

General Terms of Purchase of the himolla Group

Companies of the himolla Group:

himolla Polstermöbel GmbH,
Landshuter Str. 38, 84416
Taufkirchen/Vils, Germany

commercial register: HRB40694, Tax
no.: 114/116/90042,

VAT-ID Nr.: DE130501380

K+W Polstermöbel GmbH & Co. KG,
Schwabenstr. 20, 96215 Lichtenfels,
Germany

commercial register: HR Coburg A
4436, Tax no.: 114/166/56403,

VAT-ID Nr.: DE 814 911 777

Interfa Bútoripari Kft., Ady Endre utca
66, 9317 Szany, and Pusztaszántói
útca 14, 2651 Rétság Hungary

commercial register: Cg.08-09-000226,
Tax no.: 10216684-2-08

VAT-ID Nr.: HU10216684

Selyz Nabytok s.r.o, Komenského 50,
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commercial register: 16253/N, Tax no.:
35921293

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S. C. AMT Agnetheln Mobila Tapitata
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commercial register: J32 1044/2003,
Tax no.: RO15673536,

VAT-ID Nr.: RO15673536

Betschesofa Sp. zo. o., Ul.
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court Zielona Gora), Tax no.:
5961696844,

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Section 1 General information, scope

(1) These General Terms of Purchase [German acronym: AEB] shall apply to all deliveries, services and offers of the suppliers ("Seller") of the himolla Group, 84416 Taufkirchen, Vils ("himolla"). The AEB shall only apply if the Seller is an entrepreneur (Section 14 BGB [German Civil Code]), a legal entity under public law or special fund under public law.

(2) The AEB shall apply to contracts concerning the purchase or the order of movable objects (that are to be produced) ("Goods"), irrespective of whether the Seller produces the Goods itself or purchases these from suppliers (Sections 433, 651 BGB). Insofar as not otherwise agreed the AEB shall apply as a framework agreement, in the version that is valid at the time of the buyer's order or, in any case, in the version that was last communicated to the Seller in written form, also for equivalent future contracts without us having to refer hereto again in each individual case.

(3) These AEB shall apply exclusively to all business relationships with the Seller. Deviating, contradictory or supplementary General Business Terms of the Seller will not be

recognised by himolla. Such terms will only become a part of the contract to the extent that we have explicitly approved their validity in writing. This approval requirement shall apply in all cases, for example also if we accept the Seller's deliveries without reservation or pay for these, in the knowledge of the General Business Terms of the Seller.

(4) Individual agreements with the Seller reached in an individual case (including collateral agreements, supplements and amendments) shall in any case have precedence over these AEB. A written contract or our written confirmation shall be decisive for the contents of such agreements, subject to proof to the contrary.

(5) Legally relevant declarations and notifications which are to be submitted towards us by the Seller after conclusion of the contract (e.g. the setting of deadlines, reminders, declaration of cancellation), must be in writing in order to be valid.

(6) References to the validity of statutory regulations will only be of clarifying significance. Therefore, statutory regulations shall also apply without such a clarification, insofar as they are not directly changed or explicitly excluded in these AEB.

Section 2 Conclusion of contract

(1) Orders shall be deemed as binding no earlier than with the written submission or confirmation. The Seller must point out any obvious errors (e.g. typing and calculation errors) and incompleteness of the order, including the order documents, for the purpose of correction or completion before acceptance; otherwise the contract shall be deemed as not concluded.

(2) The Seller is required to confirm orders in writing within a period of 7 calendar days or to carry out it without reservation, in particular by sending the Goods (acceptance). A delayed acceptance shall be deemed as a new offer and shall require acceptance by himolla.

Section 3 Delivery time and delay in delivery

(1) The delivery time stated by himolla in the order is binding. If the delivery time is not stated in the order and was not agreed otherwise either, it shall be four weeks from conclusion of the contract. The Seller undertakes to inform himolla immediately in writing if it is expected that it cannot adhere to agreed delivery times – no matter for what reasons.

(2) If the Seller does not provide its service, or does not do so not within the agreed delivery time or it is in default, the rights of himolla – in particular with regard to cancellation and damages – shall be determined according to the statutory regulations. The regulations in Par. 3 shall remain unaffected.

(3) If the Seller is in default, himolla can – in addition to further statutory claims – request a flat-rate compensation of the damages due to default, in the amount of 1% of the net price per completed calendar week, though the total may be no more than 5% of the net price of the Goods which are delivered late. himolla reserves the right to prove that higher damages were suffered. The Seller reserves the right to prove that no damages were suffered at all or that, in fact, substantially lower damages were suffered.

Section 4 Service, delivery, passing of risk, delay in acceptance

(1) Without the prior written consent of himolla, the Seller is not entitled to have the service it is due to perform provided by third parties (e.g. subcontractors). The Seller will bear the procurement risk for its services, if not otherwise agreed in an individual case (e.g. limitation to stocks).

(2) The delivery shall be carried out "carriage paid" at the place stated in the order within Germany. If the place of destination is not given and not

otherwise agreed then the delivery has to be carried out at our registered seat in Taufkirchen, Vils. The respective place of destination is also the place of performance for the delivery and for any subsequent fulfilment (obligation to deliver).

(3) A delivery note is to be enclosed with the delivery by stating the date (issue and shipment), contents of the delivery (article number and number of items) as well as the order code (date and number). If the delivery note is missing or if it is incomplete, then himolla shall not be responsible for the resulting delays in processing and payment. A corresponding shipping notification with the same contents is to be sent to himolla separately from the delivery note.

(4) The risk of accidental loss and the accidental deterioration of the object shall pass to himolla with the hand-over at the place of performance. Insofar as an acceptance process has been agreed, this is decisive for the passing of risk. The statutory regulations of the law governing contracts for work and services shall also otherwise apply accordingly with an acceptance. If himolla is in default of acceptance, this is deemed equivalent to a hand-over or acceptance.

(5) The statutory regulations shall apply to the occurrence of the default of acceptance. The Seller must, however, also explicitly offer its service to himolla if a certain or definable calendar time is agreed for an action or assistance on the part of himolla (e.g. provision of material). If himolla is in default of acceptance, the Seller can request reimbursement of its additional expenses according to the statutory regulations (Section 304 BGB). If the contract relates to an object that is to be produced by the Seller, but for which it is not responsible, (individual production) then the Seller shall only be entitled to further rights if himolla is obliged to assist and is responsible for the failure to provide assistance.

Section 5 Prices and terms of payment

(1) The price stated in the order is binding. All prices are deemed to include the statutory value added tax if this is not to be disclosed separately.

(2) Insofar as not otherwise agreed in an individual case, the price shall include all services and secondary services of the Seller (e.g. assembly, installation) as well as all secondary costs (e.g. proper packaging, transport costs including possible transport and liability insurance). All discounts granted by the Seller to himolla shall be deducted from the net amount of the invoice in one amount.

(3) The agreed price is due and payable within 30 calendar days from the completed delivery and performance (including any agreed acceptance process, if applicable) as well as receipt of a proper invoice. The payment shall be made – subject to the reservation of a correction, if complaints are made subsequently – at our discretion by cheque, bank transfer, by means of a reverse bill of exchange or by offsetting against counter-claims. If himolla makes a payment within 60 calendar days, the Seller will grant 3% cash discount on the net amount of the invoice. In the case of a bank transfer, the payment shall be deemed as made in time if the transfer order is received by our bank before expiry of the payment deadline; himolla is not responsible for delays by the banks involved in the payment transactions. Insofar as the payment date falls on a Saturday, Sunday or public holiday, the payment will be made on the following workday.

(4) himolla shall not owe any maturity interest. The statutory regulations shall apply to the default of payment.

(5) himolla shall be entitled to rights to offset and rights of retention, and to the plea of an unfulfilled contract to

the statutory extent. himolla is in particular entitled to withhold due payments as long as claims from incomplete or deficient services still exist against the Seller.

(6) The Seller shall only have a right to offset or to retention owing to counter-claims that have been declared final and binding or undisputed counter-claims.

(7) The contractual parties hereby agree that the monetary values stipulated in this contract are deemed as agreed in EURO. The parties further agree that currency conversion do not represent a reason for termination, cancellation or contestation and do not establish any claim for an amendment to the contract or the re-negotiation of the contract or of individual contractual provisions.

Section 6 Issuance of invoices:

An invoice is to be issued to himolla for each delivery or service. The number of the order and the receiving department must be clearly visible on each invoice and on all shipping documents. If these details are missing, himolla will not assume any liability for the adherence to the agreed due payment dates. Separate invoice forms are to be used for deliveries on several orders. The Goods delivered according to the order will be settled according to the quantities determined by himolla after receipt of the Goods.

Section 7 Confidentiality and reservation of title

(1) himolla reserves all property rights and copyrights to diagrams, plans, drawings, calculations, design instructions, product descriptions and other documents made available to the Seller. Such documents are exclusively to be used for the contractual service and to be returned to himolla after settlement of the contract. The documents may only be made accessible to third parties with the prior written consent of himolla. Otherwise, the documents are to be kept secret, even after termination of the contract. The non-disclosure obligation shall only lapse if and insofar as the knowledge contained in the provided documents has become general public knowledge.

(2) The above provision shall apply accordingly to substances and materials (e.g. software, finished and semi-finished products) as well as to tools, templates, samples and other objects, which himolla provides the Seller for the purposes of the production process. Such objects are – as long as they are not processed – to be stored separately at the Seller's costs and to be insured against destruction and loss to a reasonable extent.

(3) The processing, mixing or connection (further processing) of provided objects by the Seller is carried out for himolla. The same applies with regard to the further processing of the delivered Goods by himolla so that himolla shall be deemed as the producer and shall acquire ownership of the product according to the statutory regulations, by no later than the further processing.

(4) The assignment of the goods to himolla must be carried out, and is irrespective of the payment of the price. However, if himolla in an individual case accepts an offer of the Seller for assignment due to the payment of the purchase price, the Seller's reservation of title shall lapse by no later than upon the payment of the purchase price for the delivered Goods. himolla shall also remain authorised to resell the Goods subject to the advance assignment of the thus incurred claim in the proper course of business, also before the purchase price payment (alternatively validity of the simple reservation of title that is extended to the resale). All other forms of the reservation of title are thus excluded in any case, in particular in the case of a reservation of title which

has been expanded, forwarded and extended due to the further processing.

Section 8 Deficient delivery

(1) The statutory regulations shall apply to rights in the case of material defects and defects of title to the goods (including mistaken deliveries and shortfalls in delivery as well as improper assembly, faulty assembly, faulty instructions for use or operating instructions) and for other breaches of obligations by the Seller, insofar as not otherwise determined below.

(2) According to the statutory regulations, the Seller shall in particular be liable for the fact that the Goods have the agreed condition with the passing of risk to himolla. Those product descriptions shall in any case be deemed as an agreement on the condition, which – in particular by a designation or reference within the framework agreement or the respective order – form the object of the respective contract or have been included in the contract in the same manner as these AEB. It does not make any difference whether the product description of himolla stems from the Seller or from the manufacturer.

(3) Notwithstanding Section 442 Par. 1 Sentence 2 BGB, himolla will also be entitled to claims due to defects to an unlimited extent if the defect remained unknown to himolla upon conclusion of the contract as a result of gross negligence.

(4) The statutory regulations (Sections 377, 381 HGB [*German Commercial Code*]) shall apply to the commercial obligation to inspect and report a complaint with the following condition: himolla's obligation to inspect is limited to defects which are discovered during the incoming goods inspection following an external appraisal including the delivery documents, as well as during the quality control using the random sample procedure (e.g. transport damages, wrong delivery and shortfall in delivery). Insofar as an acceptance has been agreed there is no obligation to carry out an inspection. Incidentally, it depends on to what extent an inspection is useful by taking the circumstances of the individual case into consideration according to the proper course of business.

The obligation to report a complaint for subsequently discovered defects shall remain unaffected. In all cases, the report (report of defects) shall be deemed as having been made immediately and in good time if it is received by the Seller within 7 workdays.

(5) The subsequent fulfilment shall also include the dismantling of the defective goods and the installation once again if the goods, in accordance with their intended use, were installed in another object (Section 439 Par. 3 BGB). The costs paid by the Seller for the purpose of examination and subsequent fulfilment (including possible dismantling and installation costs) will also be borne by the Seller if it is determined that there was actually no defect. The liability for damages upon an unjustified request for remedy of defects shall remain unaffected; himolla will however only be liable if it was recognised – or was not recognised due to gross negligence – that there was no defect.

(6) If the Seller does not satisfy its obligation for subsequent fulfilment – at the choice of himolla, by remedying the defect (subsequent improvement) or by delivery of a faultless object (substitute delivery) – within a reasonable deadline set by himolla, then himolla can remedy the defect itself and request reimbursement of the expenses necessary for this purpose or a corresponding advance payment from the Seller. If the subsequent fulfilment by the Seller failed or is deemed unreasonable for himolla (e.g. owing to special urgency, danger to the

operational safety or threatened occurrence of disproportionate damages) it is not necessary to set a deadline; himolla will notify the Seller of such circumstances immediately, if possible beforehand.

(7) Incidentally, himolla is entitled to reduce the purchase price or to cancel the contract according to the statutory regulations in case of a material defect or defect of title. In addition, there is an entitlement to damages and reimbursement of expenses according to the statutory regulations.

Section 9 Supplier recourse

(1) himolla is entitled to the claims for recourse determined by law within a supply chain (supplier recourse according to Sections 445a, 445b BGB) in addition to the claims due to defects to an unlimited extent. himolla is in particular entitled to request precisely the type of subsequent fulfilment (subsequent improvement or substitute delivery) from the Seller, which himolla is due to render to its buyer in an individual case. The statutory option (Section 439 Par. 1 BGB) is not limited hereby.

(2) Before himolla recognises or fulfils a claim owing to a defect asserted by its buyer (including reimbursement of expenses according to Sections 445a Par. 1, 439 Par. 2, 439 Par. 3 BGB) himolla will inform the Seller and request a written statement by giving a brief presentation of the facts. If the statement is not provided within a reasonable deadline and if no mutual solution is found either, then the claim due to defect actually granted by himolla shall be deemed as owed towards its buyer; in this case the Seller is responsible for providing proof to the contrary.

(3) With regard to the claims held by himolla against the Seller in accordance with Section 437 BGB, there is no requirement to set an otherwise necessary deadline owing to the defects asserted by the buyer if himolla would have to take the sold, newly produced object back as a result of its faulty condition or the buyer reduced the purchase price.

(4) Claims arising from supplier recourse shall also apply if the Goods were further processed, before their sale to a consumer, by himolla or one of its buyers, e.g. by installation into another product.

Section 10 Producer liability

(1) If the Seller is responsible for product damage, it must indemnify himolla from claims of third parties to the extent that the cause lies in its scope of control and organisation and it will be liable itself in the relationship towards third parties.

(2) Within the scope of its indemnification obligation the Seller has to reimburse expenses according to Sections 683, 670 BGB, which arise from or in connection with the assertion of a claim by third parties including recall actions carried out by himolla. himolla will inform the Seller about the contents and scope of recall measures – insofar as possible and deemed reasonable – and give it the opportunity to make a statement. Further statutory claims shall remain unaffected.

(3) The Seller has to conclude and maintain product liability insurance with a flat-rate sum insured of at least EUR 10 million per physical injury/property damage.

Section 11 Property rights

(1) The Seller shall assume responsibility for the fact that no third-party rights are infringed in connection with its delivery.

(2) If a claim is asserted against himolla by a third party, the Seller shall undertake to indemnify us, at first request, from these claims; himolla shall not be entitled to reach any agreements with the third party –

without the consent of the Seller – particularly involving settlements.

(3) The indemnification obligation of the Seller shall refer to all expenses to which himolla is necessarily entitled from or in connection with the assertion of a claim by a third party, provided the Seller does not prove that it is not responsible for these claims.

(4) The statute-of-limitations is five years, beginning from the conclusion of the contract.

Section 12 Quality assurance:

(1) Insofar as the use of certain and specifically described materials was agreed between himolla and the supplier when the order was placed, the supplier is principally not entitled to make a change to these materials within the scope of the ongoing delivery. If certain and specifically described execution types and/or flows were agreed when the order was placed, the type and flow of the execution may not be changed by the supplier either within the scope of the further delivery.

(2) The stipulated quality standard is to be complied with consistently and unchanged by the supplier both in the field of the used materials as well as in the type of execution. Changes in the field of materials, the type of execution or the flow of the execution require in any case the explicit prior written consent of himolla.

(3) With regard to the applicable quality requirements and standards, reference is made to the "Quality Assurance Agreement for Suppliers" (QAA). The QAA forms an essential part of the business relationship with the Seller. The QAA can be requested from himolla at all times, or can be downloaded directly at www.himolla.com.

Section 13 Safety, environmental protection:

(1) The products or services of the contractor must comply with the statutory provisions applicable for the territory of the Federal Republic of Germany and the regulations applicable in the EU, in particular the RAL 430, the safety and environmental protection provisions, the current operating safety regulations including the regulation concerning dangerous substances and the safety recommendations of the responsible German specialist bodies and/or specialist federations, such as e.g. EN, VDE, VDI, DIN, the regulations of the ElektroG [*Electrical and Electronic Equipment Act*] as well as the Directive 2002/95/EC (RoHS [*Restriction of Hazardous Substances Directive*]). Should the products and/or services of the contractor not comply with the relevant regulations and should a claim be asserted against himolla for this reason by third parties then we are entitled to assert a claim against the contractor for compensation for the damages suffered by us. The amount of the damages has to be proven by himolla. Relevant certificates, test certificates and proof are to be provided by the supplier without a separate request, in writing and free of charge.

(2) Packaging materials are to be taken back by the Seller at its costs according to the packaging regulations, or these can be disposed of by himolla with the customary delivery by a disposal flat rate in the amount of 0.2% of the goods value. A credit note by the Seller is carried out at the end of the year. With regard to service providers, the disposal of old parts by himolla is to be complied with through its disposal system.

Section 14 Limitation period

(1) The reciprocal claims of the contractual parties shall become time-barred according to the statutory regulations, insofar as not otherwise determined below.

(2) Notwithstanding Section 438 Par. 1 No. 3 BGB the general limitation period for claims due to defects is 66

months from the passing of risk. Insofar as the acceptance is agreed the limitation period shall begin upon acceptance. The 66-month limitation period shall also apply accordingly to claims from defects of title, whereby the legal limitation period for in rem hand-over claims of third parties (Section 438 Par. 1 No. 1 BGB) shall remain unaffected; claims from defects of title shall additionally not become time-barred in any way as long as the third party can still assert the right – in particular in the absence of a limitation period – against himolla.

(3) The limitation periods under the law governing purchases including the aforementioned extension shall apply – to the statutory extent – to all contractual claims for defects. Insofar as himolla is also entitled to non-contractual claims for damages owing to defects, the regular legal limitation period shall apply hereto (Sections 195, 199 BGB) if the application of the limitation period does not lead to a longer limitation period that that provided for in the law governing purchases, in an individual case.

Section 15 Choice of law and place of jurisdiction

(1) The law of the Federal Republic of Germany shall apply to these AEB and to the contractual relationship between himolla and the Seller, under the exclusion of the international uniform law, in particular the UN Convention on Contracts for the International Sale of Goods.

(2) If the Seller is a merchant within the meaning of the HGB, a legal entity under public law or a special fund under public law, the exclusive place of jurisdiction – even internationally – for all disputes arising from the contractual relationship is our registered seat in Taufkirchen, Vils. The same shall apply if the buyer is an entrepreneur within the meaning of Section 14 BGB. himolla is however also entitled in all cases to file an action at the place of performance of the delivery obligation according to these AEB or to a prior individual agreement or at the general place of jurisdiction of the Seller.

(3) The Seller undertakes, if it should lose in its court proceedings in full or in part, to also bear the procedural costs incurred to himolla in full or in the share of its loss according to the German Code of Civil Procedure, and the statutory schedule of lawyers' fees (RVG) if the law of its country does not envisage an obligation to reimburse procedural costs. Prior statutory regulations, in particular relating to exclusive jurisdictions, shall remain unaffected.

Section 16 Final provisions

Should one provision of these AEB be invalid, contestable or unworkable in full or in part, this shall have no effect on the validity of the contract and the other business terms and conditions. The provision that is fully or partly invalid should be replaced by a provision, whose commercial success shall as far as possible correspond with that of the invalid provision.

(Status: 01.05.2018)