

General Terms and Conditions of Sale and Delivery of Schattdecor AG

1. General

The following General Terms and Conditions of Sale and Delivery shall on principle apply to all sales and shall through placement of order be deemed as

acknowledged in all parts by the Buyer. Terms of the Buyer that diverge from these Terms and Conditions shall not apply, even when not explicitly objected to.

2. Orders and offers

(1) Offers are non-binding. Contracts of sale do not take effect until confirmed in writing or accepted by the Seller. If delivery is made at short notice, the invoice may take the place of the order confirmation.

Agreements concluded orally, by telephone or by telegram shall only be binding if confirmed in writing or by facsimile transmission.

(2) Information in documents, illustrations, brochures, catalogues or other sales literature of the Seller, including the details of units, weights and measurements stated therein, are non-binding unless explicitly designated as binding.

(3) The weights, measurements and unit details named by the Seller can vary within tolerances usual in commercial practice and, also in the Seller's offers and order confirmations, do not constitute a guarantee of state, nature, condition or quality. Recorded values are measured by freely programmable separate device. The calibrated measured values can be inspected.

3. Execution of orders

(1) First-time orders are produced in accordance with the unpressed/unlaminated samples furnished by the Seller and confirmed by the Buyer as suitable for use as printing copy. If samples from a lab proof press are used as printing copy, unavoidable differences may result between such printing copy and the resulting decor paper due to differing printing conditions at the production printing press.

In cases where pearlescent inks are used, significantly larger colour deviation tolerances shall be required.

(2) Master samples are taken from the initial order and are deemed the binding printing copy on all subsequent orders. Alterations in the master sample shall require a written agreement between the Seller and the Buyer.

(3) In no event is the Buyer exempted from checking the Seller's products in terms of their suitability for the intended processing work. The Seller shall not be responsible for changes and deviations in the look or technical behaviour of the printed decor paper occurring through working and processing by the Buyer and/or use of auxiliary materials. The Seller has no influence on other technical properties of the printed decor paper, such as usual width expansion in the impregnation process, and assumes no liability for such occurrence.

(4) Claims for damages cannot be derived from the overstepping of delivery deadlines.

In particular the Seller shall be released from its duty to deliver if circumstances arise which impede or prevent delivery either permanently or temporarily, e.g. route blockages, strikes, lock-outs, natural disasters, fires, wars, absence of essential raw materials and supplies, breakdown of machinery,

production facilities or power supplies, and force majeure. If the Seller has already produced partial quantities, the Buyer is obliged to take delivery of the finished products at the terms agreed on for the order as a whole.

4. Contract printing

- (1) If base paper is furnished by the Buyer, it must be delivered free of charge and be checked in advance by the Buyer in terms of its quality and suitability for subsequent processing. Additional processing costs arising as a result of quality fluctuations in the material shall be borne by the Buyer.
- (2) The Seller endeavours to keep wastage as low as possible as appropriate to the condition of the furnished material.
- (3) By printing the material furnished by the Buyer, and working and processing it and/or mixing it with other materials, the Seller gains co-ownership of the uniformly manufactured new product in the ratio of the value of the furnished material to the value of the new product, in all events at least in the amount of the value of the service the Seller has rendered in this respect.

5. Delivery, prices and payment

- (1) Deliveries are made ex works of the Seller. The Seller reserves the right to deliver a reduced or increased quantity of up to 10%.
- (2) The prices specified in the order confirmation for the scope of services and deliveries shall apply. The prices apply in Euro ex works of the Seller exclusive of packaging and plus turnover tax at the respective statutory amount. All consignments shall be made at the cost and risk of the Buyer and shall not be insured by the Seller.
- (3) Invoices shall be payable net (without deduction) within 30 days of the invoice date. A 3% discount shall apply if payment is effected within 10 days of the invoice date. Means of payment other than bank transfers, in particular in the form of cheques, shall only be accepted under reservation. Payment by bill of exchange is only accepted when prior agreed and shall be free of charges for the Seller and without any deduction of discounts. The date of payment is deemed as the date on which the amount becomes available to the Seller. If the payment term is exceeded, the Seller shall be entitled to charge default interest at a rate 8% higher than the relevant base interest rate.
- (4) Insofar that the Seller is under a contractual obligation to render advance performance, delivery can be refused if, after conclusion of the contract, circumstances become known that call the Buyer's ability to perform into doubt, in particular if the Buyer's credit insurer cancels the credit limit or significantly reduces it, or the credit limit has been reached, thereby jeopardising the Seller's claim to payment. The right to refuse performance shall not apply if counter performance is rendered or security is provided in respect thereof.

6. Reservation of title

The goods shall remain the property of the Seller until complete payment of all accounts receivable has been effected inclusive of collateral claims, damages and payments of cheques and bills of exchange. The Buyer shall be permitted to further process and sell the goods under consideration of the following provisions:

- (1) The authority of the Buyer to process conditional goods in the orderly course of business shall expire, irrespective of permissible revocation by the Seller at any time, in the event of sustained deterioration of the financial situation of the Buyer, or with the filing of insolvency or composition proceedings regarding the Buyer's assets.
- (2) By processing conditional goods, the Buyer processing the goods on behalf and for the account of the Seller shall not, pursuant to Section 950 of the German Civil Code (BGB), obtain ownership of the new product. If the conditional goods are processed or mixed or if they become part

of a system, the Seller becomes co-owner of the new product in the ratio of the value of its conditional goods to the total value of the new product.

3) The Buyer herewith assigns all claims inclusive of all ancillary rights in the resale of the conditional goods to the Seller to the extent at which the goods have been processed or mixed and to the extent at which the Seller has obtained co-ownership relative to the amount of the invoice value accruing to the Seller. This assignment of claim shall entitle the Seller to an appropriate fractional part of the respective purchase-money claim according to the invoice value of the Seller's conditional goods relative to the invoice value of the goods. If the Buyer has sold this receivable in the course of non-recourse factoring, it shall assign the claim replacing the receivable from the factor to the Seller and shall pass on its sales revenue immediately to the Seller. The Seller accepts such assignment.

4) The Seller shall not collect the assigned claims as long as the Buyer performs its payment obligations or its financial conditions do not deteriorate considerably. The collection authorisation shall cease with a delay in payment and significant deterioration of the financial situation of the Buyer. In this case the Seller shall be authorised by the Buyer to inform the Buyer's clients of the assignment and to collect the claims itself. Upon request, the Buyer shall be obliged to render to the Seller a detailed list of the claims due to the Seller indicating the names and addresses of the clients, the amount of the individual claims, the invoice date, et cetera to give the Seller all information required to assert the assigned claims, and to permit verification of the information. Amounts received by the Buyer from assigned claims shall be kept separate for remittance. The Buyer shall be permitted to collect the claims itself for as long as the Seller does not give different instructions.

5) Reservation of title shall be retained if individual claims of the Seller are added to a current invoice and the balance is taken and recognised. The reservation of title shall be due to the Seller not only for the recognised and abstract final balance, but also for the causal balance. The Buyer shall assign to the Seller the claims to the balance in compliance with Section 355 of the German Commercial Code (HGB) to the amount of the claims due to the Seller.

6) Upon instruction of the Buyer, the Seller shall release completely paid deliveries if the lien produced by the reservation of title exceeds the claim to be safeguarded by 10%.

7) Pledging or chattel mortgage of the conditional goods or of the assigned claims shall not be permissible. The Seller shall be informed immediately of any seizure, whereby the details of the execution creditor shall be provided in the process.

8) If the Seller takes back the delivered goods based upon its reservation of title, rescission of the contract shall only apply if the Seller declares this explicitly. The Seller shall be permitted to sell any conditional goods taken back.

9) The Buyer shall warehouse the conditional goods for the Seller free of charge. It is to insure aforementioned against the usual hazards, such as fire, theft and water to the usual extent. Herewith the Buyer assigns its claims for damages due to it from damage of the kind mentioned above from insurance companies or others liable for damages to the Seller to the amount of the latter's claims.

10) The rights derived from the reservation of title and all special provisions defined in these terms and conditions shall be effective until complete release from any contingent liabilities which the Seller has entered into in the interest of the Buyer.

7. Indemnification of the Seller

(1) Should deterioration in the financial circumstances of the Buyer become known, or should the Buyer default on a payment, the Seller shall have the right to demand immediate payment of all unsettled accounts, also those not yet due, and to request payment of all outstanding deliveries before delivery of the goods.

(2) The Seller shall not be obliged to make further deliveries from any current contract until the due invoice amounts, including default interest, have been paid in full. Over and above this, the Seller shall have the rights that are due to it pursuant to Section 326, German Civil Code.

(3) The offsetting of disputed counter demands against due invoice amounts and deductions of any kind shall be inadmissible. In particular, in the event of complaints about the goods the Buyer

shall not be entitled to withhold payment of due invoiced amounts or to reduce the invoiced amounts of its own accord until the matter has been clarified.

8. Copyright

(1) When samples and printing copy of the Buyer are used, the Buyer shall be responsible for ensuring that no rights of third parties are infringed. The Buyer shall indemnify the Seller against third-party claims and shall pay compensation for any incurred losses.

(2) The samples and printing copy of the Seller may not be used without its consent and shall remain its property, even if it invoices the Buyer for these items.

9. Notice of defects

Defects that can be ascertained externally (damage in transit, et cetera) must be reported to the forwarder who delivered the goods as soon as they are received. Other defects must be reported to the Seller within 14 days, accompanied by appropriate samples. If goods are acknowledged by the Seller to be faulty, the Buyer can to the exclusion of all further claims only demand reduction of the purchase price or the delivery of faultless goods in exchange for the return of the delivered goods. The statute of limitations for all claims of defects is 12 months, starting from the transfer of risk. Once the delivered goods have been used or processed, all liability shall be excluded.

10. Place of performance, applicable law and place of jurisdiction

(1) The place of performance for delivery and payment shall be Rosenheim.

(2) The law of the Federal Republic of Germany shall exclusively apply for all legal relations between the Seller and the Buyer. Application of the United Nations Convention on Contracts for the International Sales of Goods (CISG) is excluded.

(3) The place of jurisdiction for both parties is Rosenheim.

11. Severability clause

Should one of the provisions of this Agreement be or become void or ineffective in whole or in part for any reason, the validity of the remaining provisions shall remain unaffected thereby. The Buyer and Seller are in agreement that an invalid arrangement shall be replaced where possible with a valid one that is similar in its financial outcome. The same applies in case of a loophole in the agreement.

12. Validity and commencement

These General Terms of Sale and Delivery shall enter into force with immediate effect, and replace all preceding Terms of Sale and Delivery of Schattdecor AG.

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