

General Terms of Sale (GTS) of LAVATEC Laundry Technology GmbH for the Delivery of Machines and Replacement Parts

I. General provisions, scope of application

(1) The present General Terms of Sale (GTS) shall apply in their respectively current version to all business relationships between LAVATEC Laundry Technology GmbH and our customers (referred to hereinbelow as the “Buyer”). The GTS shall apply only if the Buyer is a trader (Section 14 of the *Bürgerliches Gesetzbuch* (BGB, German Civil Code)), acts in exercise of his or its trade, business or profession, is a legal entity governed by public law, or is a special fund under public law.

(2) The GTS shall apply specifically to contractual agreements for the sale and/or delivery of moveable goods (referred to hereinbelow also as the “Merchandise”), regardless of whether we produce the Merchandise ourselves or procure it from vendors. The GTS shall apply in their respectively current version as a framework agreement also to future contractual agreements on the sale and/or delivery of moveable goods concluded with one and the same Buyer, without our having to expressly re-refer to the GTS in each individual case.

(3) Our GTS shall have exclusive applicability. Any deviating, colliding or supplementary general terms & conditions of the Buyer shall not become integral components of the contract unless, and insofar as, we have expressly acknowledged their validity. This requirement for our express acknowledgment shall apply in all cases, for example also in cases in which we deliver to the Buyer without reservation, in cognizance of the Buyer’s general terms & conditions.

(4) Any individual arrangements agreed with the Buyer on a case-by-case basis (including collateral arrangements or addenda and amendments) shall invariably take precedence over the present GTS. A written contractual agreement, respectively a written confirmation from us, shall be dispositive in terms of defining the content of such provisions.

(5) All legally relevant declarations or notifications to be issued to us by the Buyer following conclusion of contract (e.g. notices of deadlines, notifications of defects, declarations of rescission or notices of abatement) must be made in writing in order to be valid.

(6) Any references made herein to the applicability of certain statutory regulations are intended strictly for the sake of ensuring clarity. Thus, the statutory regulations in question shall apply even in the absence of such a clarifying reference, unless their provisions are directly modified or expressly precluded in the present GTS.

II. Conclusion of contract

(1) Our offers are non-binding and subject to change. This shall also apply in cases in which we have furnished the Buyer with catalogues or technical documentation (e.g. drawings, plans, calculations, estimates, references to DIN Industrial Standards) or other product descriptions and documents – also in electronic form – while reserving our ownership rights and copyrights thereto.

(2) When the Buyer places an order for Merchandise, this shall constitute a binding offer to enter into a contractual agreement. The corresponding contractual agreement shall not be deemed concluded until the order has been confirmed in writing.

III. Delivery time, default on delivery

(1) The delivery time shall be individually arranged and shall not be binding unless agreed in writing. Contractually compliant payment (see Section VI of the present GTS) and fulfillment of all contractual preconditions by the respective customer (see Section V of the present GTS) constitute the pre-requisite for delivery to the customer. If the foregoing conditions are not met, then the delivery time shall be extended by a reasonable period. The delivery time shall not begin running until all technical details have been fully cleared up and have been confirmed by the customer.

(2) Should we be unable to meet binding delivery times for reasons for which we are not at fault, particularly due to force majeure, labor disputes, and other circumstances over which the Seller has no influence (non-availability of the deliverable), we will inform the Buyer of this fact as soon as possible and will communicate the expected new delivery time. If the deliverable continues to be unavailable within the new delivery time as well, we will have the right to rescind all or part of the contractual agreement, whereby we will refund, without undue delay, any consideration already paid by the Buyer. In this context, "non-availability of the deliverable" shall particularly include cases in which we ourselves fail to receive timely delivery from our own vendors, assuming we have entered into a congruent covering transaction. The foregoing shall not affect our statutory rights of rescission and termination or the statutory provisions governing the unwinding of a contractual agreement in cases in which the obligation to perform is precluded (e.g. when performance or subsequent performance becomes impossible or unreasonable). The rights of rescission and termination of the Buyer pursuant to Section VIII of the present GTS shall remain unaffected as well.

(3) The statutory provisions shall apply in determining whether and when we are in default with respect to our delivery. A written reminder and warning letter from the Buyer shall be a prerequisite in all cases, however.

IV. Delivery, devolution of the risk, inspection and approval of the goods as contractually compliant, default of acceptance

(1) Delivery shall be effected "ex works" (EXW INCOTERMS 2010), which shall also serve as the place of performance. Should the Buyer so demand, it is possible to ship the Merchandise to some other delivery location at the Buyer's expense (sale involving the carriage of goods). Unless specifically agreed otherwise, we will be entitled to determine the mode of shipment ourselves (particularly the relevant shipping company, the means and route of shipment, and the packaging).

(2) The risk of accidental loss and accidental deterioration of the Merchandise shall devolve to the Buyer by no later than the time of handover. In the case of a sale involving the carriage of goods, however, the risk of accidental loss and accidental deterioration of the Merchandise as well as the risk of delay shall devolve to the Buyer already once the Merchandise has been delivered to the forwarding agent, freight carrier or other person or entity charged with executing the shipment. Insofar as a formal procedure for the inspection and approval of the goods as contractually compliant (*Abnahme*) has been agreed, this shall be dispositive for timing the devolution of the risk. In all other respects as well, the statutory provisions governing contracts for work and services shall apply to any such procedure for inspection and approval that may have been agreed.

If the Buyer is in default of acceptance, then the handover, respectively inspection and approval of the goods as contractually compliant, shall be deemed duly performed.

(3) If the Buyer is in default of acceptance, or if the Buyer fails to fulfill any of its obligations to cooperate, or if our delivery is delayed for reasons that are the fault of the Buyer, then we will be entitled to demand compensation for the resulting damage, including any excess costs (e.g. warehouse/storage costs). To this end, we will charge a lump-sum compensation in the amount of 0.5% of the contract price per calendar week starting as of the delivery time or, if no such delivery time was agreed, starting as of the issuance of notice that the Merchandise is ready for delivery.

The foregoing shall not affect our right to prove a higher level of damage, nor shall it affect any of our statutory rights and claims (particularly claims to reimbursement of excess costs and reasonable compensation, as well as rights of termination); however, the lump-sum compensation shall be set off from any further-reaching monetary claims. The Buyer shall have the right to prove that we did not suffer any damage, or that the actual damage was significantly lower than the lump-sum amount stipulated above.

V. Customer's obligations to cooperate

(1) When ordering the machines, the customer must include comprehensive and truthful information in the order with regard to the equipment's required specifications, their installation location, and the time of delivery.

(2) The customer must ensure that all the objective and legal preconditions are met that are required to allow the machines to be delivered in a timely and trouble-free manner.

(3) The machines must always be operated using suitable supplies and tools that conform to our specifications. The machines themselves must be used in strict compliance with their technical specifications.

VI. Prices and payment terms

(1) Unless otherwise agreed in individual cases, our price list in the version current as of the conclusion of contract shall apply; all stated prices are ex works and net of turnover tax, which must be added at the legally mandated rate.

We are entitled to adjust our prices after conclusion of contract insofar as our procurement prices for raw materials increase as a result of delays for which we are not at fault.

(2) In the case of a sale involving the carriage of goods (Section IV paragraph 1), the Buyer shall bear the costs of transport ex works plus the costs of any transport insurance requested by the Buyer. Any customs duties, charges, taxes, and other public levies shall be borne by the Buyer. To the exception of EPAL palettes, we will not accept the return of transport packaging or any other packaging within the meaning of the *Verpackungsverordnung* (VerpackV, Packaging Ordinance); such packaging shall become the property of the Buyer.

(3) The purchase price is to be paid in instalments, namely as follows:

30% of the purchase price when the order is placed;

60% of the purchase price upon delivery; and

10% of the purchase price upon commissioning, but never later than 30 days after delivery,

and shall be payable to the account of the seller within 30 days of the Merchandise being invoiced and delivered, respectively of being inspected and approved as being contractually compliant, unless specifically agreed otherwise.

(4) Once the aforementioned payment deadline expires without result, the Buyer shall be deemed to be in default. For the duration of the default, the purchase price shall accrue default interest at the applicable statutory rate (Section 288 paragraph 2 of the *Bürgerliches Gesetzbuch* (BGB, German Civil Code)). We reserve the right to claim further-reaching damages. This shall not affect our right to claim commercial maturity interest from a customer who qualifies as a merchant (Section 353 of the *Handelsgesetzbuch* (HGB, German Commercial Code)).

(5) The Buyer shall be entitled to assert rights of offset and of retention only insofar as its claim is undisputed or has been finally and conclusively determined by a court of law. In the event a delivery is found to be defective, this shall not affect Section VIII paragraph 6.

(6) If, after conclusion of contract, it becomes apparent that our claim to the purchase price is imperiled by an incapacity to perform on the part of the Buyer (e.g. because a petition has been filed to open insolvency proceedings), then we will be entitled, in keeping with the relevant statutory provisions, to refuse performance and – after setting a grace period, if one is applicable – to rescind the contractual agreement (Section 321 of the German Civil Code (BGB)). In the case of contractual agreements for the production of non-fungible goods (custom-made items), we will be entitled to declare rescission with immediate effect; the statutory provisions on the option to waive the setting of a deadline shall remain unaffected.

VII. Reservation of title

(1) Until such time as all our current and future claims receivable under the respective purchase agreement and ongoing business relationship have been paid in full (secured receivables), we reserve title to the Merchandise sold.

(2) Until such time as the secured receivables have been paid in full, the Merchandise to which title is reserved may not be pledged to third parties or assigned to third parties by way of securitization. The Buyer must notify us without undue delay in writing if and insofar as third parties act to attach the Merchandise belonging us.

(3) If the Buyer engages in conduct in breach of the contractual agreement, particularly by failing to pay the purchase price after it falls due, we will be entitled, in keeping with the relevant statutory provisions, to rescind the contractual agreement and/or to demand that the Merchandise be surrendered to us, on the grounds of reservation of title. If we lodge such a demand for surrender, this shall not automatically entail a declaration of rescission; rather, we are entitled to demand solely the surrender of the Merchandise while reserving the right to rescind. If the Buyer fails to pay the purchase price after it falls due, we will be entitled to exercise these rights only if we have first set a two-week grace period for the Buyer to make payment, and this has expired without result, or if the law holds that the setting of a grace period may be forgone.

(4) The Buyer is authorized to continue to sell and/or further process the Merchandise covered by our reservation of title in the course of his normal business. In such event, the following provisions shall have supplemental application:

(a) The reservation of title shall extend to any work result (at its full value) insofar as such work result is obtained by the further processing, commingling or combination of our Merchandise, whereby we will be deemed to be the manufacturer of said work result. If our Merchandise is processed, commingled or combined together with the goods of a third party and the ownership right of that third party continues in force, then we will acquire co-ownership in said work result in proportion to the invoiced value of the processed, commingled or combined goods. In all other respects, the work result thus created shall be subject to the same provisions as the Merchandise delivered subject to reservation of title.

(b) By way of providing securitization, the Buyer hereby assigns to us, as early as at the present time, any and all claims receivable he may have against third parties from his re-sale of the Merchandise or work result, whereby this assignment shall cover the full value of the Merchandise, respectively the value of any co-ownership share we may have in the work result pursuant to the foregoing paragraph. We hereby accept the assignment. The obligations of the Buyer defined in paragraph 2 shall also apply to the claims receivable assigned hereby.

(c) The Buyer shall retain the right to collect the claim receivable alongside our own entitlement in this regard. We enter into obligation to not collect the claim receivable so long as: the Buyer fulfills his payment obligations towards us; the Buyer does not default on payment; no petition for the opening of insolvency proceedings is filed; the Buyer otherwise remains sufficiently capable to perform. If this is not the case, however, we will be entitled to require the Buyer to notify us of the assigned claims receivable and of their respective debtors, to give us all the information required to enforce collection, to turn over all appurtenant documentation, and to notify the debtors (third parties) of the assignment.

(d) If the realizable value of the sureties granted exceeds our claims receivable by more than 10%, we will release certain sureties at our discretion if the Buyer so requests.

VIII. Claims of the Buyer for defects

(1) Unless specifically agreed otherwise hereinbelow, the Buyer's rights in the case of material defects and defects of title (including wrong or insufficient deliveries) shall be governed by the relevant statutory provisions.

(2) The basis of our liability for defects shall be the arrangements agreed as to the Merchandise's expected characteristics. All product descriptions forming part of the subject matter of the individual contractual agreement shall qualify as arrangements agreed as to the Merchandise's expected characteristics.

(3) If no specific characteristics have been agreed, then the relevant statutory provisions shall be applied to determine whether a defect exists or not.

(4) The Buyer's right to assert claims for defects presupposes that he has duly fulfilled his statutory obligations to inspect the Merchandise and to notify us of complaints. If a defect is identified during the inspection or at some later time, the Buyer must notify us without undue delay in writing. If the Buyer fails to inspect and/or give notice of defects in a proper manner, then we will bear no liability for any non-reported defects.

(5) If a delivered object is defective, we will first of all have the right to choose whether to render subsequent performance by correcting the defect (remediation) or by delivering a defect-free good (delivery of a replacement). This does not affect our right to refuse to

render the selected type of subsequent performance if the relevant statutory preconditions for such refusal are met.

(6) We are entitled to make the subsequent performance owed contingent on the Buyer's payment of the purchase price as due.

(7) The Buyer is to give us sufficient time and opportunity to render the subsequent performance owed, and in particular must turn over the Merchandise forming the object of complaint so that it can be inspected. In the case of a replacement being delivered, the Buyer must return the defective good to us as required under the relevant statutory provisions.

(8) If a defect is indeed found to exist, we will assume the expenses required for the inspection and subsequent performance, specifically the costs of transport, travel, labor, and materials. If, however, the Buyer's request for the correction of a defect turns out to be unjustified, then the Buyer shall reimburse the seller for the costs this has entailed. Only in cases involving remediation will we also bear the costs of de-installation and re-installation.

(9) In urgent cases, e.g. if operational safety is at risk or if disproportionate damage would otherwise threaten to occur, the Buyer shall be entitled to correct the defect in question himself and to demand that we reimburse him for all expenditures that were objectively required for this purpose. Before such own remediation measures are taken, however, we must be notified without undue delay and must be consulted as to the costs and scope of the work involved. This right to take own remediation measures shall not apply if we would have been entitled to refuse to render the corresponding subsequent performance under the relevant statutory provisions.

(10) Any claims on the part of the Buyer for compensation of damage, respectively for reimbursement of fruitless expenditures, shall arise strictly in accordance with Section IX; such claims shall be precluded in all other respects.

IX. Other liability

(1) Unless stipulated otherwise in the present GTS (including the following provisions), our liability for breaches of contractual and non-contractual obligations shall be in keeping with the relevant statutory provisions.

(2) Our liability to provide compensation for damage – for whatever cause in law – shall generally be limited to cases of willful or grossly negligent conduct. In cases involving simple negligence, we will be liable only for the following:

a) Injuries to life, limb or health;

b) Damages arising from the breach of a cardinal contractual obligation (i.e. an obligation the fulfillment of which the respective other party would, by rights, normally rely on in good faith since it is indispensable to proper performance of the Agreement); however, our liability to provide compensation in this case shall be limited to the damage that would have been expected and typical under the prevailing circumstances.

(3) The limitations of liability set forth in paragraph 2 shall not apply insofar as we have fraudulently concealed a defect or insofar as we have assumed a warranty for the characteristics of the Merchandise. The same shall apply to claims which the Buyer may have pursuant to the *Produkthaftungsgesetz* (ProdHaftG, German Product Liability Act).

(4) A breach of obligations that does not involve a defect shall not entitle the Buyer to rescind or terminate unless we are at fault for the breach. A right on the part of the Buyer to terminate without grave cause is ruled out. In all other respects, the relevant statutory prerequisites and legal consequences shall apply.

(5) We cannot assume any liability for damages resulting from the improper operation of a machine, from the use of unsuitable operating tools/resources, from incorrect setup, installation or commissioning, or from the attrition of parts that are subject to wear and tear.

(6) If we default on a delivery, the Buyer shall be entitled to demand lump-sum compensation for the damage resulting from the delay. The lump-sum compensation for each full calendar week of the default shall amount to 0.5% of the net price (value of the delivery), whereby the total must not exceed 5% of the value of the Merchandise that was delivered late. We reserve the right to prove that the Buyer did not suffer any damage, or that the actual damage was significantly lower than the lump-sum amount stipulated above.

X. Limitation period

(1) In derogation from Section 438 paragraph 1 number 3 of the *Bürgerliches Gesetzbuch* (BGB, German Civil Code)), the general limitation period for claims for material defects and defects in title shall be 12 months as of the devolution of the risk. Insofar as a formal procedure for the inspection and approval of the goods as contractually compliant (*Abnahme*) has been agreed, the limitation period shall begin running once such inspection and approval has been performed.

(2) The foregoing limitation periods, which arise from the laws governing the sale of goods, shall also apply to those of the Buyer's contractual and non-contractual claims to compensation of damages that involve a defect of the Merchandise, unless application of the normal statutory limitation period would result in a shorter limitation period in individual cases. In no case shall the foregoing affect the limitation periods set forth in the *Produkthaftungsgesetz* (ProdHaftG, German Product Liability Act). In all other respects, the statutory limitation periods shall apply when it comes to the Buyer's claims to compensation of damages pursuant to Section IX.

XI. Choice of law and place of jurisdiction

(1) The present GTS and all legal relationships between us and the Buyer shall be governed by the laws of the Federal Republic of Germany, to the exclusion of all international and supranational (contractual) legal systems, particularly the UN Convention on Contracts for the International Sale of Goods (CISG). On the other hand, the legal prerequisites and consequences of reservation of title pursuant to Section VII shall be governed by the body of laws applicable at whichever place the Merchandise is stored, insofar as said body of laws make it impermissible or invalid to select German laws as governing law.

(2) If the Buyer qualifies as a merchant within the meaning of the *Handelsgesetzbuch* (HGB, German Commercial Code), is a legal entity governed by public law, or is a special fund under public law, then our registered seat at Heilbronn, Germany, shall be the exclusive place of jurisdiction – also from an international vantage point – for any and all disputes arising directly or indirectly from the contractual relationship. However, we will also be entitled to bring legal action at the Buyer's general place of jurisdiction.