

General terms and conditions of Business

OF MORAVA WOOD PRODUCTS S.R.O.

1. DEFINITIONS

“**Morava Wood**” means Morava Wood Products s.r.o., ID.No.: 268 35 894, VAT No.: CZ26835894, with its registered office in Uničov, Postal Code 783 91, U Pily 918, Czech Republic.

“**Contractor**” or “**Purchaser**” means entity which intends or already came in agreement with Morava Wood or placed order to purchase products from Morava Wood.

2. GENERAL

All our legal relationships shall be based on our “General Terms and Conditions of Business.” In addition, all and any deliveries of wood effected within territory of the European Union shall be subject to the procedures used according to customary trade practice in the wood-processing industry, and in particular to the provisions of Czech Business Code. The wording of said provisions is understood to be known and it is published on the official website of Morava Wood www.moravawood.eu. Otherwise the text shall be sent upon request. Our General Terms and Conditions of Business shall be applicable to all and any legal transactions with Contractors. We shall not recognize any terms or conditions of purchase on the part of any party contracting with us, or any agreements in deviation of our General Terms and Conditions of Business, unless their applicability is acknowledged in our order and written confirmation.

3. OFFERS – CONCLUSION OF CONTRACT – PRICES

Our price list is not an offer. We can reject any order. We are not bound by an order until an official acknowledgement letter or dispatch document has been raised on its official form. Our offers shall be subject to confirmation. A contract shall not be deemed to be concluded until the order is confirmed or executed in written form by us. The specifications, drawings and illustrations, as well as descriptions relating to delivery and performance contained in our brochures, catalogues, price lists, or in the offer or documents pertaining to the offer, are approximate values in accordance with customary trade practice, unless in the order confirmation they have expressly been referred to as binding. We reserve the right to make changes in the manufacturing process and shape of the delivery item, to the extent that such changes are acceptable for the purchaser. If an offer is made on a sample basis, the color and texture of the sample shall not be deemed warranted qualities. Samples provided will only represent an average condition of the goods. Specifications as to dryness, weight, etc. will be given according to the best of our knowledge, but shall be without engagement. Our prices are quoted ex works unless specified differently and explicitly. Anytime the price is mentioned it is excluding value added tax or any other duties to be paid if imposed. In the event of an essential change of certain cost factors – wages, packing material, or freight – occurring between the conclusion of a transaction and delivery, the agreed price may be adjusted by Morava Wood, within reasonable limits, according to the influence of the relevant cost factors, but no more than a maximum of 10% of the price without VAT. In the event of price increases, the purchaser shall have the right to declare his repudiation of the contract. The Purchaser must notice to us the repudiation of the contract in written form and without any delay, at the latest within eight (8) days after receipt of the information of price increase. All orders accepted by us are subject to these terms and conditions of this General Terms and Conditions of Business.

4. CREDIT-WORTHINESS

When accepting orders, we shall assume that the Contractor is solvent. If it turns out that this condition was not fulfilled, or noticeably is no longer fulfilled, we shall be entitled to revoke credit terms granted, claim cash in advance of further deliveries, demand letter of credit or payment or securities against return of all bills of exchange and cheques accepted by way of payment, or rescind the contract. This shall also apply if the Contractor is in delay regarding the payment of earlier invoices, in the event of a returned debit note, protest of a cheque or bill of exchange, or if a substantial deterioration of his financial circumstances becomes known. Morava Wood is entitled to stop (one-side) any future delivery of any goods to the Contractor in case of insolvency or liquidation procedure on the asset (-s) of the Contractor.

5. DELIVERY AND PASSING OF RISK – SHIPMENT AND PACKING

Delivery times shall not be deemed fixed dates unless expressly referred to as such. Part shipments shall be admissible within reasonable limits and shall have to be accepted. In the event of delays in delivery or performance due to force majeure or as a result of occurrences making performance substantially difficult or impossible – these include particularly operational disturbances, strike, lockout, natural phenomena, government acts and disturbance of traffic routes, we shall be released from the obligation to deliver or perform for the duration of such impediment plus a reasonable preparation time. The same shall apply in the event that supplies delivered to us are incorrect or do not arrive in due time, unless we are responsible for this. If so requested, our Contractor shall have to declare whether he repudiates the contract as a result of the delay, or whether he insists on delivery. Any claims for damages, even on the grounds of delays going beyond the limits outlined above, shall be ruled out unless we are liable due to intent or gross negligence or on the grounds of injury to life, body, or health. This

shall not involve any change in the burden of proof to the disadvantage of our Contractors. If the delivery of orders placed on an on-call basis is not requested within one month after expiry of the agreed deadline, we shall be entitled to optionally either insist on immediate acceptance or immediately rescind the contract without fixing another deadline. The same shall apply in the case of orders to be performed on call with no particular deadline agreed for demanding delivery, if more than four (4) months have elapsed without any request for delivery since the order was confirmed. Contractors shall not be entitled to assert any rights before granting us a reasonable final deadline of at least eight workdays.

6. CANCELLATION CHARGE

The Contractor (Purchaser) may, at its absolute discretion and without having any reason, terminate the contract or cancel order in whole or in part by giving written notice to us. In the event of such termination, the purchaser shall pay us a Cancellation Charge in the amount of fifty percent (50%) of the total order value.

In the event of bankruptcy or insolvency of Contractor or in the event any such proceedings are voluntarily or involuntarily brought against the Contractor, we shall be entitled to cancel the purchase order at any time during the period allowed for filing claims against the estate and shall be entitled to receive reimbursement on the amount of Cancellation Charges as mentioned in above paragraph.

7. WARRANTY

Wood is a natural product. Its natural properties, variations and features are therefore to be taken into account in any case. In particular, the purchaser shall have to consider the biological, physical, and chemical properties when buying, processing and using wood. The natural range of variation in terms of color, texture, and other characteristics within one species of wood is typical of wood as a natural product and shall not represent any cause for complaint or liability claims. If need be, our Contractor shall have to seek appropriate technical advice. Only our product description shall be deemed agreed for the condition of goods. Public statements or extolling in advertisements shall not represent any additional indication as to the condition of goods under the contract. Any complaints referring to immediately noticeable defects in terms of quality, delivery of the wrong goods, and quantity variance shall have to be notified in writing without delay, at the latest within eight (8) days after receipt of the goods. Complaints shall have to be stated at any rate before processing or using the goods. Once the delivery or performance has been accepted, any subsequent objections shall be ruled out. If goods have been made available for collection and neither the Contractor nor any other person authorized by the same appears to collect them, such goods shall be deemed accepted. Defects that are not obvious, or defects occurring during or after processing or installation, shall have to be notified in writing without delay, at the latest within ten (10) days after being discovered. The burden of proof for the date of finding such defect shall be on the Contractor. The purchaser shall have to inform us of any circumstances bringing warranty into operation in favor of a consumer, as soon as possible after learning about the case. In the event of justified objections, we shall deliver any quantities missing and otherwise provide free remedy, grant a price reduction, replace or take back goods, whichever we may choose. If remedying or substitute delivery fails or becomes impossible, our Contractor shall be entitled to cancel the contract or to reduce the purchase price, whichever he may choose to satisfy his claims. We shall assume liability for the absence of warranted qualities only to the extent that such warranty shall serve the particular purpose of covering the Contractor against the consequential damage resulting from the absence of such qualities. The mere reference to EN standards shall not make their contents a warranted quality. The warranty period shall be twelve (12) months from date of delivery of good (-s) to the Contractor. Claims based on defects of quality shall become statute-barred in twelve (12) months. This shall not apply in the event that the law prescribes longer periods of limitation and this was agreed between Contractor and us in written form. Reciprocal claims for damages, no matter what the legal basis may be, in particular on the grounds of neglect of contractual obligations and damage claims in tort, shall be ruled out unless otherwise provided in the following. This shall also apply in particular to consequential damage and claims for compensation of expenses. In the event that essential obligations under the contract should be neglected, liability shall be limited to such damage as is typical of the contract and is predicable. This shall not apply in cases where liability is mandatory, e.g. under the product liability statute, in cases of intent or gross negligence, or on the grounds of injury to life, body, or health. If delivery is impossible and we are responsible for this and in case of any negligence obligation of us, the Contractor's claim for damages shall be limited to a maximum of ten percent (10%) of the value (without VAT) of that part of the delivery which cannot be put to appropriate use as a result of such impossibility. The right to cancel the contract shall remain unaffected.

The provided warranty applies only if Installation and maintenance instructions as provided by us have been followed by owner/installer.

Oil finishing durability cannot be guaranteed, since it depends on the maintenance provided by the floor's owner. If maintenance is performed as described in the Installation instructions provided by us and using the recommended products, consumers will be able to benefit from their floor without needing to have it sanded and re-oiled.

An imperfection rate of total quantity below five percent (5%) is considered acceptable according to industry standards. Imperfections can be mainly the result of natural causes together with manufacturing process.

We will repair or replace defective planks, at our discretion. When a plank is installed, however, it is considered accepted without defects by the owner/installer. Before

proceeding with plank installation, the installer or owner is responsible for a final inspection as regards category, manufacture and plant-made finishing. The owner/installer must make a reasonable selection and reject or cut wood planks that show an obvious defect, no matter its cause. The warranty applies to defective products that exceed five percent (5%) of the total quantity in square feet purchased by the client (excluding losses caused by cutting the planks at installation).

The warranty applies only to the product and excludes any other compensation such as, without limitation, any damage to the buildings in which the floor is installed, to the goods found therein, any injury or financial loss, etc.

Exclusions from warranty

Morava Wood Products assumes no liability at the warranty's expiry, and will provide no compensation:

- For damages other than those listed in the section above, and herein excludes the coverage of any consequential damage of any nature
- If the subfloor doesn't meet the installation standards recommended by Morava Wood.
- When a slight difference exists between the sample and the floor
- When a change in color of occurs during time as a result of exposure of floor to light
- If damages are caused, in whole or in part, without limitation, by a change in the humidity rate, by dryness or lack of heating
- If gaps between some planks and/or springing of planks appear as this might occur due to natural reaction to extreme humidity changes.

We decline liability regarding any kind of defect in cases where the installation did not conform to the standards, recommendations and guidelines mentioned in installation instructions.

Contractors are responsible for primary communication with end users if any claim or reclamation is claimed. Contractor investigates on his own cost whether the claim is reasonable and whether claims fulfill the conditions of our warranty as mentioned above.

No retailer, agent, wholesaler, distributor, nor salesperson is entitled to modify the terms of this warranty otherwise keep full responsibility to solve any reclamation or claims made by users of our product on his own costs.

8. LIQUIDATED DAMAGES FOR DELAYED DELIVERY

In the event of unexcused, delayed delivery, we will pay Contractor liquidated damages at a rate of 0.2% of the value (without VAT) of the as yet undelivered products, per week, up to a maximum of 5% of the value of the total purchase order (without VAT). The agreed value of these liquidated damages shall be purchaser's sole remedy for late delivery.

Our liability for, and Contractor's further claims for any other damages or costs relating to late delivery are hereby excluded.

9. LIMITATIONS OF LIABILITY

In no event, whether based on contract, tort (including negligence), strict liability, or any loss or damage arising out of, connected with, or resulting from the performance or breach of the contract or purchase order, whether arising before or after completion of our obligation under the contract or order, shall we be liable to Contractor for losses or damages caused by reason of loss of use, revenue or profits or cost of capital or special, incidental, consequential or penal damages of any nature and Contractor shall indemnify us against such claims by any third party.

In all cases where Contractor's claim, whether based upon contract, tort (including negligence), strict liability or otherwise, involves nonconforming product or damage resulting therefrom, Contractor's exclusive remedies and our sole liabilities shall be those specifically provided by our warranty. Any claims by Contractor must be submitted to us in writing during the warranty period.

Our total liability to Contractor for all claims of any kind, whether based on contract, tort (including negligence), strict liability, or any loss or damage arising out of, connected with, or resulting from the performance or breach of the contract or order shall in no event exceed one times (1x) the total price paid by Contractor for that particular delivery associated with the claim. Our total liability associated with the claim shall be further reduced by any (1) damages paid to Contractor by us, (2) costs incurred and settlement made by Seller under section "7. Warranty" and (3) refund of the price for the products delivered in the event of a rescission.

The statute of limitations for purposes of bringing any actions under the contract of Purchase shall be one (1) year from the date the cause of action accrued.

10. RESERVATION OF TITLE

All and any goods delivered (goods under reservation) shall remain our property until the purchase price and all other claims due to us as a result of the business relationship have been fully paid. Pledging or transfer or ownership by way of security shall not be admissible without our written consent. Any processing or installation of goods under reservation shall take place on our behalf, free of charge, and without any obligation to regard us as Manufacturer. The purchaser shall be permitted to resell and install such goods as set forth hereinabove only in the ordinary course of business, and only on condition that said claims do in fact devolve upon us. This shall include that the purchaser receives payment from his customer or makes the reservation that ownership

shall not go to his customer before the same has fulfilled his obligations in terms of payment. The purchaser shall agree so with his sub-purchaser. In the event of attachment, seizure, or any other action or intervention by a third party, the purchaser shall have to notify us immediately and completely. In the event that the purchaser falls behind with payments, we shall be entitled, without fixing another deadline, to terminate the purchaser's right of title by unilateral declaration and claim return of the unprocessed material. All and any of the purchaser's rights mentioned herein shall lapse in the event of discontinuation of payments and / or institution of insolvency proceedings. This shall not apply to the rights of the trustee in insolvency. The assertion of the reservation of title through us shall require no cancellation, whereas the purchaser shall be obligated to promptly grant us any access so that we may make appropriate establishments and dispose of the goods under reservation. If the value of the securities granted exceeds our claims, possibly reduced by down payments or installments, by more than 20%, we shall be obligated to reassign title or release goods in the same measure, whichever we may chose. On settlement of all our claims arising from the business relationship, ownership of the goods under reservation and all and any claims assigned to us shall devolve on the purchaser.

11. CONDITIONS OF PAYMENT

Our invoices shall be issued under the date of shipment of goods. Unless otherwise agreed, they shall be due for payment without any deduction within fourteen (14) days. Any claims or performance in part shall be invoiced separately and shall each be payable individually, independently of the total scope of delivery. Payments made on account shall be set against part deliveries according to the order in which such deliveries shall be made. If any payments are deferred or received after maturity, we shall be entitled to charge contractual interest as from the date of maturity in the amount of ten (10%) p.a... Any further claims shall remain unaffected. A right to set off shall only exist in the event of undisputed claims or for claims that have been conclusively determined by a court. In cases of justified deficiency claims, retention of payments shall only be admissible to such an extent as shall represent a reasonable relation to the actual defect of quality. The Contractor (Purchaser) has not right to assign (to transfer) any right or claim against Morava Wood without our previous written consent. Our sales representatives and agents shall not be entitled to collect bills unless they produce our written authorization to collect debts.

12. DATA PROTECTION

We shall be entitled, within the limits allowed by law, to process any information concerning the Contractor with regard to or in connection with the business relationship, no matter whether such data have been received from the Contractor himself or from any third party.

13. PLACE OF PERFORMANCE – APPLICABLE LAW

783 90 Uničov, U Pily 918, Czech Republic shall be the place of performance and jurisdiction regarding deliveries and payments as well as all and any disputes that may arise between the parties hereto, if the Contractor is a merchant or a legal entity, or if he represents special funds under public law. We shall, however, also be entitled to sue the purchaser at his registered domicile. The relations between the contracting parties shall be governed only and entirely by the law applicable in the Czech Republic. All disputes arising from any contract between Morava Wood and the Contractor (Purchaser) and/or in connection with it shall be finally decided with the Arbitration Court attached to the Czech Chamber of Commerce and the Agricultural Chamber of the Czech Republic according to its Rules by three arbitrators in accordance with the Rules of that Arbitration Court. The place of arbitration will be seat of above mentioned Arbitration Court in Prague 1, Dlouha street 13, Postal Code 110 00, Czech Republic.

14. FINAL PROVISIONS

Should any of the provisions herein be found to violate any statutory prohibition(s) or to be invalid for any other reason(s), this shall not affect the validity of the other provisions. In lieu of such invalid provisions, if any, it shall be deemed agreed what would have been the closest to the economic interest and to the presumed will of the contracting parties in accordance with the other terms and conditions of business. The same shall apply in the event of any gap(s) herein. The contracting parties shall undertake to make a serious effort to contribute to the completion of substitute provisions to such effect.

Morava Wood reserves the right to change these General Terms and Conditions of Business at any time and without stating any reasons. Any changes or amendments shall be highlighted and communicated to the contractor via e-mail four weeks before coming into effect at the latest. The e-mail communicating the change or amendment shall contain separate information on the importance of the above four-week deadline and any resulting legal consequences.

If the contractor does not object to such changes or amendments within four weeks after receipt of said e-mail the changed or amended General Terms and Conditions of Business shall be deemed to be accepted.

General Terms and Conditions of Business are deemed to be accepted for the first time by Contractor from the date of introduction of General Terms and Conditions of Business in writing or via e-mail to contractor and contractor placed an order or closed an agreement with Morava Wood.