

General Terms and Conditions of Sale and Delivery

1. Scope of application

1.1 We conclude contracts with entrepreneurs, legal entities under public law and special assets under public law, covering deliveries or other services rendered by us, exclusively on the basis of our **GTC valid at the time**.

1.2 Our **GTC also apply for all transactions** henceforth concluded in the context of routine business operations. Our GTC can always be looked at and downloaded on our website www.microdrones.com.

1.3 Unless explicitly approved by us in writing in the specific individual case, we are not bound by conflicting, deviating or unilateral **conditions of business of the customer** even if we do not explicitly reject them and even if we provide or accept services without reservation regardless of such conditions of the customer.

2. Conclusion of contract

2.1 If the customer makes an **offer** for conclusion of a contract with us, the contract is only deemed consummated upon receipt of our acknowledgement of the order in writing or, in default of such order acknowledgement, upon receipt of our invoice at the latest or upon delivery to the customer if such delivery takes place earlier. Our order acknowledgement resp. invoice is solely decisive and binding as regards the **scope and contents of the contract**.

2.2 The customer is **bound to his offer** for a period of **4 weeks** from receipt of the offer by us.

2.3 Where the customer places an order on the basis of a previous **offer issued by us**, the contract is deemed consummated with the placement of the order in writing. If the customer's order deviates from our offer, the contract is only deemed consummated upon our acknowledgement of the order.

2.4 Any contract for deliveries abroad is subject to the condition precedent that we obtain the respective export licence ("Ausfuhrgenehmigung"), if necessary, by the Bundesamt für Wirtschaft und Ausfuhrkontrolle (German Federal Office of Economics and Export Control) within 6 months.

3. Prices, payment

3.1 Unless otherwise agreed, our **prices** are ex works or ex warehouse and exclusive of packaging, freight, postage, value guarantee and transport insurance. Value-added tax is to be paid in addition. If delivery to a destination abroad was agreed, customs clearance, customs duties and the costs of the export licence, are at the customer's expense. Cash

discount, rebates or bonuses are only allowed if specifically agreed in writing.

3.2 Our claims are **due** upon receipt of our notice of readiness of the goods for collection or, where delivery to the customer was agreed, upon delivery, unless the parties have agreed a later date for payment in writing.

3.3 **Payment** is to be made in EUROS without deduction and at no charge or expense to us to the bank designated by us. **Periods allowed for payment or cash discount deduction** run from the invoice date. The customer may only deduct cash discounts as agreed if he is not in default of payment of any other claims from our business relationship. Payment is deemed effected in due time if the due amount is timeously being credited to our account.

3.4 We reserve the right to use incoming payments for satisfaction of the oldest invoice claims due including accrued interest and costs, in the following sequence of order: costs, interest, principal claim.

3.5 The customer is deemed to be in **default** if he has failed to effect payment within two days from receipt of our notice of readiness of the goods for collection at the latest or, where delivery to the customer was specifically agreed, within two days from such delivery at the latest, unless he has received our invoice before or the agreed payment deadline has already expired before. In such cases, the customer is already deemed to be in default if he fails to effect payment within one day from receipt of the invoice at the latest resp. on the agreed payment date. In the case of default, we first charge, as far as commercial business is concerned, **interest payable from the due date** (sec. 3.3) in the amount of 5 percentage points p.a. and, from the occurrence of default, **default interest** in the amount of 8 percentage points p.a. above the base interest rate valid at the time.

3.6 Payment periods allowed by us are deemed forfeited if we become aware of a **substantial worsening of the customer's financial situation** or if the customer has furnished **incorrect or incomplete information** about his creditworthiness. In such cases, outstanding debts are deemed to be due for immediate payment to the extent that the customer has no right to refuse payment ("Leistungsverweigerungsrecht"). We may further enforce any security interest provided to us and make outstanding deliveries dependent on the provision of adequate security or advance payment. If the customer refuses to provide security or advance payment, we may withdraw from the contract to the extent that we have not yet fulfilled our contractual obligations, without the customer being entitled to assert claims on such grounds.

3.7 **Bills of exchange and cheques** are only accepted if specifically agreed with the customer and they are accepted on account of settlement only ("erfüllungshalber"- which

means that the debt is not deemed settled already upon hand-over of the cheque or bill but only after the outstanding amount has actually been credited to us). Bills of exchange must be discountable. Bill and discount charges are at the customer's expense; such charges are calculated from the due date of the invoice amount and are payable immediately. The term of a bill of exchange must not exceed 90 days from the invoice date.

3.8 The customer may only **set** his own claims **off** against our claims if the customer's counterclaim is undisputed or has been established by a final non-appealable court decision or is at least ready for decision ("entscheidungsreif"). The same applies to the raising of a right of retention. In both cases, the counterclaim must originate from the customer's own right.

4. Delivery / Risk allocation

4.1 Delivery and shipment are ex works (Incoterms 2010).

4.2 Risk and cost pass to the customer upon collection of the goods.

5. Delivery time

5.1 **Fixed delivery dates** must be confirmed by us in writing. In the event of a **delay in delivery** which is due to industrial action or extraordinary unforeseeable events such as governmental action, traffic disturbance or the like we are released from the obligation to deliver for the duration of such events and, where delivery is rendered impossible, we are completely released from our obligation to deliver if and to the extent that we are not responsible for such disturbance.

5.2 A grace period to be granted to us must be at least 4 weeks.

5.3 If and to the extent that we are unable to deliver because we do not receive any deliveries from our suppliers even though we have entered into congruent covering transactions, we are released from our obligation to duly perform under the contract and we are free to withdraw from the contract. We will advise the customer to that effect without undue delay ("unverzüglich"). We will return to the customer without undue delay ("unverzüglich") any payments already made by him. In such a case, the customer is not entitled to any further claims going beyond the aforesaid.

6. Return of goods

6.1 If the customer is at fault of non-acceptance of the purchased goods, we may claim a compensation for non-acceptance in the amount of 20% of the purchase price; we reserve the right to claim further damages. The customer may however present evidence to prove that we have incurred less damage only.

6.2 Returned goods will only be accepted following **written announcement** and **prior acknowledgement of acceptance** by us. Return shipments are **at the customer's risk**

and expense unless the goods returned are defective.

7. Defective goods

7.1 If the delivered goods are **defective**, the customer may only claim remedy of the defect ("Nachbesserung"). Substitute delivery ("Nachlieferung") is excluded because it is usually associated with unreasonable costs and no substantial disadvantage to the customer results from such exclusion of substitute delivery. However, we may, at our choice, also deliver non-defective goods.

7.2 If such subsequent satisfaction ("Nacherfüllung") fails or does not take place within an adequate period fixed by the customer, the customer may **withdraw** from the contract or **reduce the purchase price**. We may try a subsequent satisfaction at least two times. The customer may only claim compensation of damages on the conditions set out in sec. 8.

7.3 If the customer, having complained about a defect and having fixed a period for subsequent satisfaction which has expired without result, fails to make clear which of the rights stipulated in sec. 7.1 and sec. 7.2 he claims, we may fix a 3-week **period** in writing within which the customer must make clear which of the aforesaid rights he opts for. If such period has expired without result, the right to opt for either of the said rights is transferred to us.

7.4 The **inspection and complaint obligations** under § 377 HGB (German Commercial Code) apply with the proviso that the customer is to give notice of **apparent defects** within one week from delivery which period is deemed observed if the written notice of defect is dispatched before the expiry of the period. Approval of initial samples by the customer does not release him from, or restrict his obligation to inspect the goods and give notice of defect, if any.

7.5 The warranty period is 12 months. For ex works delivery, such period runs from the collection day advised in our notice of readiness of the goods for collection, or otherwise from delivery of the goods to our customer.

8. Liability

8.1 Claims of the customer for compensation of damages, regardless of the legal cause, as well as claims for reimbursement of futile expenses are excluded unless the damage is caused by a grossly negligent or willful breach of duty or by an at least negligent breach of a contractual duty which endangers the attainment of the contract purpose (fundamental contractual duty - "wesentliche Vertragspflicht"); in the latter case, the liability is limited to the amount of the typical foreseeable damage.

8.2 The limitation of liability under the preceding sec. 8.1 also applies to the personal

liability of our employees, representatives, agents, executive bodies ("Organe") and vicarious agents or other persons engaged by us in the performance of our obligations ("Erfüllungsgehilfen").

8.3 The **limitation of liability under sections 8.1 and 8.2 does not apply in the case of personal injury**, i.e. in the case of a damage as described that constitutes an injury of the body, life or health, in the case of liability under the "Produkthaftungsgesetz" (German Product Liability Act) and in cases where we have, by way of exception, given a guarantee.

9. Statute of limitations

9.1 Contractual **claims for compensation of damages** and claims for reimbursement of futile expenses of the customer become **time-barred after 24 months**.

9.2 Notwithstanding sec. 9.1, contractual claims for compensation of damages and claims for reimbursement of futile expenses of the customer which are based on a **defect** of the goods as well as the right to claim subsequent remedy according to sec. 7.1 become time-barred **after 12 months**. Recourse claims under § 478 et seq. BGB (German Civil Code) remain unaffected.

9.3 Sec. 9.1 and sec. 9.2 clause 1 **do not apply** in the case of a willful or grossly negligent breach of duty or a breach of fundamental contractual duties nor in the cases specified in sec. 8.4; in these cases, the statutory limitation periods apply.

9.4 Our **claims for payment and interest** become time-barred **after five years**.

10. Retention of title

10.1 We **retain title** to the delivered goods until all claims arising from the business relationship with the customer have been satisfied, including ancillary claims, claims for compensation of damages and payment of cheques and bills of exchange. The retention of title continues even if certain individual claims are included in a current account and the balance has been struck and acknowledged.

10.2 The customer is obliged to **carefully keep the goods subject to retention of title in custody** for us, to maintain and repair them at his own expense and insure them against theft, loss and damage as is usual with a diligent businessman. The customer hereby assigns to us all of his future **claims**, if any, **under the insurance policies**. We hereby accept the assignment.

10.3 The customer may **dispose of the goods subject to retention of title** in the ordinary course of business provided that and as long as he timeously fulfills his obligations arising from the business relationship with us. This does not apply if and to the extent that the customer and his purchasers have agreed on a prohibition of assignment

of the purchase price claim. The customer has no right to pledge the goods subject to retention of title, transfer title to them by way of security or otherwise put a lien on them. The customer is obliged to secure our rights in the amount of our purchase price claim in the case of resale of the goods subject to retention of title. This may be done by the customer making the transfer of title to the goods in the case of resale dependent on full payment of the goods by the purchaser.

10.4 In case the goods subject to retention of title are resold by the customer, **the customer** already now **assigns** to us - with limitation to the amount invoiced for the goods subject to retention of title - **all claims arising from the resale** including claims for compensation of damages to be provided by third parties, security interest and ancillary rights including cheques and bills of exchange. We hereby accept the assignment. If the goods subject to retention of title are sold together with other items at an all-round price, the assignment is limited to such part of the invoice amount as is equivalent to the amount payable for the goods delivered by us subject to retention of title and resold by the customer together with other items. If goods are sold of which we have acquired co-ownership according to sec. 10.6, the assignment is limited to such amount of the claim as corresponds to our co-ownership share.

10.5 In the case of default or other breach of duty other than a minor one or in the case of a substantial worsening of the customer's financial situation, the customer is obliged to **return the goods subject to retention of title**, subject to the regulations of § 107 subs. 2 InsO (German Insolvency Act). Such obligation is independent of a withdrawal or the granting of a grace period. The customer already now allows us to enter his premises for the purpose of collecting the goods. We have the right to resell the goods so returned in the ordinary course of business and set the costs incurred by us off against the proceeds from such resale. We will only take back the goods subject to retention of title by way of security, the take-back may only be deemed to constitute withdrawal from the contract if explicitly so declared by us in writing. If we withdraw from the contract, we may claim remuneration according to § 503 subs. 2 BGB (German Civil Code) for the period during which the customer has had possession of the goods. In the case of default or substantial worsening of the customer's financial situation, we may further disclose to the customer's purchasers on the customer's behalf that the claims from the resale were assigned to us and we may **collect such claims**.

10.6 **Any processing of the goods subject to retention of title** by the customer is made exclusively for us, without the customer acquiring any claims against us on such grounds. The new item becomes our property. If the goods subject to retention of title are processed, mixed or combined with other goods belonging to third parties, we will share

title to and become co-owner of the new item in the proportion of the invoice value of the goods delivered by us subject to retention of title to the invoice value of the other goods used. If the goods subject to retention of title are combined or mixed with another main item belonging to the customer, the latter already now assigns his property rights to the new item to us.

10.7 The customer must inform us without undue delay ("unverzüglich") of any **execution levied by a third party** upon the goods subject to retention of title or the claims assigned to us or other security provided to us, specifying the documents required for intervention; the same applies in the case of any other encroachment whatsoever.

10.8 We undertake to **release** security to which we are entitled under the preceding provisions at the customer's request to the extent that the invoice value of the goods title to which was transferred to us by way of security exceeds our claims to be secured thereby by more than 20%. We may, in our sole discretion, choose the goods to be released.

10.9 The agreement on retention of title continues in force until the customer has **satisfied all our claims**. If the customer includes the claim into a **current account relationship** with his purchaser, the customer already now assigns to us the respective balance claim due to him under the current account. The customer continues to be authorized to collect the claim even after it has been assigned to us. This is without prejudice to our right to collect the claim ourselves but we are not allowed to collect the claim as long as the customer duly fulfills his payment obligations. The customer undertakes to provide us with all information and documents required to assert the assigned claims.

10.10 If and to the extent that the retention of title should be invalid under the **foreign law** of the country where the delivered goods are located, the customer is to provide equivalent security to us upon request. If the customer fails to do so, we may claim immediate payment of all outstanding invoices.

11. Place of performance ("Erfüllungsort"), place of jurisdiction, governing law

11.1 The **place of performance** is our place of business. The place of jurisdiction for all disputes arising out of commercial business transactions with merchants whose business requires commercial operation and who are hence required to be entered into the "Handelsregister" (commercial register) and who are subject to all requirements and regulations of the HGB (German Commercial Code) ("Vollkaufleute") and with legal entities under public law is Siegen in Germany (§ 38 ZPO - German Code of Civil Procedure). This also applies to actions for the assertion of claims arising out of a cheque

or a bill of exchange. However, we are also entitled to sue the customer at the place of general jurisdiction applicable to him ("allgemeiner Gerichtsstand").

11.2 **German law** applies. The application of the United Nations Convention of 11 April 1980 on Contracts for the International Sale of Goods (CISG - "Vienna Sales Law") is excluded.

12. Severability

If individual provisions of these terms and conditions or the delivery transaction should be or become invalid in whole or in part, then the validity of the remaining provisions or the remaining parts of such provisions is unaffected thereby.