available to the workers, is responsible for verifying the characteristics and hazardousness of the materials processed, as shown in the Material Safety Data Sheets. Where appropriate and/or necessary, the Purchaser must measure the hazardous substances generated, extract them, capture them and subsequently emit them into the atmosphere in accordance with articles 17-18 of Legislative Decree no. 81/2008. The Seller notes that the Machinery is designed and constructed to be connected to the extraction system of the plant in which it is installed and commissioned in order to make the fulfilment of these obligations as easy as possible.

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10 – SOFTWARE AND HARDWARE

- 10.1 With the purchase of Machinery with CAD/CAM software (and, in particular, the programs "Easy Works Xtreme" or the optional "Nesting" and "Split box" options), or other software, installed, the Purchaser does not become the owner of these program but acquires the right to use them together with any other programs installed. This right remains in force so long as the equipment on which the software programs are installed remains the property of the Seller pursuant to preceding paragraph 8 and is used by the Purchaser. In no case does the Purchaser become the owner of such software, or obtain any ownership rights to the software programs. The Purchaser has no right to copy or distribute the above-mentioned programs or to use or install them on machines other than the one on which the programs were installed by the Seller.
- 10.2 After the initial purchase the Seller will not ask the Purchaser for any further payment (such as an annual license) for the use of these software programs, even after the termination of the retention of title pursuant to preceding paragraph 8. However, the Seller, or a distributor of the Seller, may decide to offer the Purchaser future upgrades, improvements or updates at a price set by the Seller or its distributors.
- 10.3 For the proper operation of the Machinery and to avoid malfunctions, the Seller recommends checking each file or drawing with an antivirus program before uploading them to the Machinery. Moreover, the Seller recommends that other programs than those installed by its technicians not be installed on the Machinery. The Seller and its distributors decline any liability for the loss of data or other damage caused by viruses or the improper use of the software. Before the shipment of the Machinery, the computer connected to it and the software programs installed are checked to ensure that they are free from viruses. The copyright of the Seller's software is protected by national and international law.
- 10.4 With regard to the warranty on the hardware (exclusively intended as the Personal Computer, the screen and all relevant parts provided with the Machinery) the Purchaser must contact the manufacturer and not the Seller.

11 – APPLICABLE LAW AND COMPETENT JURISDICTION

- 11.1 The sale of the Machinery and these General Conditions are entirely subject to Italian law, which governs the conclusion, performance and termination thereof and according to which the contract shall be construed and interpreted, including for the resolution of disputes arising from it.
- 11.2 In the case that any disputes relating to the purchase and/or these General Conditions of Sale cannot be resolved amicably, the parties expressly stipulate that the Court of Perugia will be exclusively competent pursuant to articles 28 and 29 of the Italian Code of Civil Procedure.

THE PURCHASER

PLACE, DATE

The Purchaser has read and specifically approves the above listed "General Conditions of Sale" and, pursuant to article 1341 of the Italian Civil Code, hereby specifically approves the clauses referred to in paragraphs 2 (conclusion of the contract, object and characteristics, suitability for use, renunciation of exceptions and limitations of liability), 3 (price and payment, suspension of execution and of the warranty and non-imputability of delays in delivery in the event of non-payment), 4 (delivery terms and cases of their automatic extension), 5 (installation, assembly, testing and allocation of liability between the Parties) 6 (assistance and maintenance, limitations of liability), 7 (warranty), 8 (retention of title), 10 (software and hardware, manufacturer's warranty and limitation of liability of the Seller) and 11 (applicable law and competent and exclusive jurisdiction) of these General Conditions of Sale.

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