

**GENERAL TERMS AND CONDITIONS FOR SALE AND  
DISTRIBUTION**

**COLOREEL GROUP AB (PUBL)**

Version 2023 01 12

## **TERMS AND CONDITIONS FOR SALE AND DISTRIBUTION**

### **1 APPLICABILITY**

- 1.1 These Terms and Conditions for sale and distribution (this “Agreement” or these “Terms”) shall apply on all sales and supplies by Coloreel Group AB (publ), reg. no. 556646-3435 (“Coloreel” or the “Supplier”), to any party purchasing Products (as defined below) for the purpose of reselling the Products to its customers (“Purchasing Party”), where the parties have not previously entered into a distribution agreement.
- 1.2 No agreement shall be considered as entered into until a written order confirmation has been provided by Coloreel to the Purchasing Party. If the Purchasing Party does not accept the order confirmation it must immediately notify Coloreel thereof in writing. If no such notification is given by the Purchasing Party within two (2) business days, the Purchasing Party is bound by the conditions in the order confirmation and these Terms. Any deviation from the Terms must be approved in writing by Coloreel to be valid.

### **2 GRANT**

- 2.1 Upon confirmation of a purchase order, Coloreel grants Purchasing Party a non-exclusive right to market and sell the Products (as defined below) in the Territory (as defined below), in accordance with these Terms. The grant is exclusively valid for each confirmed purchase order and does not entail a general right.
- 2.2 The non-exclusive right entails that Coloreel has the right to market and sell its products inside and outside the Territory, either directly or through resellers. Purchasing Party shall not be entitled to commission or other compensation for such direct sales made by Coloreel in the Territory. Coloreel is entitled to sell products to other resellers in the Territory on terms and conditions deviating from these Terms.

### **3 TERRITORY**

- 3.1 Purchasing Party’s right to market and sell the Products (as defined below) applies to the country of Purchasing Party's registered main office address (the “Territory”) in accordance with and subject to the Terms.
- 3.2 Purchasing Party shall not actively approach or target customers outside the Territory through direct sales and marketing activity.

### **4 PRODUCTS**

The rights granted under these Terms apply to the products referred to in a purchase order and as confirmed by Coloreel (the “Products”). Coloreel may at any time

discontinue the manufacture of any Product and make changes and improvements at any time in the specifications, construction or design of any Product and endeavours to keep Purchasing Party informed of such changes.

## **5 GENERAL COMMITMENTS**

5.1 Purchasing Party shall purchase the Products as an independent contractor and shall sell the Products in its own name, on its own behalf and at its own risk. However, Purchasing Party agrees not to remove from the Products, or any materials provided with them, any Marks (as defined below) of Coloreel. Nothing in these Terms shall constitute or be deemed to constitute a partnership, an employment relationship or an agency. Neither Party shall have any authority to act on behalf of the other Party in any matter whatsoever, or to bind the other Party in any other way without the prior consent of the Party.

5.2 Purchasing Party shall market and sell the Products in the Territory and take every reasonable measure to establish and maintain a market and endeavour, to the best of its abilities, to achieve maximum sales of the Products.

5.3 The Parties shall act in an ethical and professional manner and refrain from any conduct that is or could be detrimental to the reputation or the integrity of Coloreel or Purchasing Party or the Products.

5.4 Purchasing Party undertakes to comply with Coloreel's Code of Business Conduct set forth on [www.coloreel.com](http://www.coloreel.com), and all applicable laws and regulations in the Territory, such as rules regarding human rights, environmental protection, recycling, forced labour, child labour, health and safety, working hours, wages, freedom of association, discrimination, disciplinary practices, fraud and corruption.

5.5 Purchasing Party shall maintain comprehensive liability insurance for the benefit of Coloreel insuring against bodily injury or property damage resulting from the acts or omissions of Purchasing Party, any sub-distributor or its employees or agents.

## **6 MARKETING**

6.1 Purchasing Party is responsible for the marketing of the Products at its own expense and for producing marketing materials such as sales demonstration items, published technical information, posters, advertisements, brochures and other sales promotion material which Coloreel shall have approved.

6.2 Coloreel may, but is not obligated to, participate in marketing activities jointly with Purchasing Party at its own expense. Coloreel will apply its best effort to, prior to commencing any marketing activities using its own materials within the Territory, give Purchasing Party reasonable notice to review the proposed marketing material.

## **7 STOCK AND STORAGE OF THE PRODUCTS**

Purchasing Party shall arrange for adequate storage of the Products.

## **8 SERVICE ORGANISATION AND WARRANTY REPAIRS**

- 8.1 Purchasing Party shall, at its own expense, maintain an adequate service organisation which is knowledgeable about the Products.
- 8.2 Purchasing Party undertakes to provide effective repair and other after sales service and warranty for the Products. The service shall be performed by experienced personnel certified by Coloreel to provide services for each Product respectively.
- 8.3 Purchasing Party shall not in any manner, direct or indirect, discriminate or give the appearance of discriminating against Products not sold by Purchasing Party. Purchasing Party shall comply with the warranty servicing policies as published by Coloreel and shall provide customer assistance and servicing in accordance with Coloreel's published procedures.
- 8.4 Purchasing Party shall be solely responsible for any warranty or guarantee given or presented by it in excess of Coloreel's warranty stated in this Agreement and shall indemnify and hold Coloreel harmless in case of any claim against Coloreel based on such warranty given or presented by Purchasing Party.
- 8.5 Purchasing Party has no right to modify the Products in any way without Coloreel's prior written consent. Likewise, and for product safety reasons, the incorporation of Coloreel's products together with other Coloreel's products shall require Coloreel's written consent, with exception of installation with an embroidery machine. If such consent is not obtained, Coloreel's warranty shall be null and void.
- 8.6 Purchasing Party is obliged to perform warranty repairs on behalf of Coloreel for Products sold by the Purchasing Party. For such warranty repairs, the Parties shall agree on a reasonable remuneration for the Purchasing Party's expenses. Purchasing Party shall compile reports of product failures and forward such reports to Coloreel on a monthly basis no later than on the third business day of each month.

## **9 PRODUCT RECALL**

- 9.1 A Party shall give notice to the other Party if a governmental entity issues a recall or takes similar action in connection with the Products, or if there is a risk for a Product recall. Coloreel has the right to decide on the arrangement of a Product recall.
- 9.2 Purchasing Party shall co-operate in the event of a Product recall with respect to the reshipment, storage or disposal of Products affected by the recall, as well as to the documentation and communication with customers. Purchasing Party is entitled to

compensation for reasonable costs actually incurred by Purchasing Party in relation to a Product recall.

9.3 Purchasing Party shall compensate Coloreel for reasonable costs incurred by Coloreel caused by the failure to cooperate in relation to a Product recall.

9.4 In order to be able to easily identify Products subject to recall, Purchasing Party is required to hold records on sold Products including but not limited to information regarding customer, serial number of the Product, date of delivery and performed services.

## **10 TRAINING**

Purchasing Party shall, at its own expense and to a reasonable extent, participate in training programs provided by Coloreel. Coloreel will, to a reasonable extent and as per separate agreement, provide training free of charge.

## **11 TERMS OF SALE**

### **11.1 Prices**

Prices and terms of sale for the Products ordered by Purchasing Party from Coloreel shall be consistent with Coloreel's price list applicable at the time of the order. Such prices are exclusive of VAT and all other taxes and charges that may apply.

### **11.2 Payment**

11.2.1 Unless otherwise agreed, Purchasing Party shall pay for the Products not later than thirty (30) days from the later of Purchasing Party's receipt of Coloreel's invoice or the receipt of the Products.

11.2.2 In the event that Purchasing Party at any time should fail to make payment in full on the due date, Coloreel is entitled to claim interest on the sum overdue at the rate of eight (8) per cent per year.

11.2.3 Purchasing Party shall be free to establish its own pricing for the Products it sells to customers in the Territory.

11.2.4 All payment under these Terms shall be made in Euro.

11.2.5 The Products shall be the sole property of Coloreel until fully paid by Purchasing Party.

11.2.6 Purchasing Party shall pay all Interbank commissions.

### **11.3 Delivery**

The general terms and conditions of Orgalime General Conditions for supply of mechanical, electrical and electronic products, as amended from time to time, shall apply to all deliveries of Products with the exemptions stated in Appendix 11.3. In the event of a conflict between the provisions of the general delivery terms and these Terms (including its appendices), the provisions of the Terms shall prevail.

#### **11.4 Installation**

11.4.1 Purchasing Party will be responsible for installation of the Product at its customer's premises. After finalised installation, an installation certificate shall be issued in accordance with the form stipulated in Appendix 11.4. The Warranty Period will commence as from the date of signature of the installation certificate.

11.4.2 Installation support can be provided by Coloreel at Purchasing Party's cost and expense in accordance with agreed Coloreel's price list.

### **12 EXCHANGE OF INFORMATION**

12.1 The Parties agree to keep each other informed of legal requirements for or relating to the Products in the Territory.

12.2 The Parties agrees to promptly notify the other Party of any risks of a potential lawsuit, claim or complaint relating from or related to the Products.

12.3 Coloreel shall inform Purchasing Party of technical developments that in the sole judgment of Coloreel are relevant to the Products in the Territory.

### **13 INTELLECTUAL PROPERTY RIGHTS**

13.1 Purchasing Party recognises that Coloreel, its subsidiaries or licensors are the sole owners of all patents, copyrights, trademarks, trade name, design rights and other intellectual property rights and know-how including discoveries, inventions, technical information, procedures, manufacturing or other processes and software connected to the Products ("IP") and Purchasing Party shall claim no rights to the same. Purchasing Party refrains from and waives forever, in favour of Coloreel, its subsidiaries or licensors, all rights in any words or symbols or other IP. It is mutually understood in these Terms that the IP, including the trademark rights in all such words or symbols shall be, and remain, the exclusive and absolute property of Coloreel, its subsidiaries or licensors in all countries (including the Territory), and that Purchasing Party shall cease to use such words or symbols or other IP at the termination of this Agreement. Purchasing Party further agrees not to dispute the validity of or Coloreel's, its subsidiaries' or licensors' right to the IP. Purchasing Party agrees neither to register nor to have registered same or similar trademarks to Coloreels, its subsidiaries or licensors trademarks or other intellectual property rights similar to the IP in the Territory or elsewhere.

- 13.2 Nothing in these Terms shall entail an assignment to Purchasing Party of any of Coloreel's intellectual property rights or that Purchasing Party, in any way, assumes Coloreel's intellectual property rights.
- 13.3 Coloreel grants Purchasing Party a royalty-free, non-exclusive, license to use Coloreel's trademark, limited to the right to use Coloreel's trademark within the Territory and in accordance with these Terms (the "Marks"), exclusively for marketing and sale of the Products. Purchasing Party is expressly prohibited from registering any of Coloreel's trademarks or other intellectual property rights, and all use of Coloreel's intellectual property rights shall be for the benefit of Coloreel. Purchasing Party may not use any other trademark together with Coloreel's trademark without having first obtained Coloreel's consent. In addition, Purchasing Party shall not be entitled to use Coloreel's trademark in its company name or register it as a domain name or part of a domain name.
- 13.4 Purchasing Party shall promptly notify Coloreel as soon as Purchasing Party (a) has any indication of, or discovers activity which might conceivably comprise, infringement or suspected infringement of Coloreel's patent, trademark or other intellectual property rights or (b) has any indication that the Products and/or marketing or sale of the Products are alleged to comprise infringement of third party intellectual property rights.
- 13.5 Coloreel shall have the right, but not the obligation, to take legal action in the event of infringement of Coloreel's intellectual property rights. Where Coloreel chooses to take action to protect or defend its intellectual property rights, Purchasing Party shall assist Coloreel to a reasonable extent.
- 13.6 Purchasing Party shall indemnify, save and hold Coloreel harmless from any loss, damage or costs, including but not limited to legal fees, arising out of any third party claim alleging infringement of any intellectual property rights due to Purchasing Party's marketing and sale of the Products in the Territory.

#### **14 FORCE MAJEURE**

- 14.1 A Party shall be relieved from liability for a failure to perform its obligations under this Agreement during such period, and to the extent that the due performance thereof by the Party is prevented by reason of any circumstance beyond the control of the Party, which could not reasonably have been foreseen by the Party prior to entering into this Agreement, such as war, civil war, fire, flood, interruption in public transport, communications or general energy supply, riot, government action, epidemic, pandemic or other circumstances of similar importance.
- 14.2 If a Party wishes to invoke a circumstance in accordance with the previous section, it shall give notice to the other Party when there is a risk for failure or delay to perform an obligation under this Agreement. Failing to give such notice, the Party

shall not be discharged from liability for any damage which could have been avoided had notice been given in due time.

14.3 The time for performance of the relevant obligations of a Party shall be appropriately extended by the period during which the circumstance in accordance with the first paragraph shall have continued, provided, however, that if performance of a contractual obligation is prevented by such a circumstance for a period of three (3) months or more, each Party shall be entitled to terminate this Agreement subject to three (3) months' prior notice.

14.4 The Parties agree that any failure or delay in performing its obligations under this Agreement which is due to the COVID-19 outbreak shall be considered as a Force Majeure event in accordance with clause 14.1 in this Agreement, under the provision that that the failure or delay would have been considered as a Force Majeure event before the COVID-19 outbreak.

## **15 TERM AND TERMINATION**

15.1 This Agreement shall enter into force upon Coloreel's confirmation of a purchase order referring to these Terms and shall remain in force until the Parties have fulfilled all of their obligations.

15.2 Notwithstanding the foregoing, either Party may terminate this Agreement with immediate effect if the other Party

- a) fails to fulfil its obligations under this Agreement, provided that such failure is of material importance for the Party; or
- b) has taken general measures to cease payment of its debts, initiated negotiations for a general agreement with its creditors, been subject to an application for bankruptcy proceedings or enters into composition, reorganisation or similar arrangements with its creditors, is wound up, goes into liquidation or has a receiver appointed for all or any part of its assets.

15.3 Upon termination of this Agreement, Purchasing Party shall cease all use of Coloreel's trademarks.

15.4 Upon termination of this Agreement, Coloreel shall be entitled to receive all payments accrued and unpaid at the effective date of such termination. Coloreel shall have the right, but not the obligation, to repurchase all or part of the stock of Products, which Purchasing Party may have at such time at such prices equal to the Purchasing Party's purchase price.

15.5 Upon termination of this Agreement, Purchasing Party shall not be entitled to any termination payment or other compensation whether based on loss of anticipated



sales or prospective profits, expenditures, investments, leases, property improvement or other matters.

## **16 LIMITATION OF LIABILITY**

Coloreel shall in no event be liable for any indirect or consequential damages such as loss of profit, loss of contract, loss of production or any claim of any kind arising out of or in connection with this Agreement or from the manufacture, sale or use of the Products.

## **17 CONFIDENTIALITY**

17.1 The Parties hereby undertake, during the term of the Agreement and thereafter, not to disclose to any third party information regarding the Agreement, nor any other information which the Parties have learned as a result of the Agreement, whether written or oral and irrespective of form (“Confidential Information”). The Parties agree and acknowledge that the Confidential Information may be used solely for the fulfilment of the obligations under the Agreement and not for any other purpose. The receiving Party further agrees to use, and cause its directors, officers, employees, sub-contractors or other intermediaries to use, the same degree of care (but not less than reasonable care) to avoid disclosure or use of Confidential Information as it uses with respect to its own confidential and/or proprietary information.

17.2 This confidentiality undertaking does not apply to information which

- a) at the date of its disclosure is in the public domain or at any time thereafter comes into the public domain (other than by breach of this Agreement); or
- b) the receiving Party can evidence was in its possession or was independently developed at the time of disclosure and was not obtained, directly or indirectly, by or as a result of breach of a confidentiality obligation.

17.3 Neither shall this confidentiality undertaking apply to the extent that any Party is required to make a disclosure of information by law or pursuant to any order of court or other competent authority or tribunal or by any applicable stock exchange regulations or the regulations of any other recognised market place. In the event that any Party would be required to make any such disclosure, each Party undertakes to give the other Party immediate notice prior to any such disclosure, in order to make it possible for the other Party to seek an appropriate protective order or other remedy. Each Party also agrees and undertakes to use its best efforts to ensure that any information disclosed under this section, to the extent possible, shall be treated confidentially by anyone receiving such information.

17.4 This confidentiality undertaking shall survive any termination of this Agreement and shall remain in force during a period of three (3) years thereafter.

**18 ASSIGNMENTS**

No Party may assign, pledge or otherwise encumber this Agreement or any of its rights or obligations under this Agreement without the prior written consent of the other Party; provided that Coloreel may assign this Agreement without Purchasing Party's prior written consent in connection with a sale or merger of Coloreel. However, Coloreel has the right to assign any claim against Purchasing Party to a bank or factoring company, without Purchasing Party's consent.

**19 ENTIRE AGREEMENT**

The Parties confirm that this Agreement represents the entire understanding and constitutes the whole agreement between the Parties relating to the subject matter hereof and supersedes all prior agreements, covenants, arrangements, communications, representations or warranties, whether oral or written, by any officer, agent, employee or representative of either of the Parties.

**20 AMENDMENTS**

This Agreement may only be amended, changed or modified by an instrument in writing duly executed by the Parties.

**21 NO WAIVER**

The failure of a Party to insist on adherence to any term of this Agreement shall not be considered a waiver of any right, nor shall it deprive that Party of the right thereafter to insist on the adherence to that term or any other terms of the Agreement.

**22 INTERPRETATION**

The headings in this Agreement are for convenience only and shall not be deemed to define, limit or construe the content of any provisions in this Agreement. In this Agreement, save where the context otherwise requires, words in the singular shall include the plural, and vice versa, and the indication of one gender shall be deemed to include both genders.

**23 SUBSTITUTION**

If any provisions of this Agreement or the application of it shall be declared or deemed void, invalid or unenforceable in whole or in part for any reason, the

remaining provisions of this Agreement shall continue in full force and effect. The Parties shall seek to amend such void, invalid or unenforceable provisions and thereby this Agreement in order to give effect to, so far as it is possible, the spirit of this Agreement and to achieve the purposes intended by the Parties.

## **24 GOVERNING LAW AND JURISDICTION**

- 24.1 This Agreement shall be governed by the substantive law of Sweden.
- 24.2 Any dispute, controversy or claim arising out of or in connection with this Agreement, or the breach, termination or invalidity thereof, shall be finally settled by arbitration administered by the Arbitration Institute of the Stockholm Chamber of Commerce (the "SCC"). The Rules for Expedited Arbitrations shall apply, unless the SCC in its discretion determines, taking into account the complexity of the case, the amount in dispute and other circumstances, that the Arbitration Rules shall apply. In the latter case, the SCC shall also decide whether the Arbitral Tribunal shall be composed of one or three arbitrators.
- 24.3 The seat of arbitration shall be Stockholm, Sweden.
- 24.4 The language to be used in the arbitral proceedings shall be English.
- 24.5 The Parties undertake and agree that all arbitral proceedings conducted with reference to this arbitration clause will be kept strictly confidential. This confidentiality undertaking shall cover all information disclosed in the course of such arbitral proceedings, as well as any decision or award that is made or declared during the proceedings. Information covered by this confidentiality undertaking may not be disclosed to a third party without the prior consent by the other Party. Exceptions to the foregoing shall only apply to the extent that disclosure may be required of a Party due to mandatory law, an order of a competent court or public authority, or to protect, fulfil or pursue a legitimate legal right or obligation or to enforce or challenge an award.

## **Appendix 4.1**

### **PRODUCTS**

The products are the Coloreel Instant Thread Coloring Unit, ITCU and the related consumables, accessories, and spare parts.

## **Appendix 8.6**

### **WARRANTY REPAIRS AND SERVICE LEVEL**

#### **Service during Warranty Period**

Purchasing Party is responsible for providing the end customer with service during the Warranty Period every six (6) month or 1000 hours whichever comes first (“Warranty Period Service”). Such service will not be remunerated by Coloreel. The Warranty provided by Coloreel is conditional upon that the Warranty Period Service is performed and the service & maintenance book is updated accordingly.

If Purchasing Party needs support from Coloreel for such service, Coloreel will provide support at the following rates:

70 EUR/hour plus travel and accommodation costs.

#### **Required service level for warranty repairs**

Purchasing Party shall initiate remote support within 8 hours, during working time of the Purchasing Party, if the customer’s production is stopped. In other cases, remote support shall be initiated within 48 hours. If support requires presence at the customer’s premises, Purchasing Party’s technical support must be at hand within five (5) business days after request if not otherwise agreed in Service Level Agreement between Purchasing Party and its customer.

with Orgalime as set out in Appendix 11.4.

#### **First line support at Coloreel**

In case Purchasing Party needs support from Coloreel, any request shall be sent through the Coloreel Support webpage.

**Appendix 11.1**

**PAYMENT CONDITIONS**

30 days net.

Ex Works, EXW (Incoterms 2020)

### **Appendix 11.3**

#### **ORGALIME S 2012**

Section 27 of Orgalime to be replaced by:

“The Supplier’s liability shall be limited to defects which appear within a period of 12 months from date of installation at end user, but in no event longer than 15 months from date of delivery to Purchasing Party. If the use of the Product exceeds that which is agreed, this period will be reduced proportionally.”

The period above shall be defined as the “Warranty Period”.

**Appendix 11.5**

**CERTIFICATE OF INSTALLATION**

# Single Head Pre-requisites checklist

Installation address and contact: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

<b>Requirements needed for successful installation of the Coloreel unit</b>	Estimated installation date: _____
<b>Installation type:</b> <small>See sketch at page 2</small> <input type="checkbox"/> Standard stand <input type="checkbox"/> Stand w. Long beams <input type="checkbox"/> Stand w. Long beams and Adapter plate	
<input type="checkbox"/> <b>Embroidery machine:</b> _____ <i>Brand and model</i>	
<input type="checkbox"/> <b>Space required:</b> <ul style="list-style-type: none"><li>○ Min 120 x 120 cm width and depth. Ceiling height minimum 265 cm</li><li>○ Max distance from the right side of the embroidery machine to the point on tension board where the Coloreel thread is to enter the thread path is 65 cm.<ul style="list-style-type: none"><li>▪ Should the distance be more than 65 cm, long beams (option) can be used up to 115 cm</li><li>▪ Note that the stand must be secured to the floor when using the long beams</li></ul></li><li>○ Adaptor plate can be used to position the stand from the backside of the embroidery machine.</li></ul>	
<input type="checkbox"/> <b>Floor material information:</b> _____ <small>(When Long beams are to be used, the stand needs to be secured to the floor! Floor material is needed to choose the correct securing method)</small>	
<input type="checkbox"/> <b>Wired network connection</b> <ul style="list-style-type: none"><li>○ Network access with cable connection using DHCP, dynamic Ip-address activated.<ul style="list-style-type: none"><li>▪ Cable connection within 100 cm from backside of stand.</li><li>▪ Static Ip-address is possible, refer to customer's LAN operator for configuration.</li><li>▪ Recommended internet connection speed should be minimum ~2 MB/sec<ul style="list-style-type: none"><li>• <small>Internet connection is not mandatory, but highly recommended</small></li></ul></li></ul></li></ul>	
<input type="checkbox"/> <b>PC running Windows 8 or later, with Chrome, Firefox or Microsoft Edge browser</b> <ul style="list-style-type: none"><li>▪ Connected to the same LAN as the ITCU</li></ul>	
<input type="checkbox"/> <b>Stable power supply.</b> ITCU rated power: ~600 watts.	
<input type="checkbox"/> <b>Step ladder,</b> at least 100 cm in height.	
<input type="checkbox"/> <b>Temperature / Humidity operation ranges</b> <i>Limitations always apply. Should they be out of range, the Coloreel unit will not be able to run</i> <ul style="list-style-type: none"><li>○ Operating temperature: <b>15° to 30° C</b></li><li>○ Operating humidity: <b>&gt; 30% RH</b></li></ul>	
Additional notes: _____ _____ _____ _____	

*If you have any questions, please contact your sales representative.*