

GENERAL SALES CONDITIONS



Art. 1 – CONTRACT NORMS: The terms and conditions indicated hereafter (the “General Conditions”) regulate the sales of machines and related accessories (the “Products”) between the seller Ferraro Group S.p.A. and/or LMF Clima, business unit of Ferraro Group S.p.A. (hereafter referred to as the “Seller”) and the Buyer.

Whichever different term or condition is applied only if confirmed in writing by the Seller.

The Seller reserves the right to modify, integrate or change the General Conditions, attaching such modifications to the offers or to whichever correspondence sent in writing to the Buyer.

Art. 2 – OFFERS, ORDERS AND ACKNOWLEDGEMENTS: The Seller’s offers are not to be considered as binding, in particular for what concerns the quantities, prices and delivery terms.

The Buyer will have to send orders in written form, via Fax or e-mail on a purchase order form which indicates all its data, the specifications of the product, the reference to existing offers (if any) and the price.

The orders sent by the Buyer are not considered accepted until they have been confirmed in writing by the Seller (dispatch of the order acknowledgement). Successively to the confirmation of the order, such order may not be canceled without the written authorization of the Seller.

If the order acknowledgement differs from the order or commission, the acceptance by the Buyer will be considered as valid, except if a written claim be sent within 3 days from the receipt of the order acknowledgement itself.

In case the Seller does not provide for a written acknowledgement of an order agreed in oral form, the issue of the invoice by the Seller, or the execution of the order by the Seller, will be considered as the acknowledgement.

The orders and/or modifications of orders made verbally or by telephone must be confirmed in writing from the Buyer. If not, the Seller does not assume any responsibility with regard to possible errors or misunderstandings.

Art. 3 – CANCELLATIONS OF ORDERS: In case an order is cancelled, the Seller will charge the Buyer with a part of the costs incurred:

a- within 7 days from the receipt of the order, the 25% of the value of the cancelled order will be charged (excluding transport costs, if any).

b- within 15 days from the receipt of the order, the 50% of the value of the cancelled order will be charged (excluding transport costs, if any).

Art. 4 – RETURN OF GOODS: The return of units or accessories must be authorized exclusively by the Seller in written form, via fax or e-mail; at the receipt of the goods at the company Works, located in Meledo di Sarego (VI), the material must be intact and perfectly functional, including the packing; the material will need to be resalable after a new check by the Seller. The Seller must not incur into additional transport costs or else.

The amount which will be acknowledged to the Buyer as a credit note will be 50% of the value originally invoiced by the Seller.

Art. 5 – DIMENSIONS AND WEIGHTS: The dimensions and the weights of the materials are indicative. The Seller reserve the right to carry out all the modifications and changes to the units, at any moment which, to his unquestionable judgment, will be deemed as necessary, both during

the manufacturing period, both at completion of the assembly and without this being considered as reason for any action or exception for the Buyer.

Art. 6 – PRICES AND PAYMENTS: If not otherwise agreed, the selling price is fixed on the order acknowledgement and must be intended in EUR.

The payments must be executed at the Seller's seat, located in Meledo di Sarego (VI), according to the method agreed upon and indicated on the order acknowledgement. In lack thereof, the payment must be done before the shipment. The payment terms are mandatory and the lack of fulfillment will determine the application, on the due amount, of the moratorium interests at the expected rate and established by the Legislative Decree n. 231 dd 2002, without the need to formally constitute a moratorium issue.

The payment will be due in total within the agreed terms also in case of delayed arrival of the goods, of breakdowns or partial/total losses caused during the transportation, not attributable to the Seller.

Art. 7 – DELIVERY TERMS: Unless otherwise agreed upon in writing, whichever delivery terms indicated is not binding for the Seller. The delivery term is indicated on the order acknowledgement and is the only valid one.

The delivery time might undergo changes in case, alongside the receipt of the order, requests for anticipated deliveries or technical approvals are not received, which should be necessary for the manufacturing of the unit.

If, after the issue of the order acknowledgement, a modification to the technical execution is requested and approved, the delivery time will start from the date of the formal agreement of such modification. Suspensions or delivery delays of whichever reason will not allow for the termination of the contract or indemnity to the Buyer.

The delivery date is intended as goods ready at the factory Works of the Seller, located in Meledo di Sarego (VI), even if the units are sold including the shipment costs.

In case the shipment be delayed or made impossible for reasons not attributable to the Seller, the material will be deposited at Buyer's costs and risk.

Art. 8 – DELIVERY PLACE AND TERMS – PACKING – DISPATCH AND TRANSPORTATION: Unless otherwise expressed in written form, the Seller supplies the Products ex-works. The material travel at exclusive risk of the Buyer, even if sold with included shipment. The insurance of the shipment is made only if formally asked by the Buyer and at his charge.

The material are, where provided, complete with packing in standard cardboard boxes. The exclusion of the packing, for those units where it would normally be used, or the use of a special packing, will have to be expressly indicated by the Buyer at the time of the order, and these will be invoiced separately. The Seller will provide the packing according to the use, removing themselves from any responsibility related to damages and or faults which, for accidental unforeseeable or unknown reasons, should bring along damages to the goods during the shipment.

The obligation of supply of Products from the Seller may be suspended in all the cases of failure by the Buyer to pay for the Products, unless the Seller makes use of the termination clause expressed in art. 15 of these General Conditions.

In case of delayed and/or no collection of the Products by the Buyer from the location indicated in the Order Acknowledgement, these may be stocked at the Seller's discretion, at risk and costs of

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the Buyer, even at third parties' warehouses. For this deposit, if any, at the Seller's Works, a warehouse additional cost will be invoiced in the value of 2,50% of the price of the sold goods, for each month or fraction thereof, starting from the moment the goods are ready to be collected.

The Buyer has the obligation to check the Products and claim any lack thereof, before accepting the delivery from the forwarder, that is before signing the delivery note as receipt. Any defect or damage not detectable at the time of delivery will have to be communicated via registered letter to the forwarder and, in copy, to the Seller, within eight days from the receipt of the Products. In lack thereof, the Buyer will lose the rights connected with this.

Art. 9 – COMMUNICATIONS: Any type of request (interventions, modifications, spare parts, payments, offer requests etc.) must be done in writing directly to the Seller. The Seller will not answer requests made by agents or representatives, acting on behalf of the Buyers, who are not the Buyers themselves.

Art. 10 – AUTHORIZATIONS FOR THE INSTALLATION: The permits related to the installation of the units must be requested to the competent people by and at the cost of the Buyer, who will take all related responsibilities. The Buyer will also be in charge of any additional works requested by the entities connected with the installation.

Art. 11 – WARRANTY TERMS: For the Warranty Terms please refer to the "General Warranty Conditions" available at the Seller's website.

Art. 12 – SOLVE ET REPETE: With the completion of the purchase contract according to the methods indicated in the order confirmation, the Buyer cannot raise any exception regarding the execution of the contract by the Seller, in case the Buyer has not completely fulfilled its obligations arising from the order acknowledgement, the contract and their execution.

Art. 13 – RESERVE OF PROPERTY: The sale is considered agreed and concluded with the reservation of ownership in favor of the Seller until full payment of the relative invoice. In case of delayed or lack of payment of one or more installments, the Seller shall have the right to withhold the goods supplied and to retain all compensation paid by the Purchaser, except an additional compensation for further damage should be added.

The Buyer is also obliged to notify the owner of the premises in which it will be placed, before its introduction, the existence of the confidentiality agreement in favor of the Seller.

Art. 14 – INCIDENTAL CASE AND FORCE MAJEURE: If one of the Parties is prevented, hindered or delayed in the performance of any contractual obligation or if the execution of the contract has become excessively burdensome due to force majeure (such as, for example, strike, lockout, boycott, fire, natural disasters of any kind, delay in the delivery of raw material from its suppliers), such Party will promptly notify the other Party and will be deemed justified in failing to fulfill this obligation throughout the period in which the persistence of Force Majeure prevents it to do it.

However, the non-compliance due to force majeure does not apply to the Buyer's obligation to pay the Seller the due payments provided for in these General Conditions.

If the Seller incurs in delays and/or expenses due to this Force Majeure, the Seller will be entitled to an extension which also includes the time necessary for demobilization/re-mobilization.

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If the execution of the contractual obligations is prevented, hindered or delayed for a single period of more than sixty (60) days or for an aggregated period of more than ninety (90) days due to the persistence of Force Majeure conditions, the Parties will have both powers to terminate the Contract as provided in these General Conditions.

Art. 15 – EXPRESS TERMINATION CLAUSE: Pursuant to and for the purposes of Article 1456 of the Italian Civil Code, the Seller may terminate the contract upon the occurrence of the following breaches:

- failure of the Buyer to pay the agreed and established Price;
- failure to comply with the provisions of Article 17 "Intellectual Property";
- impossibility to execute the obligations deriving from the contract due to Force Majeure conditions lasting for a single period of more than sixty (60) days or for an aggregate period of more than ninety (90) days.

The Seller may also terminate this Contract, by written notice, in the event that the Buyer is subject to bankruptcy proceedings, or substantially change its capital conditions in order to put in obvious risk and danger the achievement of the counter-performance (by way of example): subjection to foreclosures of significant amounts, state of insolvency, elevation of protests against him, etc.).

The Seller will communicate by registered letter its intention to avail itself of the termination clause provided for therein. The resolution will occur and take effect from the date of receipt of the relevant communication.

In case of termination of the contract the articles 3 and 4 of these General Conditions will apply.

Art. 16 – TERMINATION: Each Party, before acting for the termination of the Contract, must notify its fulfillment in writing by granting the other Party a term of no less than 30 days, pursuant to Article 1454 of the Civil Code. In any case, the Buyer will not be able to terminate the Contract in the event that the Seller within the aforementioned term has begun to fulfill and has therefore continued in good faith to diligently execute the Contract.

In case of termination of the contract the articles 3 and 4 of these General Conditions will apply.

Art. 17 – INTELLECTUAL PROPERTY: The Buyer expressly recognizes that the trademarks, trade names or other distinctive signs placed on the goods are the exclusive property of Ferraro Group and/or LMF Clima, a business unit of Ferraro Group SpA, and may not be altered, modified, removed or deleted in any way. The Buyer has the limited right to use trademarks, trade names or other distinctive signs, as well as any other industrial property right or production and commercial know-how incorporated in the goods and which remains the exclusive property of the Seller, to the sole and limited possible end of reselling the goods to the public. Any different use of the Seller's intellectual property by the Buyer, if not expressly granted by the Seller in writing, will imply the Buyer's violation of the aforementioned exclusive rights of the Seller, also in terms of contractual liability and, as such, it will be properly prosecuted.

The documents, drawings, data and information (both in paper form and in electronic form) which should be delivered to the Buyer, remain the exclusive property of the Seller and constitute support for a better representation of the Products and are indicative of the performance of the Products. The Purchaser agrees not to reproduce them, not to disclose them to third parties and

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to also take the appropriate precautions against their own personnel in order to guarantee their protection

Art. 18 – TREATMENT OF PERSONAL DATA: The Buyer's personal data will be processed in accordance with the provisions of Italian law concerning the processing of personal data (Legislative Decree 196/2003). The Seller informs the Buyer that Ferraro Group and/or LMF Clima, a business unit of Ferraro Group S.p.A. are the controllers of these data and the Buyer's personal data are collected and processed exclusively for the execution of this agreement. Pursuant to art. 7 of Legislative Decree 196/2003, the Purchaser has the right to request the Seller to update, rectify, integrate, cancel and transform his data into an anonymous form.

Art. 19 – APPLICABLE LAW AND TERRITORIAL COMPETENCE: This contract is regulated and interpreted according to the Italian Law. For any dispute between the parties, concerning the purchase and/or supply, the establishment, execution or termination, the exclusively competent Court will be that of Vicenza – Italy.

Art. 20 – FURTHER MODIFICATIONS: Any implementation, derogations to the this contract will be valid only if duly agreed upon in writing.

Art. 21 – FINAL DISPOSITIONS: Any possible inapplicability, in whole or in part, of any provision of these General Conditions, does not compromise the validity of the other clauses. The data reported on offers, catalogs, circular letters, advertisements, such as prices, delivery terms, etc., are purely indicative and do not constitute a commitment by the Seller to this effect.

Art. 22 – TRANSLATION: This contract is written in Italian language and any other translation will serve solely as a reference. In case of discrepancies the Italian version will prevail.

A handwritten signature in black ink, appearing to read 'Alessandro B.', is written above a horizontal line.

The pro-tempore Legal Representative

Meledo di Sarego Novembre 15th, 2017