

I. General

These General Terms & Conditions (hereinafter also as „GTCs“) apply to all the contractual relationships arisen between TON a.s., seat in Bystřice pod Hostýnem, Michaela Thoneta 148, post code 768 61, company ID 49970585, registered in the Commercial Register maintained by the Regional Court in Brno, Section B, Insert

1239, as the Seller (hereinafter as „Seller“ only) and the Purchaser. The contracting parties may change, make deletions from/additions to some of the provisions of these GTCs only through a written agreement between both parties (such as in their purchase contract), provided that the remaining provisions of the GTCs remain

in force further on. As far as foreign trade is concerned the contracting parties agreed to apply the INCOTERMS 2010 interpretation rules to the contractual relationships made with reference to these GTCs, unless otherwise directed by the particular contract.

II. Contractual relationship and its origin

1/ Based on the Seller's non-binding offer, the Purchaser shall place a written purchase order of the goods, which will be identified in accordance with the Seller's catalogue. The Seller reserves the right to decide about the confirmation of the purchase order, even when in part only. The Purchase Contract between the parties shall be deemed concluded upon the delivery of an order confirmed in writing by the customer or upon a receipt of the amount corresponding to the agreed purchase price or its due part to the Seller's account. The purchase

order shall be deemed confirmed in writing, when either a proforma invoice or a Purchase Contract signed by the Seller is sent. If the purchaser does not raise any objections to the delivered order confirmation with the seller within 2 days, the order confirmation is considered approved. Should the Seller confirm only a part of the Purchaser's order or should he make other changes, objections, additions or limitations to the purchase order (hereinafter as „Modified Order“ only), this Modified Order shall be construed as a new contract proposal

which has to be confirmed by the Purchaser anew. The Purchase Contract shall be deemed concluded upon delivery of the confirmed Modified Order to the Seller by the Purchaser. A mere clarification shall not, however, be construed as a change to the purchase order, when based on the Seller's technical specification.

2/ Request of the Purchaser for an additional change in the confirmed purchase order which the Seller approves of after examining the state of production is subjected to an administration fee amounting to 50 EUR.

III. Catalogues, samples, prices and documents in relation to the goods

1/ The product range offered by the Seller is based on the current catalogues, samples presented at the exhibitions, Seller's stores or sent to the Purchaser on his request together with the submitted Seller's price quotation, taking usually the form of a pricelist, with the delivery condition, discounts and/or surcharges included. The drawings, weights, and dimensions of the goods given in the catalogues are informative only, unless expressly indicated as binding.

2/ The prices are quoted exclusive of VAT (unless specified that VAT is included), in a respective currency to be set forth by the Purchaser for the sales in this or that country. Given the sale into an EU country including the state where the Seller has its registered

place, the price shall be increased by VAT in the amount specified under the applicable laws applied in the Seller's region. The performances in the EU excluding the state where the Seller has its registered place can be exempted from the national VAT payment, provided that the Purchaser furnishes his/her company ID, VAT ID upon placing his/her order and confirms location of the goods in the EU.

3/ The goods shall be delivered to the Purchaser against the Purchase Contract. Should the first contractual relationship be the case, the Seller shall also provide the Purchaser with the „Furniture Care and Maintenance“ instructions, which must then be observed by all the Seller's product users, as otherwise

he/she shall lose the entitlements to claim defects of the goods. Should a resale of the goods be the case, the Purchaser is obliged to pass these „Furniture Care and Maintenance“ instructions to the additional purchaser, mainly to the end user. Should the goods be delivered as a set of unassembled parts, the Seller undertakes to deliver the relevant assembling instructions.

4/ The telephonic purchase orders shall only be settled at full risk on the side of the Purchaser. All the purchase orders placed in writing (mailed, faxed, e-mailed) shall be binding. The Purchaser undertakes to have the goods he/she had ordered shipped (except for the complaints).

IV. Delivery periods, modes of delivery, failure to take the goods

1/ The delivery period specified in the purchase order confirmation (Purchase Contract, pro-forma invoice – see the Clause II of GTCs) sent by the Seller to the Purchaser shall be binding. The delivery period shall be proportionally prolonged to allow for delays in supply of the Purchaser's material or receipt of the prepayment from the Purchaser. The delivery period shall be deemed fulfilled on the consignment dispatch date, on the date of collection of goods from the Seller's store, or on the date when the goods are made ready to be handed over to the Purchaser or to a Purchaser-authorized haulage agent. On this date, the Seller is also entitled to issue the invoice. The Seller reserves the right to dispatch the goods which is already available to ship within 3 days after The Purchaser's obligations were fulfilled in accordance with GTCs – article V. The delivery periods can be prolonged upon contingencies beyond the Seller's control, such as the unexpected force majeure interventions, strikes, and other obstacles that were not caused or done by the Seller and occurred beyond the Seller's will. This shall also apply upon occurrence of these contingencies on the side of the Seller's suppliers. In all these cases, the Seller is obliged to explain, if requested by the Purchaser, the reasons for the delay and to prove any occurrence of such circumstances, while in all these specified cases the Purchaser shall not be entitled to claim any damages or penalties resulting from the delay in delivery, if the Seller can prove, upon the request of the Purchaser, that the delay was caused by circumstances

beyond the Seller's reasonable control and irrespective of the Seller's will. Actual damages incurred due to delay in delivery of the goods by the Seller for reasons for which the Seller is liable may be claimed as a contractual penalty towards the Seller in the amount of 0.03 % of the purchase value of the goods for each day of the delay, and such an agreed contractual penalty shall be a flat rate compensation for the damages caused by the delayed delivery.

2/ Unless otherwise agreed in writing, the freight expenses shall be borne by the Purchaser. The risk of damage to the goods shall pass to the Purchaser upon takeover of the goods. Any other arrangements can be regulated in writing in the purchase contracts, mainly by reference to the delivery condition under INCOTERMS 2010.

3/ The contracting parties agreed that the Seller may withdraw from the Purchase Contract and sell the goods to another person, should the Purchaser fail to take over the goods within 21 days from the date agreed in the Purchase Contract or from the date when he has been prompted to do so by the Seller in writing (by e-mail, text message, or fax) (hereinafter as „uncollected goods“). The Purchaser must not then raise any claims for any indemnifications, such as for the lost profit etc. The written notice of withdrawal must be delivered to the remaining contracting party. In the event of uncollected goods after the withdrawal from the contract, the Seller shall have the right to invoice the Purchaser with

the contractual penalty in the amount of the received advance payment, or at the rate of 50 % of the value of the uncollected goods specified in the Purchase Contract if no advance payment was paid.

4/ Where the uncollected goods have been shipped subsequently and the Seller has not yet exercised the right to withdraw in accordance with the previous point the Seller shall have the right to claim from the Purchaser the contractual penalty at the rate of 1% of the value of these goods for every default day in excess of the 21 days, but at least 100 EUR.

5/ The contractual penalties shall be payable on the delivery date of the invoice and can be set off against any received advance payment and/or other consideration received from the Purchaser.

V. Remittance – payment for the goods

1/ Unless otherwise indicated in the Purchase Contract wording, it is taken for granted that the Purchaser must pay for the goods before they are shipped (in the event of the cashless payments the date on which the amount has been credited to the Seller's account is vital). For orders that have to be entered into production, the Seller can ask for the advance payment equal to at least 50 % of the total purchase order value. The agreed delivery period shall be counted from the date the advance payment has been credited

to the Seller's account or the date of remittance of the purchase price in full if agreed upon remitting the whole amount to the Seller's account prior the collection of goods. In the case of the Purchaser's delay in settlement of an invoice the Seller shall have the right to charge a contractual penalty, amounting to 0.03 % of the total debt per day of the delay without any prior notice. This is without prejudice to any indemnity claims in the amount exceeding the paid contractual penalty.

2/ Where there is a delay of over 5 days in settlement of a payable invoice the right shall ensue to the Seller to suspend any other deliveries until all the receivables are paid, as well as the right to demand payments for the oncoming deliveries in advance or in cash upon collection of the goods. This provision shall overweight any different regulations in the individual purchase contracts concluded between the contracting parties.

VI. Ownership reservation

1/ Ownership of the goods shall only be assigned to the Purchaser upon full remittance of the purchase price under the Purchase Contract. The remittance shall take a form of crediting the amount to the Seller's account. The risk and liability for damage to goods shall

pass to the Purchaser upon the receipt of the goods. Preservation of the ownership reservation in favour of the Seller shall remain even in the case of resale to a third person by the Purchaser, and/or in case of its further processing by the Purchaser or by a third

person. The Purchaser undertakes to always inform his/her customer accordingly.

2/ The given Seller's products may only be sold with the designation of corresponding trademarks.

VII. Complaints, warranties

1/ The Purchaser shall immediately check all consignments upon their delivery for correctness of the items delivered, for their completeness, and/or for any visible damages suffered during the transportation. Observed defects must be indicated in the delivery note and confirmed by the haulage agent, otherwise they shall not be recognized. All other defects that the Purchaser finds upon unpacking the goods must be immediately reported by the Purchaser to the Seller in writing. Beyond the legal liability for defective products regulated by the Civil Code, the Seller provides to the Purchaser a guarantee for the quality of goods during the period of 2 years from the date of delivery. For products designated with the TON trademark,

the Seller provides the Purchaser with the extended quality warranty of 5 years from the goods delivery. The Purchaser is obliged to consistently check and tighten screw joints in accordance with the „Furniture Care and Maintenance“ instructions.

2/ Claims for damages by the Purchaser shall follow civil law of the Czech Republic and the Seller's complaints' regulations.

3/ The liability for defects does not arise and no defect covered by the warranty of quality occurs where: (a) the goods have demonstrably been used in dispute with the „Furniture Care and Maintenance“ instructions delivered by the Seller; and/or (b) the goods have been used inappropriately in respect to its utility character-

istics and in dispute with the purpose the goods are designed to be used for; and/or (c) when the goods have been subsequently modified, adapted or connected with other items not delivered by the Seller. Similarly, the goods cannot be returned because of minor discrepancies in dimensions and colours, mainly because of the natural features of the materials used. Moreover, neither the defect liability nor the quality warranty shall apply to the goods wear and tear due to its normal use.

4/ Until the liability for a defect is proven to the Purchaser, it is understood that the Seller is liable for the defect and is obligated to remove it.

VIII. Governing law, court jurisdiction

1/ The governing law is the law of the Czech Republic. Application of the United Nations convention on the international goods purchasing contracts is expressly excluded. In the case of disputes, the court

with local jurisdiction for both contracting parties is the District Court in Kroměříž or the Regional Court in Brno. Nevertheless, the Seller shall have the right to pursue his/her claim at the Purchaser's registered address.

2/ Should any of the GTCs' provisions come in dispute with the Civil Code of the Czech Republic, the relevant regulations of the Civil Code shall apply notwithstanding the other clauses of the GTCs.

IX. Final provisions and validity

1/ The GTCs shall take effect between the contracting parties upon signing the purchase or other similar contract and the Purchaser confirms to have made himself/herself familiar with their contents, that he/she agrees to them and is accepting them.

2/ These General Terms and Conditions came into force on February 1, 2017 and supersede all the previously issued GTCs.