

## SETTLEMENT AGREEMENT

This Settlement Agreement (Agreement) is entered into among the United States of America, acting through the United States Department of Justice and on behalf of United States Customs and Border Protection (“Customs”) (collectively the “United States”), Ceratizit USA, LLC (“Ceratizit”), and Mark Alan Stover (“Relator”) (hereafter collectively referred to as “the Parties”), through their authorized representatives.

### RECITALS

- A. Ceratizit is a distributor of tungsten carbide products (“TCPs”) headquartered in Charlotte, North Carolina.
- B. Ceratizit has purchased TCPs from CBCT Group (a 50/50 joint venture between Ever Spring International Holdings Ltd. and Ceratizit’s parent company, Ceratizit S.A.) and CBCT Group’s subsidiaries (collectively “CBCT”).
- C. On October 11, 2022, Relator filed a qui tam action in the United States District Court for the Eastern District of Michigan captioned *United States ex rel. Mark Alan Stover v. Ceratizit USA, Inc.*, pursuant to the qui tam provisions of the False Claims Act, 31 U.S.C. § 3730(b) (the “Civil Action”).
- D. The United States contends that it has certain civil claims against Ceratizit for knowingly engaging in the following conduct:
- i. From August 7, 2020 through March 1, 2024, Ceratizit misrepresented the country of origin of certain TCPs to Customs at importation into the United States. Specifically, Ceratizit knew that TCPs it imported into the United States from CBCT had been manufactured in the People’s Republic of China (“PRC”) and transshipped to Taiwan by CBCT before

being shipped to the United States. Ceratizit then misrepresented that the country of origin of these TCPs was Taiwan, when in fact the county of origin was the PRC, thus avoiding duties assessed on imported TCPs of Chinese origin under Section 301 of the Trade Act of 1974.

ii. From May 31, 2015, through March 31, 2024, Ceratizit misclassified TCPs under Harmonized Tariff Schedule (“HTS”) code 8311.90.00, with a general rate of duty of “Free,” instead of properly classifying the TCPs under HTS code 8209.00.00, with a general rate of duty of 4.6% ad valorem, thereby avoiding the obligation to pay duties to the United States at the rate applicable to the imported TCPs.

iii. From May 1, 2019, through March 31, 2024, Ceratizit (a) imported TCPs that were not marked with the country of origin and (b) failed to pay marking duties for these unmarked products before distributing them to consumers within the United States, as required by 19 U.S.C. § 1304.

The conduct described in this Paragraph is referred to below as the “Covered Conduct.”

As a consequence of the Covered Conduct, the United States contends that Ceratizit “knowingly conceal[ed] or knowingly and improperly avoid[ed] or decreas[ed] an obligation to pay or transmit money or property to the Government . . . ” in violation of the False Claims Act. 31 U.S.C. 3729(a)(1)(G).

E. This Settlement Agreement is neither an admission of liability by Ceratizit nor a concession by the United States that its claims are not well founded.

F. Ceratizit denies the United States' allegations in Paragraph D as to Ceratizit.

G. Relator claims entitlement under 31 U.S.C. § 3730(d) to a share of the proceeds of this Settlement Agreement and to Relator's reasonable expenses, attorneys' fees and costs.

To avoid the delay, uncertainty, inconvenience, and expense of protracted litigation of the above claims, and in consideration of the mutual promises and obligations of this Settlement Agreement, the Parties agree and covenant as follows:

TERMS AND CONDITIONS

1. Ceratizit shall pay to the United States \$54,400,000 ("Settlement Amount"), of which \$27,200,000 is restitution, and interest on the Settlement Amount at a rate of 5.0% per annum from September 2, 2025, by electronic funds transfer pursuant to written instructions to be provided by the Civil Division of the United States Department of Justice, no later than ten days after the Effective Date of this Agreement.

2. Conditioned upon the United States receiving the Settlement Amount and as soon as feasible after receipt, the United States shall pay \$9,750,000, plus a proportionate share of any interest, as described in Paragraph 1 above, to Relator by electronic funds transfer ("Relator's Share").

3. Subject to the exceptions in Paragraph 5 (concerning reserved claims) below, and upon the United States' receipt of the Settlement Amount, plus interest due under Paragraph 1, the United States releases Ceratizit, together with its current and former parent corporations; direct and indirect subsidiaries; brother or sister corporations; divisions; current or former corporate owners; and the corporate successors and assigns

of any of them, from any civil or administrative monetary claim the United States has for the Covered Conduct under the False Claims Act, 31 U.S.C. §§ 3729-3733; the Program Fraud Civil Remedies Act, 31 U.S.C. §§ 3801-3812; 19 U.S.C. §§ 1304, 1592 and 1595a of the Tariff Act of 1930, as amended; or the common law theories of breach of contract, payment by mistake, unjust enrichment, and fraud.

4. Subject to the exceptions in Paragraph 5 below, and upon the United States' receipt of the Settlement Amount, plus interest due under Paragraph 1, Relator, for himself and for his heirs, successors, attorneys, agents, and assigns, releases Ceratizit together with its current and former parent corporations; direct and indirect subsidiaries; brother or sister corporations; divisions; current or former corporate owners, directors, and officers; and the corporate successors and assigns of any of them from any civil monetary claim the Relator has on behalf of the United States for the Covered Conduct and for all other claims asserted in the Civil Action, arising from conduct occurring prior to the Effective Date of this Agreement.

5. Notwithstanding the releases given in Paragraph 3 of this Agreement, or any other term of this Agreement, the following claims and rights of the United States are specifically reserved and are not released:

- a. Any liability arising under Title 26, U.S. Code (Internal Revenue Code);
- b. Any criminal liability;
- c. Except as explicitly stated in the Agreement, any administrative liability or enforcement right, or any administrative remedy,

including the suspension and debarment rights of any federal agency;

- d. Any liability to the United States (or its agencies) for any conduct other than the Covered Conduct;
- e. Any liability based upon obligations created by this Agreement;
- f. Any liability of individuals;
- g. Any liability for express or implied warranty claims or other claims for defective or deficient products or services, including quality of goods and services;
- h. Any liability for failure to deliver goods or services due;
- i. Any liability for personal injury or property damage or for other consequential damages arising from the Covered Conduct;

6. Relator and his heirs, successors, attorneys, agents, and assigns shall not object to this Agreement but agree and confirm that this Agreement is fair, adequate, and reasonable under all the circumstances, pursuant to 31 U.S.C. § 3730(c)(2)(B).

Conditioned upon Relator's receipt of the Relator's Share, Relator and his heirs, successors, attorneys, agents, and assigns fully and finally release, waive, and forever discharge the United States, its agencies, officers, agents, employees, and servants, from any claims arising from the filing of the Civil Action or under 31 U.S.C. § 3730, and from any claims to a share of the proceeds of this Agreement and/or the Civil Action.

7. Relator, for himself, and for his heirs, successors, attorneys, agents, and assigns, releases Ceratizit, and its directors, officers, agents, and employees, from any liability to Relator arising from the filing of the Civil Action.

8. Ceratizit waives and shall not assert any defenses it may have to any criminal prosecution or administrative action relating to the Covered Conduct that may be based in whole or in part on a contention that, under the Double Jeopardy Clause in the Fifth Amendment of the Constitution, or under the Excessive Fines Clause in the Eighth Amendment of the Constitution, this Agreement bars a remedy sought in such criminal prosecution or administrative action.

9. Ceratizit fully and finally releases the United States, its agencies, officers, agents, employees, and servants, from any claims (including attorneys' fees, costs, and expenses of every kind and however denominated) that Ceratizit has asserted, could have asserted, or may assert in the future against the United States, its agencies, officers, agents, employees, and servants, related to the Covered Conduct or the United States' investigation or prosecution thereof.

10. Ceratizit fully and finally releases the Relator from any claims (including attorneys' fees, costs, and expenses of every kind and however denominated) that Ceratizit has asserted, could have asserted, or may assert in the future against the Relator, related to the Covered Conduct and the Relator's investigation and prosecution thereof.

11. a. Unallowable Costs Defined: All costs (as defined in the Federal Acquisition Regulation, 48 C.F.R. § 31.205-47) incurred by or on behalf of Ceratizit, and its present or former officers, directors, employees, shareholders, and agents in connection with:

- (1) the matters covered by this Agreement;
- (2) the United States' audit(s) and civil investigation(s) of the matters covered by this Agreement;

- (3) Ceratizit's investigation, defense, and corrective actions undertaken in response to the United States' audit(s) and civil investigation(s) in connection with the matters covered by this Agreement (including attorneys' fees);
- (4) the negotiation and performance of this Agreement;
- (5) the payment Ceratizit makes to the United States pursuant to this Agreement and any payments that Ceratizit may make to Relator, including costs and attorneys fees,

are unallowable costs for government contracting purposes (hereinafter referred to as Unallowable Costs).

b. Future Treatment of Unallowable Costs: Unallowable Costs will be separately determined and accounted for by Ceratizit, and Ceratizit shall not charge such Unallowable Costs directly or indirectly to any contract with the United States.

c. Treatment of Unallowable Costs Previously Submitted for Payment: Within 90 days of the Effective Date of this Agreement, Ceratizit shall identify and repay by adjustment to future claims for payment or otherwise any Unallowable Costs included in payments previously sought by Ceratizit or any of its subsidiaries or affiliates from the United States. Ceratizit agrees that the United States, at a minimum, shall be entitled to recoup from Ceratizit any overpayment plus applicable interest and penalties as a result of the inclusion of such Unallowable Costs on previously-submitted requests for payment. The United States, including the Department of Justice and/or the affected agencies, reserves its rights to audit, examine, or re-examine Ceratizit's books and records and to disagree with any calculations submitted by Ceratizit or any of its

subsidiaries or affiliates regarding any Unallowable Costs included in payments previously sought by Ceratizit, or the effect of any such Unallowable Costs on the amount of such payments.

12. This Agreement is intended to be for the benefit of the Parties only.

13. Upon receipt of the payment described in Paragraph 1, above, the Parties shall promptly sign and file in the Civil Action a Joint Stipulation of Dismissal of the Civil Action pursuant to Rule 41(a)(1).

14. Except as otherwise agreed to by Ceratizit and Relator, each Party shall bear its own legal and other costs incurred in connection with this matter, including the preparation and performance of this Agreement. Nothing in this Agreement is intended to release Relator's claims for attorneys' fees, costs, and expenses under 31 U.S.C. § 3730(d).

15. Each Party and signatory to this Agreement represents that it freely and voluntarily enters into this Agreement without any degree of duress or compulsion.

16. This Agreement is governed by the laws of the United States. The exclusive jurisdiction and venue for any dispute relating to this Agreement is the United States District Court for the Eastern District of Michigan. For purposes of construing this Agreement, this Agreement shall be deemed to have been drafted by all Parties to this Agreement and shall not, therefore, be construed against any Party for that reason in any subsequent dispute.

17. This Agreement constitutes the complete agreement between the Parties. This Agreement may not be amended except by written consent of the Parties.

18. The undersigned counsel represent and warrant that they are fully authorized to execute this Agreement on behalf of the persons and entities indicated below.

19. This Agreement may be executed in counterparts, each of which constitutes an original and all of which constitute one and the same Agreement.

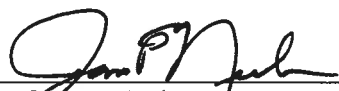
20. This Agreement is binding on Ceratizit's successors, transferees, heirs, and assigns.

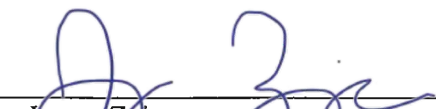
21. This Agreement is binding on Relator's successors, transferees, heirs, and assigns.

22. All parties consent to the United States' disclosure of this Agreement, and information about this Agreement, to the public.

23. This Agreement is effective on the date of signature of the last signatory to the Agreement ("Effective Date of this Agreement"). Facsimiles of signatures shall constitute acceptable, binding signatures for purposes of this Agreement.

THE UNITED STATES OF AMERICA

DATED: 12/04/2025 BY:   
James Nealon  
Trial Attorney  
Commercial Litigation Branch  
Civil Division  
United States Department of Justice

DATED: 12/4/2025 BY:   
Jonny Zajac  
Assistant United States Attorney  
Eastern District of Michigan

CERATIZIT USA, LLC

DATED: \_\_\_\_\_

BY: \_\_\_\_\_

Andreas Lackner  
Member, Board of Managers  
Cerazit USA, LLC

DATED: \_\_\_\_\_

BY: \_\_\_\_\_

Frank Thome  
Member, Board of Managers  
Cerazit USA, LLC


DATED: \_\_\_\_\_

BY: \_\_\_\_\_

Peter W. Baldwin  
Faegre Drinker Biddle & Reath LLP  
Counsel for Cerazit USA, LLC

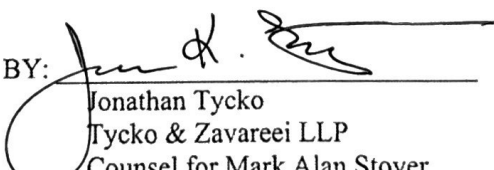
MARK ALAN STOVER

DATED: DEC 4, 2025

BY:  \_\_\_\_\_

Mark Alan Stover

DATED: 12/4/2025

BY:  \_\_\_\_\_

Jonathan Tycko  
Tycko & Zavareei LLP  
Counsel for Mark Alan Stover

CERATIZIT USA, LLC



DATED: December 4, 2025

BY: \_\_\_\_\_

Andreas Lackner  
Member, Board of Managers  
Cerazitit USA, LLC

**Andreas Lackner, 04.12.2025**  
Unterzeichnet mit XiTrust MOXIS

DATED: December 4, 2025

BY: \_\_\_\_\_

Frank Thome  
Member, Board of Managers  
Cerazitit USA, LLC



**Thome Frank, 04.12.2025**  
Unterzeichnet mit XiTrust MOXIS

DATED: December 4, 2025

BY: Peter W. Baldwin

Peter W. Baldwin  
Faegre Drinker Biddle & Reath LLP  
Counsel for Cerazitit USA, LLC

MARK ALAN STOVER

DATED: \_\_\_\_\_

BY: \_\_\_\_\_

Mark Alan Stover

DATED: \_\_\_\_\_

BY: \_\_\_\_\_

Jonathan Tycko  
Tycko & Zavareei LLP  
Counsel for Mark Alan Stover