



Registration of a Charge

Company name: **B & W GROUP LTD**

Company number: **00880499**



X9KEQEE9

Received for Electronic Filing: **22/12/2020**

Details of Charge

Date of creation: **21/12/2020**

Charge code: **0088 0499 0076**

Persons entitled: **VIRTUS GROUP, LP, AS PLEDGEE**

Brief description:

Contains fixed charge(s).

Contains negative pledge.

Authentication of Form

This form was authorised by: **a person with an interest in the registration of the charge.**

Authentication of Instrument

Certification statement: **I CERTIFY THAT THE ELECTRONIC COPY INSTRUMENT
DELIVERED AS PART OF THIS APPLICATION FOR REGISTRATION
IS A CORRECT COPY OF THE ORIGINAL INSTRUMENT.**

Certified by: **AIKATERINI DIMOU**



CERTIFICATE OF THE REGISTRATION OF A CHARGE

Company number: 880499

Charge code: 0088 0499 0076

The Registrar of Companies for England and Wales hereby certifies that a charge dated 21st December 2020 and created by B & W GROUP LTD was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 22nd December 2020 .

Given at Companies House, Cardiff on 23rd December 2020

The above information was communicated by electronic means and authenticated by the Registrar of Companies under section 1115 of the Companies Act 2006



Companies House



THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES

THIS SECOND RANKING SHARE PLEDGE AGREEMENT (the "**Agreement**") is dated as of the date of the notarial deed under which it is made and is made between:

- (1) **B&W Group Ltd.**, a private limited company organized under the laws of England and Wales, registered with Companies House under No. 00880499 and having its business address at Dale Road, Worthing, West Sussex, BN11 2BH, United Kingdom, as pledgor (the "**Pledgor**");
- (2) **Virtus Group, LP**, a Texas limited partnership, having its seat at 3300 N. Interstate 35, Suite 350, Austin, TX 78705, U.S.A., registered with the Texas Secretary of State under file number 800552160, as pledgee (the "**Pledgee**"); and
- (3) **B&W Group Germany GmbH**, a limited liability company incorporated under the laws of the Federal Republic of Germany, having its registered seat in Halle (Westfalia), which is registered in the commercial register (*Handelsregister*) kept at the local court (*Amtsgericht*) of Gütersloh under registration number HRB 4557 with its registered address at Kleine Heide 12, 33790 Halle (Westfalia) (the "**Company**").

The Pledgor, the Pledgee and the Company are hereinafter collectively referred to as the "**Parties**" and each a "**Party**".

WHEREAS

- (A) On 9 October 2020, among others, DEI Holdings, Inc. and DEI Sales, Inc., the lenders from time to time parties to the first lien credit agreement and Cerberus Business Finance, LLC as collateral agent for the lenders, together with its successors and assigns in such capacity entered into an amended and restated financing agreement (originally dated as of 28 February 2017), as the same may be further amended, restated, supplemented or otherwise modified and in effect from time to time, the credit agreement (the "**First Lien Financing Agreement**").
- (B) Also on 9 October 2020, among others, DEI Holdings, Inc. ("**Parent**") and DEI Sales, Inc. ("**Borrower**"), the lenders from time to time parties to the Second Lien Financing Agreement (as such term is defined below) (the "**Lenders**") and Virtus Group, LP as collateral agent for the Lenders, together with its successors and assigns in such capacity ("**Collateral Agent**") entered into a Second Lien Financing Agreement dated as of 9 October 2020 (the "**Second Lien Financing Agreement**").
- (C) The obligations of the Borrower to repay the Obligations (defined below) are guaranteed by the Parent and each Subsidiary of the Parent listed on the signature pages to the Second Lien Financing Agreement as a guarantor or which joins the Second Lien Financing Agreement otherwise as a guarantor (together with each other person that executes a joinder agreement to become a guarantor thereunder or otherwise guarantees all or any part of the Obligations (defined below) of the Borrower and the other loan parties, each a "**Guarantor**" and, collectively,

the "Guarantors", and together with the Borrower, each a "Loan Party" and together the "Loan Parties").

- (D) The Pledgor has agreed to grant a pledge (*gewährt ein Pfandrecht*) over its shares in the Company as security for the Pledgee's respective claims against the Loan Parties under the Loan Documents (as defined below).
- (E) The security created by this Agreement is to be administered by the Pledgee for and on behalf of the Secured Parties (as defined below).
- (F) It is a condition under the terms of the Second Lien Financing Agreement that the Pledgor enters into this Agreement.

IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

1.1. Definitions

Unless the context requires otherwise, in this Agreement the following words and expressions shall have the following meanings:

"Ancillary Rights" means all present and future rights to receive dividends payable on the Shares, liquidation proceeds (*Liquidationserlöse*), consideration for redemption (*Einziehungsentgelte*), capital to be repaid in case of a capital decrease (*Kapitalherabsetzung*), any compensation in case of termination (*Kündigung*), withdrawal (*Austritt*) and/or expulsion (*Ausschluss*) of a shareholder of the Company, the surplus in case of surrender (*Preisgabe*), any repayment claim for any additional capital contributions (*Nachschüsse*) and all other monetary claims and all other rights pertaining to the Shares (other than voting rights), including without limitation any subscription rights in respect of newly issued Shares;

"Business Day" means any day that is not a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to remain closed or on which banks generally are not open for business in Frankfurt am Main or London;

"Collateral Agent" shall have the meaning set forth in the recitals;

"Dispute" is defined in Clause 14.8;

"Event of Default" means the failure of the Borrower or any other Loan Party to pay any principal amount, interest amount, fees, costs, indemnities or other amounts due under or pursuant to the Second Lien Financing Agreement or any other Loan Document;

"Existing Shares" means the shares set forth in Clause 2.2, as well as any other shares (if any) which represent the total registered share capital (*Stammkapital*) of the Company;

"First Ranking Share Pledge" means the first ranking share pledge agreement between B&W Group Ltd. as Pledgor and Cerberus Business Finance, LLC as Pledgee dated on or about the date hereof;

"Future Shares" means any and all shares in the Company issued in addition to the Existing Shares which the Pledgor may acquire in future (including shares newly issued by way of capital increase (*Kapitalerhöhung*), split of shares, acquisition or otherwise);

"Germany" means the Federal Republic of Germany;

"Guarantor(s)" shall have the meaning set forth in the recitals;

"Guaranty" means that guarantee of the Guarantors given pursuant to and in relation to the Second Lien Financing Agreement;

"Joinder Agreement" means that joinder agreement to the Second Lien Financing Agreement dated 9 October 2020 between, *inter alia*, the Collateral Agent as Collateral Agent, the Pledgor as Guarantor and the Company as Additional Guarantor (each a "Guarantor" and together the "Guarantors" as set out above in Preamble (B)) pursuant to which the Company joins the Second Lien Financing Agreement as Guarantor and assumes the obligations of a Guarantor thereunder;

"Lender(s)" shall have the meaning set forth in the recitals;

"Limit" is defined in Clause 10.2;

"Loan Document" means the Second Lien Financing Agreement, the Joinder Agreement, this Agreement, any other document or agreement referred to as a Loan Document in the Second Lien Financing Agreement and any other document or agreement designated by the Pledgor and the Collateral Agent as a Loan Document;

"Loan Party" and **"Loan Parties"** shall have the meaning set forth in the recitals;

"Obligations" means all obligations of the Borrower, the Guarantors and the other Loan Parties under the Second Lien Financing Agreement and the other Loan Documents and the obligations of the Guarantors under the Guaranty and the Joinder Agreement or otherwise in relation to or in respect of the obligations of the Loan Parties under the Second Lien Financing Agreement or the other Loan Documents;

"Pledged Shares" means the Shares and all Ancillary Rights pertaining thereto;

"Second Lien Financing Agreement" shall have the meaning set forth in the recitals;

"Secured Obligations" means any and all sums and liabilities in whatsoever currency, whether present and future, actual or contingent, solely or jointly with others, whether as primary obligor

or surety whether or not for the payment of money (including, without limitation, any obligations owed to the Collateral Agent under the parallel debt undertaking (**Parallel Debt**) under Clause 12.24 (*Parallel Debt (Covenant to Pay Collateral Agent)*) of the Second Lien Financing Agreement), any other Obligations, and further including, without limitation, any obligations owed by, in particular (but without limitation), the Pledgor or the Guarantors under the Joinder Agreement or the Second Lien Financing Agreement, and any obligation or liability to pay damages) which are or may become payable or owing by any Loan Party to any Secured Party or any of them pursuant to or in connection with the Loan Documents or any of them (including, but not limited to, any obligation based on unjust enrichment (*ungerechtfertigte Bereicherung*) or tort (*Delikt*)), and in each case irrespective of whether such obligations arise prior to or after the commencement of any preliminary or actual insolvency proceedings, protective shield proceedings (*Schutzschirmverfahren*) or other restructuring proceedings;

"Secured Parties" means, collectively, the Collateral Agent, each Lender and any other agent for the Lenders or Letter of Credit issuing parties;

"Security" is defined in Clause 10.2;

"Shares" means all Existing Shares and all Future Shares;

"Share Pledge" means the pledge over the Pledged Shares pursuant to Clause 3 hereof;

"VAT" means value added tax.

1.2. Interpretation

In this Agreement:

- 1.2.1 any reference to a clause or a Schedule shall, subject to any contrary indication, be construed as a reference to a clause or schedule of this Agreement;
- 1.2.2 any reference to a person includes a body corporate, individual, firm or an unincorporated body of persons (as the case may be);
- 1.2.3 words importing the singular include the plural and vice-versa;
- 1.2.4 clause headings are inserted for convenience only and are not to affect the construction or interpretation of this Agreement;
- 1.2.5 any reference to any statutory provision means and includes a reference to any modification, consolidation or re-enactment thereof for the time being in force, and any analogous provision or rule under any applicable law;

- 1.2.6 any reference to any document, including this Agreement, includes such document as amended, supplemented, substituted, extended, assigned or replaced from time to time and includes any document which is supplemental hereto or thereto;
- 1.2.7 promptly means promptly (*unverzüglich*) as contemplated in section 121 subsection 1 of the German Civil Code (*Bürgerliches Gesetzbuch – "BGB"*); and
- 1.2.8 any party shall include references to its personal representatives, successors in title, permitted assignees and transferees thereunder (whether immediate or derivative, and including by way of assumption of contract (*Vertragsübernahme*)).

This Agreement is made in the English language only. For the avoidance of doubt, the English version of this Agreement shall prevail over any translation of this Agreement. However, where a German translation of a word or phrase appears in the text of this Agreement, the German translation of such word or phrase shall prevail wherever such original English word or phrase translated by such German term appears in the text of this Agreement. Wherever a German term has been used in this Agreement, such German term shall be authoritative for the construction and interpretation. Where an English legal term or concept has been used in this Agreement, the related German legal term or concept shall be authoritative for the construction and interpretation of this Agreement, unless specifically provided for otherwise in this Agreement.

2. SHARES

- 2.1. The Pledgor is the sole shareholder of the Company.
- 2.2. The total registered share capital (*Stammkapital*) of the Company amounts to EUR 110,000.00 (in words: one hundred and ten thousand Euro) and consists of 1 (one) share in the nominal amount of EUR 110,000.00.

3. SHARE PLEDGE

- 3.1. The Pledgor hereby grants to the Pledgee a second ranking pledge (*zweitrangiges Pfandrecht*) over the Pledged Shares; which shall rank after the pledge created for Cerberus Business Finance, LLC under the First Ranking Share Pledge Agreement.
- 3.2. The Pledgee hereby accepts such pledge.
- 3.3. The Pledged Shares held by the Pledgor at the date of this Agreement shall be pledged upon execution of this Agreement, the Future Shares shall be pledged upon the acquisition by the Pledgor of such Future Shares.
- 3.4. The validity and effect of the Share Pledge shall be independent from the validity and effect of any other pledge created hereunder and the Pledgee will hold a separate and individual pledge

and all such pledges shall rank *pari passu* in priority to any of the other pledges created hereunder.

- 3.5. The Pledgor hereby irrevocably agrees that the Share Pledge will continue to be a security for the Secured Obligations following the transfer of rights and obligations (or any part thereof) by the Pledgor or any other Loan Party under the Joinder Agreement or the Second Lien Financing Agreement to any other person (waiver of section 418 BGB and all similar provisions under any applicable law).

4. SECURITY PURPOSE OF THE SHARE PLEDGE

The Share Pledge is constituted in order to secure the prompt and complete satisfaction of any and all Secured Obligations. The Share Pledge shall also cover any future extension of the Secured Obligations and the Pledgor herewith expressly agrees that the provisions of section 1210 subsection 1 sentence 2 BGB shall not apply to this Agreement.

5. DIVIDENDS

- 5.1. The Share Pledge constituted by this Agreement includes the present and future rights to:

5.1.1 receive dividends (*Gewinnausschüttungen*), if any, payable in relation to the Pledged Shares; and

5.1.2 receive, retain and exercise all other Ancillary Rights in relation to the Pledged Shares.

- 5.2. Notwithstanding that the dividends are pledged hereunder, the Pledgor shall be entitled to receive and retain all dividend payments whether in cash, non-cash, by the issue of any loan note or debt instrument in respect of the Pledged Shares,

5.2.1 until the occurrence of an Event of Default which is continuing, after which the Pledgee shall be entitled to receive and retain such dividend payments; or

5.2.2 unless otherwise agreed between the Pledgor and the Pledgee.

6. EXERCISE OF MEMBERSHIP RIGHTS

- 6.1. The membership rights, including but not limited to the voting rights, attached to the Pledged Shares remain with the Pledgor, but shall be exercised only in compliance with the Second Lien Financing Agreement.

- 6.2. The Pledgor shall not take, or participate in, any action which impairs, or which would for any reason be inconsistent with, the security interest of the Pledgee or the security purpose as described in Clause 4 (*Security Purpose of the Share Pledge*) hereof or which would defeat, impair or circumvent the rights of the Pledgee hereunder in each case in any respect.

- 6.3. The Pledgor shall inform the Pledgee promptly in writing of all matters concerning the Company which might adversely affect the security interest of the Pledgee, unless the Borrower or any other Loan Party has already submitted such information to the Collateral Agent under the Second Lien Financing Agreement. In particular, the Pledgor shall notify the Pledgee promptly of any shareholders' meeting at which a resolution is intended to be adopted which could be reasonably expected to have an adverse effect (*nachteilige Auswirkung*) upon the Pledged Shares, unless the Borrower or any other Loan Party has already submitted such information to the Collateral Agent under the Second Lien Financing Agreement.

7. REPRESENTATIONS AND WARRANTIES

The Pledgor hereby represents and warrants to the Pledgee by way of an independent guarantee in the meaning of section 311 BGB (*selbständiges Garantieverprechen*) that as of the date hereof:

- 7.1. the Company is a limited liability company (*Gesellschaft mit beschränkter Haftung*) duly incorporated and validly existing under German law in respect of which all representations and warranties of the Company set forth in section 6.01 of the Second Lien Financing Agreement, the German Security Documents and each of the other Loan Documents are true and correct in all material respects;
- 7.2. the statements made in regard to the Existing Shares are true and correct, the Existing Shares are fully paid in and there is no obligation for a shareholder to make additional contributions (*keine Nachschusspflicht*);
- 7.3. all necessary authorizations to enable or entitle the Pledgor to enter into this Agreement have been obtained and are in full force and effect;
- 7.4. the Pledgor is the true and lawful holder of legal title to the Existing Shares and is registered in the list of shareholders (*Gesellschafterliste*) of the Company as filed with the commercial register (*Handelsregister*) at the local court (*Amtsgericht*) of Gütersloh and all Ancillary Rights pertaining thereto, and no third party has any right, claim, title, interest, pledge, lien or other encumbrance or charge whatsoever in or to the Shares, other than pursuant to the other Loan Documents including the First Ranking Share Pledge;
- 7.5. the share capital of the Company has not been repaid in any way; and
- 7.6. the Pledgor and the Company are not subject to any restriction of any kind, or any consent requirement with regard to the transfer of, or the granting of a pledge in, or any other disposal of, the Pledged Shares (including, for the avoidance of doubt, any rights to receive dividends on the Pledged Shares) except as explicitly set forth in this Agreement or any other Loan Document, and if the creation or enforcement of the Share Pledge requires the consent of the shareholders of the Company, it is hereby granted. For the avoidance of doubt, the Pledgor in

its capacity as sole shareholder of the Company hereby grants its consent to the pledging of the Shares and all relevant claims and the enforcement of the pledges created hereunder.

8. UNDERTAKINGS OF THE PLEDGOR

During the term of this Agreement the Pledgor undertakes, subject to the terms of the Second Lien Financing Agreement and the other applicable Loan Documents:

- 8.1. to ensure that the Share Pledge is prior in ranking to any rights of third parties in relation to the Pledged Shares with the exception of the First Ranking Share Pledge in favour of Cerberus Business Finance, LLC;
- 8.2. to notify the Pledgee promptly in writing of any envisaged change in the shareholding in, or the capital contributions of the Company or of any change in the articles of association (*Gesellschaftsvertrag*) or the registration of the Company in the commercial register (*Handelsregister*);
- 8.3. not to increase the registered share capital of the Company without the written consent of the Pledgee;
- 8.4. to promptly notify the Pledgee in writing of all matters concerning the Company which might adversely affect (*sich nachteilig auswirkt*) the validity or enforceability of the security interest of the Pledgee. If the Pledgee is entitled to enforce the Pledged Shares constituted hereunder in accordance with clause 9 hereof, the Pledgor shall allow the Pledgee to participate in all shareholders' meetings of the Company as attendance without power to vote. The Pledgee's right to attend the shareholders' meeting shall lapse upon complete satisfaction and discharge of the Secured Obligations;
- 8.5. to promptly effect any contributions (*Einlagen*) to the Company in respect of the Pledged Shares;
- 8.6. not to sell, transfer or otherwise dispose of all or part of the Pledged Shares;
- 8.7. not to create or permit to exist any pledge (except the First Ranking Share Pledge), security interest or encumbrance, or preference, priority or other security agreement held or asserted in respect of the Shares;
- 8.8. to refrain from any acts or omissions which (i) may lead to a reduction of the nominal value of the share capital of the Company other than with the consent of the Pledgee or (ii) would defeat, impair or circumvent the rights created or granted under this Agreement;
- 8.9. to act, in exercising its membership rights (including, but not limited to, voting rights) pertaining to the Shares, in good faith to ensure that the existence, validity or enforceability of the Share Pledge is not adversely affected (*sich nachteilig auswirkt*) (other than through dividend payments pursuant to Clause 5), and not to adopt without the prior written consent of the

Pledgee any resolutions regarding amendments to the articles of association (Gesellschaftsvertrag) of the Company which could reasonably be expected to have a material adverse effect on the rights and remedies of the Pledgee under this Agreement or the validity or priority of the Pledges;

- 8.10. to ensure that the list of shareholders of the Company filed with the competent commercial register is up to date;
- 8.11. to allow the Collateral Agent to examine, audit and inspect its books, accounts, and other documents wherever located at all times during normal business hours, upon the Collateral Agent giving a reasonable prior written notice and to make and take away copies of any and all such books, accounts, records, and other documents;
- 8.12. to notify the Pledgee in writing promptly if the Pledged Shares are affected by or subject to any attachment proceeding (*Pfändung*) or other similar measures. In the event of an attachment, the Pledgor shall provide the Pledgee promptly with a copy of the attachment order (*Pfändungsbeschluss*), any execution order (*Überweisungsbeschluss*) and all other documentation necessary to lodge protest, or for any other defense against the attachment and/or execution. In addition, the Pledgor shall promptly inform the executing creditor in writing of the Pledgee's security interest hereunder.

9. ENFORCEMENT OF PLEDGE

- 9.1. At any time after the occurrence of an Event of Default which is continuing and, in addition, if and when the requirements set forth in sections 1273, 1204 et seq. BGB with regard to the enforcement of pledges are met (*Pfandreife*), the Pledgee may enforce the Share Pledge (or any part thereof) by way of public auction (*öffentliche Versteigerung*) or, provided a stock exchange or market price for such shares exists, through an officially authorized broker (*öffentlich ermächtigter Handelsmakler*) or in any other way permitted under German law, including by any way permitted pursuant to section 1259 BGB.
- 9.2. Notwithstanding section 1277 BGB, the Pledgee is entitled to enforce the Share Pledge (or any part thereof) without the requirement of an enforceable judgment or other instrument (*vollstreckbarer Titel*). Furthermore, Section 1238 BGB shall not apply.
- 9.3. The Pledgee shall notify the Pledgor of the intention to enforce the Share Pledge over the Pledged Shares not less than 10 (ten) Business Days before the date on which the respective Share Pledge is intended to be enforced. The Pledgor hereby expressly agrees that in the event of enforcement by way of public auction 10 (ten) Business Days prior written notice of the place and time of any such public auction shall be sufficient. The public auction may take place at any place in Germany which will be designated by the Pledgee.

- 9.4. Enforcement of the Share Pledge without prior written notice to the Pledgor and waiting period shall be permissible if (i) a Loan Party has ceased to make payments (*Zahlungseinstellung*), (ii) an application for the commencement of insolvency proceedings is filed by or against any of them, or (iii) there is reason to believe that observance of the notice period will adversely affect the security interest of the Secured Parties.
- 9.5. The Pledgee shall be entitled to notify the Company of the enforcement of the Pledged Shares. The Pledged Shares will be enforced to the extent necessary to discharge in full the Secured Obligations. The Pledgee may, in its sole discretion, determine which of several security interests, if applicable, shall be used to satisfy the Secured Obligations. The Pledgor hereby expressly waives its rights pursuant to section 1230 sentence 2 BGB, if applicable, to limit the enforcement of the Pledged Shares and agrees further that the Pledgee may decide to enforce the Share Pledge individually at separate public auctions or together with pledges over shares or partnership interest in one or more other companies and/or partnerships at one single public auction (*Gesamtversteigerung*).
- 9.6. In derogation of section 1225 of the German Civil Code (*Bürgerliches Gesetzbuch*), in the event of enforcement of the Pledged Shares, no rights of the Pledgee shall pass to the Pledgor by subrogation or otherwise unless and until all of the Secured Obligations have been satisfied and discharged in full. Until then, the Pledgee shall be entitled to treat all enforcement proceeds as additional collateral for the Secured Obligations, notwithstanding its right to seek satisfaction from such proceeds at any time.
- 9.7. The proceeds resulting from the enforcement of the Pledges shall be applied in satisfaction of the Secured Obligations. After the complete and full payment and discharge of any and all Secured Obligations, any remaining proceeds resulting from the enforcement of the Pledged Shares (or part thereof) shall be transferred to the Pledgor, unless the proceeds have to be transferred under binding law to another person.
- 9.8. Following satisfaction of the requirements for enforcement under Clause 9.1 hereof, all subsequent dividend payments and all payments based on Ancillary Rights may be applied by the Pledgee in satisfaction in whole or in part of the Secured Obligations and until such application treated as additional collateral.
- 9.9. Even if the requirements for enforcement referred to under Clause 9.1 are met, the Pledgee shall not, whether as proxy or otherwise, be entitled to exercise the voting rights attached to the Pledged Shares. However, the Pledgor shall, upon occurrence and during the continuation of an Event of Default, have the obligations and the Pledgee shall have the rights set forth in Clause 8.4 above regardless of which resolutions are intended to be adopted.

10. RELEASE OF SECURITY

- 10.1. Upon complete and irrevocable satisfaction of the Secured Obligations, the pledge in the Pledged Shares will expire by operation of law due to its accessory nature (*Akzessorietät*). Upon request and at the cost of the Pledgor, the Pledgee will confirm the expiration of the Share Pledge to the Pledgor as a matter of record.
- 10.2. At any time when the total value of the aggregate security granted by the Pledgor and the other Loan Parties to secure the Secured Obligations (the "**Security**") which can be expected to be realised in the event of an enforcement of the Security (*realisierbarer Wert*) not only temporarily, exceeds 110 per cent of the Secured Obligations (the "**Limit**") the Pledgee shall on demand of the Pledgor release such part of the Security (*Sicherheitenfreigabe*) as the Pledgee may in its reasonable discretion determine so as to reduce the realisable value of the Security to the Limit. If at any time after such release the total value which can be expected to be realised in the event of an enforcement of the Security (*realisierbarer Wert*) falls below the Limit, the Pledgee may request from the Pledgor the recreation, retransfer or reassignment to the Pledgee of such part of the released Security as the Pledgee may in its discretion determine so as to raise the total value which can be expected to be realised in the event of an enforcement of all Security (*realisierbarer Wert*) back to the Limit.
- 10.3. If an amount paid by any Loan Party to any Secured Party under any Loan Document is capable of being avoided or otherwise set aside on the liquidation, administration, winding-up or other similar proceeding in the jurisdiction of such Loan Party or otherwise, then such amount shall not be considered to have been finally and irrevocably paid for the purposes hereof.

11. WAIVER OF DEFENCE AND RECOURSE CLAIMS

- 11.1. The Pledgor hereby expressly waives (i) its right of revocation (*Einrede der Anfechtbarkeit*) pursuant to sections 1273 subsection 2, 1211, 770 subsection 1 BGB, (ii) its right of set-off (*Einrede der Aufrechnungbarkeit*) pursuant to sections 1273, 1211, 770 subsection 2 BGB, and (iii) any other defences it may have regarding other composition rights (*Gestaltungsrechte*) to which section 1273, 1211, 770 BGB apply mutatis mutandis. This waiver shall not apply to a set-off with counterclaims that (i) are uncontested (*unbestritten*) or based on an unappealable court decision (*rechtskräftig festgestellt*) and (ii) in case the Pledgee is insolvent. Further, section 776 BGB or any similar rule shall not apply in favor of the Pledgor. Any waiver of any rights pursuant to the preceding sentence shall be independent from any of the other waivers made in this Clause 11.1.
- 11.2. The exercise of the Pledgor's rights against any obligor (i) resulting from a subrogation by operation of law (*gesetzlicher Forderungsübergang*) of the Secured Obligations and (ii) to demand the assignment of the Secured Obligations to it is suspended until the satisfaction of the Secured Obligations. This also applies to any contractual and/or statutory damage and/or

reimbursement claims (*Schadenersatz- und Aufwendungsersatzansprüche*) against an obligor it may have in case of realization and/or satisfaction of any of the Secured Obligations.

12. DURATION AND INDEPENDENCE

- 12.1. This Agreement shall remain in full force and effect until the full and complete payment and discharge of the Secured Obligations. The Share Pledge shall not cease to exist, if the Loan Parties have only temporarily discharged the Secured Obligations.
- 12.2. This Agreement shall create a continuing security and no change, amendment, restatement, supplement or waiver whatsoever in relation to the Loan Documents and the Secured Obligations or in relation to any other security shall affect the validity and the scope of the Share Pledge and this Agreement nor the obligations which are imposed on the Pledgor pursuant to it.
- 12.3. The Share Pledge shall remain valid notwithstanding any measure taken by the Pledgee (i) against the Pledgor to collect the Pledgee's claims (in particular if the Pledgee grants payment deferrals) or (ii) with respect to a release of guarantors, sureties or collateral or the conclusion of a settlement or another agreement with persons directly or indirectly concerned by the terms of this Agreement.
- 12.4. This Agreement is in addition to, and independent from any other security or guarantee the Pledgee may now or hereafter hold in respect of the Secured Obligations. None of such security interests or guarantees shall prejudice, or shall be prejudiced by, or shall be merged or commingled in any way with the Share Pledge.

13. NOTICES AND THEIR LANGUAGE

- 13.1. Any communication to be made under or in connection with this Agreement shall be made in writing and, unless otherwise stated, may be made by fax, electronic means or letter, to the address and to the department or officer, if any for whose attention the communication is to be made as set forth below, unless such address is changed by written notice hereunder. Any notice sent by Pledgee or Pledgor by any of the above methods shall be deemed to be given when so received. Pledgee shall be fully entitled to rely upon any facsimile transmission, e-mail or other writing purported to be sent by any authorized officer of Pledgor as being genuine and authorized.

- 13.1.1 With respect to the Pledgor, to:

B&W Group Ltd.

Address: Dale Road, Worthing, West Sussex, BN11 2BH, United Kingdom

With a copy to:

5541 Fermi Court

Carlsbad, CA 92008, U.S.A.

Attention: Scott St. Clair, Chief Financial Officer
Telephone: 760-509-3622
E-mail: scott.stclair@soundunited.com

13.1.2 With respect to the Pledgee, to:

Virtus Group, LP

3300 N. Interstate 35

Suite 350

Austin, TX 78705

Attention: DEI Sales, Inc

Telephone: (512) 813-6051

Email: LoanAgency@virtusllc.com

with a copy to:

FIS

601 Riverside Avenue, T-12

Jacksonville, FL 32204

Chief Legal Officer

13.1.3 With respect to the Company, to:

B&W Group Germany GmbH

Address: Kleine Heide 12, 33790 Halle (Westfalia), Germany

With a copy to:

5541 Fermi Court

Carlsbad, CA 92008, U.S.A.

Attention: Scott St. Clair, Chief Financial Officer

Telephone: 760-509-3622

E-mail: scott.stclair@soundunited.com

13.2. Any communication or document made or delivered by one person to another under or in connection with this Agreement will only be effective:

13.2.1 if by way of fax or electronic means, when received in legible form; or

13.2.2 if by way of letter, when it has been received at the relevant address or five Business Days following the day on which it was despatched by first class mail postage prepaid,

and, if a particular department or officer is specified with the execution of any Party above, if addressed to that department or officer.

13.3. Unless otherwise required by statutory German law any notice or other communication under or in connection with this Agreement shall be in the English language or, if in any other language, accompanied by a translation into English. In the event of any conflict between the English text and the text in any other language, the English text shall prevail, provided that if a German translation of a legal term appears in such text, the German translation shall prevail.

14. MISCELLANEOUS

14.1. If at any time, one or more provisions of this Agreement or any part thereof should be or become in whole or in part invalid, illegal, or unenforceable in any respect under the law of any jurisdiction, such provision shall as to such jurisdiction, be ineffective to the extent necessary without affecting or impairing the validity, legality and enforceability of the remaining provisions hereof or of such other provisions in any other jurisdiction. The invalid, illegal or unenforceable provision shall be deemed replaced by such valid, legal and enforceable provision which comes as closely as possible to the economic purpose of the invalid, illegal or unenforceable provision and the original intent of the Parties. The same shall apply accordingly in case of omissions (*Regelungslücken*). Should the replacement or, as the case may be, the filling of the gap, be subject to any specific form requirement, the Parties are obligated to expressly agree upon the replacement or the filling of the gap observing such form requirement.

In particular the Share Pledge shall not be affected and shall in any event extend to any and all Shares in the Company even if the number or nominal value of the Existing Shares or the aggregate registered share capital of the Company as stated in Clause 2.2 are inaccurate and deviate from the actual facts.

14.2. No failure to exercise, nor any delay in exercising, on the part of the Pledgee, any right or remedy hereunder shall operate as a waiver thereof or constitute an election to affirm this Agreement. No election to affirm this Agreement on the part of the Pledgee shall be effective unless it is in writing. No single or partial exercise of any right or remedy shall prevent any further or other exercise thereof or the exercise of any other right or remedy. The rights and remedies provided hereunder are cumulative and not exclusive of any rights or remedies provided by law.

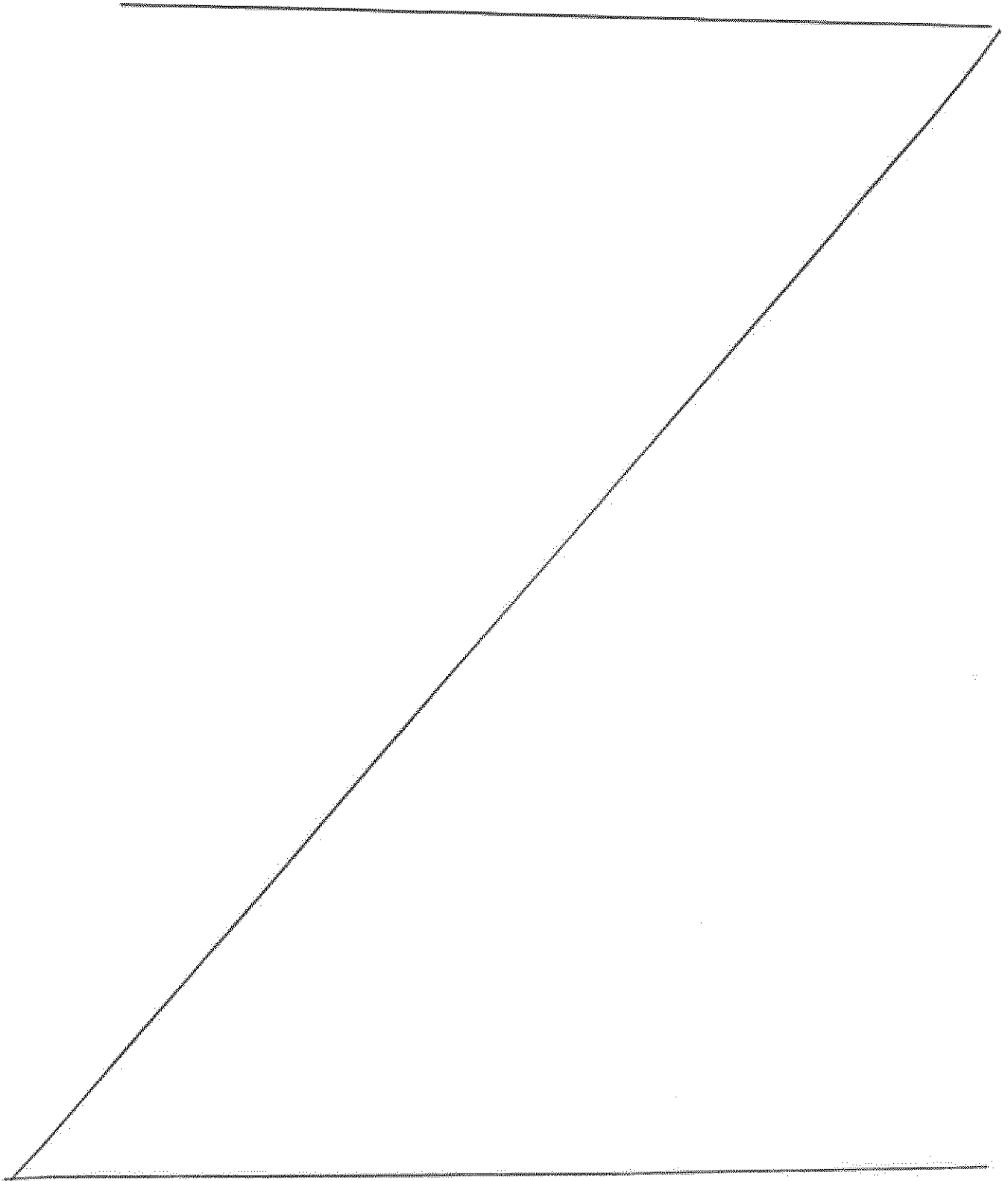
14.3. Unless another form (including but not limited to notarial form) is required by law, any changes, waivers and amendments of this Agreement including this Clause 14.3 must be made in writing in order to be effective. No oral supplements to this Agreement have been made.

- 14.4. This Agreement shall be binding upon the Parties hereto and their respective successors in law. The Pledgee shall be entitled to assign or otherwise transfer any and all of its claims, rights and duties under this Agreement to third parties in accordance with the Second Lien Financing Agreement. The Pledgor is entitled to any such assignment or transfer with the prior written consent of the Pledgee only.
- 14.5. The Pledgor shall indemnify the Pledgee in accordance with section 3.09 (Indemnity) and 12.15 (Indemnification) and section 12.04 (Expenses; Taxes; Attorneys' Fees) of Second Lien Financing Agreement.
- 14.6. All costs, charges, fees and expenses arising from the preparation of this Agreement (including its notarization and any notifications) or from amendments thereof or from the enforcement or preservation of the Pledgee's rights hereunder (in each case including fees for legal advisers) in each case plus VAT accruing thereon shall be borne by the Pledgor. This provision shall remain valid and enforceable even after the full payment and performance of any and all Secured Obligations.
- 14.7. The Parties confirm their mutual understanding that this Agreement and any non-contractual obligation arising in respect hereof are governed by and construed in accordance with the laws of Germany.
- 14.8. The courts of Frankfurt am Main, Germany, shall have non-exclusive jurisdiction to settle any and all disputes arising under or in connection with this Agreement (including a dispute regarding the existence, validity or termination of this Agreement or any non-contractual obligation arising out of or in connection with this Agreement) (a "Dispute"). The Parties agree that the courts of Frankfurt am Main, Germany are the most appropriate and convenient courts to settle Disputes and accordingly no Party will argue to the contrary. This Clause 14.8 is for the benefit of the Pledgee only. As a result, the Pledgee is not prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, the Pledgee may take concurrent proceedings in any number of jurisdictions.

15. NOTIFICATION OF PLEDGE /WAIVER OF PREEMPTION RIGHTS

- 15.1. The Pledgee herewith notifies the Share Pledge to the Company, and the Company acknowledges that it has been notified of the Share Pledge in accordance with section 1280 BGB. The Company hereby consents to the Share Pledge.
- 15.2. The Company confirms that it has not received any other notice pursuant to which the Shares in the Company and/or ancillary rights pertaining thereto have been transferred to a person other than the Pledgor, or pledged or otherwise provided for as security to any person.
- 15.3. The Pledgor and the Company herewith agree that the Pledgee may, in the course of an enforcement of the Share Pledge pursuant to Clause 9, transfer the Pledged Shares to a third party, and waive any preemption rights (*Vorkaufsrechte*) which they may have under the

Company's Articles of Association; the Pledgee will only declare such a waiver of such preemption rights (*Vorkaufsrechte*) to the extent that such rights have been created without its prior written consent.



The Notary advised the persons appearing to 1. and 2.:

that a pledge is a security instrument of strictly accessory nature (which means that it comes into legal existence only if, to the extent that, and as long as, the underlying secured claims do in fact exist, and that the owners of the secured claims and the pledgees must be identical);

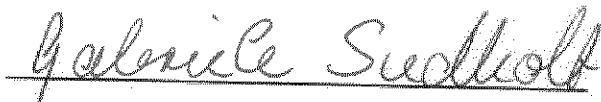
that notwithstanding section 16 para 3 German GmbHG there is no *bona fide* creation, acquisition nor ranking of a pledge of shares (in the sense that the pledgees are protected if the shares purported to be pledged do not exist or have been previously encumbered for the benefit of a third party); and

that the English original version of this Agreement will not be acceptable for enforcement but will have to be translated, by a certified translator, into German for such purposes.

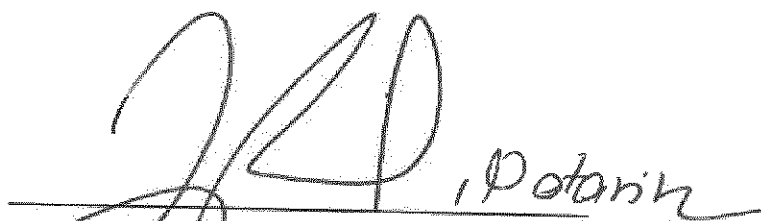
The above two Share Pledge Agreements have been read aloud by the Notary to the persons appearing, approved by them and signed by the persons appearing and by the Notary in their own hand as follows:



Helena Vellimirovic



Gabriele Sudholt



Junghänel, Notarin

I hereby certify that the above copy is a true copy of the original which has been presented to me.

Hofheim, 21 December 2016

Notary

