

General Terms and Conditions of Purchase

(The English language text below is a translation of our "Allgemeine Einkaufsbedingungen" [General Terms and Conditions of Purchase]. The original German version is authoritative in case of any discrepancies between the English translation and the German original. We do not accept liability for reliance on the English translation or for any errors, omissions or misunderstandings relating to the translation.)

As of 1 January 2020

1. General provisions and scope of application

These General Terms and Conditions of Purchase (hereinafter "Terms") apply to all business relations of Pharmorgana GmbH with our suppliers. They apply solely to entrepreneurs in the meaning of Section 14 of the German Civil Code [*Bürgerliches Gesetzbuch: BGB*]. Business transactions with legal persons under public law and special funds under public law shall be treated in the same manner as business transactions with entrepreneurs.

We shall recognise deviating conditions of the supplier only if we have explicitly agreed to them in writing. Any other deviating conditions are hereby explicitly rejected. Furthermore, verbal agreements and other ancillary agreements shall not be effective unless confirmed in writing.

Within the scope of long-term business relations, these Terms also apply to each future business transaction with a supplier, without need for us to draw attention to them again in every individual case.

2. Documents

All documents and objects such as drawings, samples or models, which we make available to the supplier in connection with an order, remain in our ownership. We are the sole holders of all copyrights, exploitation rights and all related industrial property rights. Such rights shall be transferred solely for the production of goods as ordered. Upon completion of the order, such rights shall be returned to us without need for a request. Without our prior written consent, the supplier is not authorised to disclose the documents or objects made available to him to any third parties.

Assertion of a right of retention in respect of our documents and objects is excluded.

3. Conclusion of contract

Declarations issued by us of the possible conclusion of a contract always constitute a non-binding invitation to the supplier to issue a binding offer (*invitatio ad offerendum*). Any preceding declarations issued by us are insofar initially non-binding and without obligation unless their continuation with binding effect is explicitly agreed in writing in the individual case. This shall not apply if, in the context of an order, we have stipulated a period of validity binding on us and/or a certain acceptance deadline.

A supply contract is concluded only when we confirm the supplier's offer in writing (order confirmation), or accept the delivery without reservation. In cases of doubt the content of the supply contract is determined by our order confirmation.

4. Prices and terms of payment

Supplier's cost estimates are binding and shall not be remunerated unless otherwise explicitly agreed in writing.

In cases of doubt, the price specified in the order confirmation shall be the valid price. This price shall include all services and ancillary services to be provided by the supplier, such as assembly and installation – as applicable – and all ancillary costs such as packaging, transport, and transportation costs including any transportation insurance and liability insurance.

The price shall include value-added tax at the statutory rate applicable at the time.

Unless otherwise agreed, the terms of payment for invoices issued to us shall be thirty (30) days from receipt of the complete delivery, the fulfilment of all contractual obligations of the supplier, and from receipt of a due and proper invoice.

We are able to process invoices received only if – in accordance with the provisions of our order confirmation – they indicate the order number shown in our order confirmation. The supplier shall be responsible for all consequences of non-compliance with this obligation, unless he establishes that he does not have to bear this

responsibility. Furthermore, the statutory regulations shall apply in cases of default. A reminder from the supplier is in any case essential for occurrence of default.

We shall be entitled to rights of set-off and retention to the statutory extent. In particular, we shall be entitled to withhold payments that become due for as long as we are entitled to assert claims arising from incomplete or defective supplies/services of the supplier. The supplier shall have a right of set-off and retention owing to a counterclaim arising from another contractual relationship only if such claim is legally established, undisputed or recognised by us in writing.

5. Delivery, performance and transfer of risk

The delivery date specified by the supplier is binding. If a delivery date is neither specified nor otherwise agreed, it shall generally be four (4) weeks after conclusion of the contract. The supplier is obliged to inform us without delay in writing when circumstances occur, or become apparent to him, that prevent him from meeting the delivery date; he shall also notify us without delay of the expected revised time of the delivery.

If a delivery is delayed, in addition to further statutory entitlements we shall be entitled to demand lump-sum default damages equal to one (1) per cent of the price before tax of the delayed goods per complete calendar week, however not exceeding five (5) per cent of this price in total. We reserve the right to claim damages in excess of this amount. In all cases the supplier retains the right to provide evidence that we have sustained either no damage or only minor damage.

We shall accept partial deliveries and partial performance only if we have given our prior consent in writing.

Sensitive and/or dangerous products shall be packaged, labelled and dispatched by the supplier in accordance with the legal provisions applicable at the time of the delivery.

Without our prior written consent, the supplier shall not be entitled to have third parties (e.g. subcontractors) fulfil his contractual obligations.

Unless otherwise agreed by the parties in writing, delivery shall be made in accordance with Incoterms (2010) "CIP" (Carriage Insurance Paid) to the destination specified in the order confirmation. If a destination is not specified and it has not been agreed otherwise, delivery shall be made to our registered office in Eppstein. The respective destination shall also be the place of performance (obligation to deliver to the customer's place of business).

The supplier shall be obliged to include a delivery note with the delivery, indicating the date, contents of the consignment and our order number. Should the delivery note be missing or incomplete, this will lead to unavoidable delays in processing and payment for which we cannot be held responsible. A corresponding dispatch note with the same information must be sent to us separately from the delivery note.

The risk of accidental loss or deterioration of the goods shall pass to us at the time of their delivery at the place of performance. If an acceptance has been agreed, it shall be relevant for the transfer of risk. In the case of acceptance, the further statutory provisions of the German law governing contracts to produce a work [*Werkvertragsrecht*] shall also apply accordingly. The same shall apply if we are in default of acceptance. The statutory provisions shall apply regarding the occurrence of our default of acceptance.

The seller must explicitly offer performance also whenever a defined, or at any rate definable, period of time has been agreed for an action or contribution on our part (such as providing materials). In the event that we are in default of acceptance, the supplier may demand compensation for his additional expenditure in accordance with the statutory provisions.

The supplier shall take back packaging material without charge at our request.

6. Guarantee

Unless otherwise agreed in writing, our rights in the event of defects in the quality or title of the goods (including incorrect delivery, shortfalls, improper assembly, and defective instructions for assembly, operation and/or use), and in the event of other breaches of duty by the supplier, shall be determined by the statutory provisions.

Under the statutory provisions, the supplier guarantees in particular that the goods have the agreed properties and condition when risk is transferred. Especially those product descriptions that, due to factors such as their designation or reference to them in our order, are the subject matter of the relevant contract shall be deemed to constitute agreement on properties and condition. This shall apply irrespective of whether the product description originates from us, the supplier or a third party.

In respect of the commercial obligation of inspection and notification of defects, the statutory provisions apply with the following restriction: our duty to inspect shall be limited to a visual check of incoming goods, including the shipping documents, and to a random quality control. Any defects identified during this control must be notified. In all other respects it depends on the extent to which an inspection is feasible for the proper course of business. The foregoing does not affect our obligation to notify defects identified subsequently. In all cases, it shall be sufficient to inspect the goods and notify defects within a reasonable period. The supplier must be notified of obvious defects within five (5) working days from receipt of the goods and, in the case of defects subsequently identified, within five (5) working days from their discovery.

If the goods are delivered directly to one of our customers in the context of chain-of-delivery business (transit), this customer may also submit notification of defects on our behalf in accordance with the above provisions. The possibility for us (also) to submit notification of defects remains unaffected by the foregoing.

If defects exist in quality or title, we shall generally be entitled to demand from the supplier at our discretion either remedy of the defect (repair) or the delivery of goods in perfect condition (replacement). In this case, the supplier shall be obliged to bear all expenditure required for the repair of defects or the replacement delivery.

The supplier shall also bear the costs of examination and repairs if it becomes apparent that in fact no defect existed. In the case of unjustified demand for remedy, this does not affect our liability; we shall, however, be liable only if and to the extent we have recognised, or with gross negligence have not realised, that no defect existed.

If the supplier fails to fulfil his obligation to provide subsequent performance of our choice within an appropriate period specified by us, we may remedy the defect ourselves and demand from the supplier compensation/advance payment for the necessary expenses. If the supplier fails to provide subsequent performance, or subsequent performance is unreasonable for us (in particular due to special urgency or the risk of occurrence of disproportionate damage), a deadline need not be set; the supplier must be informed thereof without delay, if possible, in advance.

Furthermore, we shall be entitled to reduce the purchase price or to withdraw from the contract in accordance with the statutory provisions. Moreover, we shall be entitled to claim for damages and reimbursement of expenses in accordance with the statutory provisions.

The limitation period for claims based on defects shall be three (3) years from the transfer of risk. If acceptance is agreed, the limitation period shall commence upon acceptance.

7. Liability

We may be held liable for damage only if we have been intentionally or grossly negligent.

Any liability in cases of our slight negligence – if pertaining to an essential contractual obligation – shall be limited to foreseeable, typically occurring damage. We do not accept any liability in cases of violation of minor contractual obligations through slight negligence and/or non-essential ancillary obligations arising from the contract.

Explicitly exempt from the aforementioned limitations of liability is our liability for damage arising from the violation of essential contractual obligations, from injury to life,

physical injury or damage to health, for fraudulent concealment of a defect, in cases where we have provided a guarantee for the properties and condition of products, for claims arising from the German Product Liability Act [*Produkthaftungsgesetz*] and in all other cases regulated by law. If our liability is excluded or limited, the same shall apply to the personal liability of our employees, workers, personnel, representatives and vicarious agents.

The limitation period for liability claims brought against us shall be one (1) year.

8. Retention of title

Title to the goods shall be transferred to us unconditionally and irrespective of payment of the purchase price. No forms of extended or prolonged retention of title are permitted.

Whenever we provide parts to the supplier, we retain title to such parts. Processing or transformation by the supplier of such parts provided shall always be carried out for us as the manufacturer in the meaning of Section 950 of the German Civil Code. In the case of processing, transformation, mixing or connection by the supplier of such parts provided with other goods not belonging to us to form a new item or a mixed item, we shall be entitled to co-ownership of the result. If the goods provided are connected or mixed with other goods, and another item not belonging to us is to be regarded as the principal item in the meaning of Section 947 of the German Civil Code, it is hereby agreed that a co-owned share shall be assigned to us in the ratio of the value of the goods provided to the value of the principal item, and the supplier shall have custody of the item on our behalf free of charge.

9. Severability clause

If individual provisions of these Terms are or become totally or partially legally ineffective or incomplete, the validity of the remaining provisions shall not be affected. The ineffective or incomplete provision shall be replaced by the relevant statutory regulation.

10. Other provisions

Legally relevant declarations and notifications submitted to us after conclusion of the contract (e.g. deadlines, reminders, cancellations, etc.) must be made in writing in order to be valid.

All contracts concluded with us shall be governed exclusively by the law of the Federal Republic of Germany with the exception of the United Nations Convention on Contracts for the International Sale of Goods (CISG).

The specific jurisdiction for legal disputes arising from a business relationship is Frankfurt am Main. However, we reserve the right to bring an action against the supplier also before the court with jurisdiction at his place of residence or registered company office.

The place of performance for all rights and duties arising from the contract shall be Eppstein.