

GENERAL DELIVERY TERMS

Foreign Trade Department

I. Preamble

1. These General Delivery Terms (the “**Terms**”) of KOH-I-NOOR HARDTMUTH a.s., ID No. 260 55 996, having its registered seat at the address F.A.Gerstnera 21/3, České Budějovice 7, 370 01 České Budějovice, and being registered in the Commercial Register of the Regional Court in České Budějovice under file no. B 1288 (the “**Seller**”), regulate the terms and conditions, under which the Seller delivers to third persons (the “**Purchaser**”) artistic, school and office supplies (the “**Goods**”; the individual purchase agreements hereunder hereinafter only as the “**Agreements**”). The rights and obligations of the Seller and the Purchaser (the “**Parties**”) not regulated by these Terms shall be governed by the Czech legal regulations, including, without limitation, the relevant provisions of Act No. 89/2012 Coll., the Civil Code, as amended (the “**Civil Code**”), with the exclusion of the UN Convention on Contracts for the International Sale of Goods.
2. These General Delivery Terms are legally binding document and inseparable part of every Agreement in the event of the Confirmation of the Purchaser.

II. Conclusion of Agreement

3. Based on the Purchaser’s demand the Seller shall prepare an offer. The offer shall be valid for the period of 14 calendar days, unless the offer expressly stipulates otherwise. The Seller reserves the right to withdraw the offer, including during the period determined for acceptance thereof.
4. The Agreement is entered into as of the moment when the Purchaser delivers to the Seller a duly confirmed offer. By accepting the offer, the Purchaser assumes the risk of change in the circumstances and represents that it has been acquainted with the Terms and had a real opportunity to influence the fundamental terms and conditions of the Agreement. Acceptance of the offer with amendments, deviations or references to other business terms is always excluded, regardless of the essentiality of the amendments or deviations.

III. Delivery of Goods

5. Any and all data on the weight, dimensions, volume, price and other data on the Goods stated in the catalogues, leaflets, circular letters, notices, pictures and pricelists, and also samples or models of the Goods shall be binding only if the Seller expressly refers to them in the Agreement.
6. The Seller reserves the right to make, without prior notice, minor changes regarding the appearance of the Goods (such as shades of or printing on the wrapping) or the used material (such as the used kind of wood or the gloss shade), in deviation from the current catalogue or website of the Seller. These changes shall not be considered defects in the Goods and shall not constitute any liability of the Seller for defects in goods.
7. The quantity of specially produced goods is determined in the Agreement only approximately. The deviation from the quantity determined in the Agreement may not exceed 6%. The specially produced goods mean goods that the Seller does not produce regularly or that is not a part of the Seller’s valid pricelist or catalogue, and contains advertising print upon the Purchaser’s request.
8. The Goods shall be duly wrapped by the Seller in regular manner.

9. In the offer, the Seller shall state the expected date of delivery of the Goods. The Seller shall determine the delivery term based on the season, demands of the Goods and production etc.
10. Unless it is stated in the Agreement or in these Terms otherwise, the delivery terms shall be governed by INCOTERMS 2020 issued by the International Chamber of Commerce in Paris. The Purchaser shall provide the Seller with the necessary cooperation required for delivery of the Goods.
11. If the Purchaser fails to provide the Seller with the necessary cooperation required for delivery of the Goods, including, without limitation, failure to submit to the Seller the transport details or any other needed information, the Seller shall not be in delay with fulfilment of its obligation to deliver the Goods to the Purchaser. The Seller is also entitled, at its discretion, to store the Goods or to withdraw from the Agreement. The Purchaser undertakes to pay to the Seller the amount of 1% of the total purchase price for each commenced month, during which the Purchaser has been in delay with takeover of the Goods or with provision of the necessary cooperation, as a flat rate compensation of any damage caused in this respect. The Seller is entitled to condition the delivery of the goods by payment of the flat rate compensation and/or by payment of the total purchase price.
12. Frustration of the delivery of the Goods by the Purchaser shall not affect the maturity of the total purchase price; the date of the unsuccessful attempt to deliver the Goods shall be considered the date of delivery. A repeated delivery shall be performed by the Seller at the Purchaser's expense. The Seller is entitled to condition the performance of a repeated delivery by advance payment of the costs of the repeated transport and/or payment of the total purchase price.

IV. Liability for Defects; Terms of Warranty

13. The liability for damage to the Goods passes to the Purchaser as from the delivery of the Goods or the date of unsuccessful attempt to deliver the Goods frustrated by the Purchaser.
14. In the takeover, the Purchaser is obliged to examine the Goods. Defects regarding the quality or quantity of the Goods ascertainable in such examination must be reported by the Purchaser as of the date of takeover, at the latest, to the Seller and must be also stated in the carrier's transport documentation. If the defect consists in incompleteness or defects of the wrapping (e.g. inconsistency in the number of pallets or the order weight, the wrapping of the Goods are undamaged or are not compact), the Purchaser is obliged to make a written record on such defects with the carrier and to deliver this record to the Seller on the same day.
15. The Purchaser shall notify the Seller of any defects in the Goods in writing, without any unnecessary delay from the moment the Purchaser was supposed or could ascertain such defects. The notification of defects must contain the 12-figure code stated on the Goods under complaint, description of the defects, number of defective pieces and numbers of the documents, with which the Goods were delivered and invoiced, plus the responsible person and their contact data. The complaint protocol must contain photo-documentation on the defects of the Goods under complaint and, upon the Seller's request, a sample of the Goods under complaint.
16. The Purchaser shall not have rights from defects in the Goods, which it failed to duly report to the Seller in accordance with these Terms and the Civil Code.

V. Payment Terms

17. The Purchaser undertakes to pay the purchase price including the value added tax in the statutory amount in accordance with the valid legal regulations effective as of the date of taxable supply (the purchase price including VAT hereinafter as the "**Total Purchase Price**"). If the Purchaser pays a lower or none VAT and the tax administrator resolves in inspection that

the condition for applying lower or none rate of VAT has not been met and assesses the tax for the Seller additionally, the Purchaser undertakes to pay to the Seller the additionally assessed tax, including the default interest, penalty and other sanctions and damages.

18. The Seller shall issue a due tax document (invoice) with respect to the Total Purchase Price. The Purchaser agrees that the Seller issues the accounting and tax documents in electronic form and sends them to the Purchaser's contact email.
19. The Purchaser undertakes to pay the Total Purchase Price within 30 days from the date of issuance of the relevant tax document, unless a different due date is stipulated in the Agreement, doing so via wire transfer or other manner agreed in advance in writing with the Seller.
20. The Purchaser shall notify the Seller of its objections to the received document within 5 days from the date of its delivery, otherwise it is understood that the Purchaser agrees to the document. If the Purchaser's objections are justified, the Seller shall correct the document without any unnecessary delay.
21. The Purchaser is obliged to pay to the Seller the contractual penalty in the amount of 0.05% of the outstanding amount of the purchase price per each day of the delay with payment of the outstanding amount of the purchase price.
22. In a direct payment via wire transfer and in payment via letter of credit, each Party shall pay their relevant fees. The payment shall be made exclusively in the currency stated in the invoice. In the case of payment in a different currency, the Purchaser shall pay any and all the costs of payment of the Total Purchase Price in such other currency. For conversion to the currency stated in the invoice shall be made using the exchange rate announced by the Czech National Bank as of the date of issuance of pro-forma invoice; if there is no pro-forma invoice, then the date of issuance of the tax document.

VI. Security

23. The Purchaser assigns to the Seller its financial receivables created during the period starting as from the first day when the Purchaser is in delay with payment of a financial obligation under the Agreement (the "**Due Obligation**") for 3 years from creation of the delay. The assignment of an individual receivable becomes effective upon fulfilment of the following conditions precedent:
 - a. The Purchaser is in delay with payment of a Due Obligation; and
 - b. The Purchaser has not fulfilled the Due Obligation even within the additional period provided by the Seller; and
 - c. The Seller informs the Purchaser's debtor on assignment of the receivable and asks them to pay the receivable or a part thereof.

If the Purchaser is in delay with payment of the Due Obligation, the Purchaser undertakes to announce to the Seller, upon the Seller's request, the data needed to assert its right under this paragraph (the "**Obligation to Cooperate**").

The assignment of the receivables is agreed for consideration in the amount of the nominal value of the receivable assigned (the "**Consideration**"). As the assigned receivables serve to secure the Seller's claims from the Purchaser under the Agreements, the Parties stipulate the maturity of the consideration as of the date, to which the assigned receivable is paid to the Seller. The Parties stipulate a set-off of the Due Obligation against the consideration as of the consideration due date. The Purchaser guarantees to the Seller up to the amount of the agreed consideration that the debtor pays to the Seller the assigned receivable within the maturity period or during an additional period based on the Seller's first call. Application of the last sentence of par. 1 and 2 of Section 1885 of the Civil Code is hereby excluded.

24. The Purchaser acquires the ownership title to the Goods upon the payment of the Total Purchase Price in full. The Seller is entitled to inspect and examine, either itself or through an authorized

person, the condition of the Goods under the lasting reservation of ownership, their use and place where the Goods are placed. The Purchaser undertakes to provide the Seller (including the authorized person) with any and all cooperation with respect to the inspection and/or examination of the Goods. In particular, the Purchaser shall enable the Seller, upon the Seller's request, to exercise its ownership title to the Goods (the "**Obligation to Cooperate**"). The Purchaser shall pay to the Seller a contractual penalty in the amount of CZK 10,000 per each day of the delay with fulfilment of the Obligation to Cooperate.

25. In the case that after the conclusion of the Agreement an insolvency proceeding or distraint procedure is commenced against the Purchaser, or a proceeding on enforcement of resolution or, as the case may be, the Purchaser enters liquidation, or another situation occurs that qualifies for establishing doubts on the due fulfilment of the Purchaser's obligations under the Agreement, while the Purchaser has not fully met its obligation to pay to the Seller the Total Purchase Price, then the Purchaser shall be entitled, at its own discretion, to withdraw from the Agreement or, as the case may be, to demand a security to be provided to it up to the amount of the Total Purchase Price. If, in these cases, the Seller has not met its obligation to deliver the Goods so far, and is obliged to perform even prior to the payment of the Total Purchase Price, the Seller shall be entitled to defer the performance of its obligation to deliver the Goods until the Purchaser pays the Total Purchase Price.

VII. Miscellaneous

26. The Purchaser is not entitled to assign any receivable under the Agreement without a prior written consent of the Seller. The Purchaser is entitled to set off its receivable against any Seller's receivables only with the Seller's consent.
27. With the Goods, the Purchaser does not acquire any rights to any intellectual property of the Seller or any other entity within the KOH-I-NOOR holding. Without a prior written consent, the Purchaser is entitled to use neither any intellectual property of the Seller or any other entity within the KOH-I-NOOR holding (regardless of their possible registration with the relevant authority/office), nor the business name of the Seller or any other entity within the KOH-I-NOOR holding. Without the consent, the Purchaser is not entitled to register a domain name of any level, containing an object of intellectual property of the Seller or any other entity within the KOH-I-NOOR holding, or any part, version or imitation thereof. The Purchaser undertakes not to attempt to register any intellectual property of the Seller or any other entity within the KOH-I-NOOR holding, or any part, version or imitation thereof.
28. The Purchaser shall pay to the Seller a contractual penalty in the amount of EUR 10,000 per each individual breach of the previous clause of these terms and a contractual penalty in the amount of EUR 1,000 per each calendar day when an unauthorized conduct of the Purchaser within the meaning of the previous clause of these terms lasts.
29. Payment of the contractual penalty shall not affect the right to the compensation of damage in the full extent.

VIII. Breach of Agreement; Sanctions; Termination of Agreement

30. Each Party is entitled to withdraw from the Agreement in the case of a substantial breach thereof by the other Party. A substantial breach of the Agreement includes:
- Failure to observe the date of delivery by the Seller, even within an additionally provided appropriate period of time;
 - Delay in payment of any of the Purchaser's obligations under the Agreement exceeding thirty (30) days;
 - Purchaser's delay with takeover of the Goods exceeding thirty (30) days;
 - Failure to meet the Obligation to Cooperate;

- Violation of the Seller's intellectual property rights.
31. If the Purchaser is in delay with payment of any of its obligations towards the Seller (the “**Unfulfilled Obligation**”), the Seller is entitled to reject its performances and to suspend any and all works on preparation of deliveries. Upon request, the Seller shall inform the Purchaser about the rejection of performances and its reasons. The Seller shall be obliged to restore preparations of deliveries and to inform the Purchaser about a new date of delivery without any unnecessary delay after the Purchaser fulfills its Unfulfilled Obligation and informs the Seller in this respect. The Seller is entitled to determine a new date of delivery with regard to its other delivering obligations, and production and storage capacities.
 32. The Parties are not liable for the failure to meet, or for the breach of, their undertakings and obligations in the case of so-called “force majeure”, which includes in particular wars, uprisings, earthquakes, general strikes, the state of emergency, the state of crisis, floods, a malfunction of the production machine or another piece of equipment of the Seller serving to fulfill the subject matter of the Agreement, extensive infection or a pandemic affecting the functioning of the Party, quarantine, or another measure laid down by the law or a binding measure of the general nature (such as an extraordinary measure of the ministry or government) and/or other events that are extraordinary, inevitable, unsurpassable, unpredictable and unavoidable for the Parties. The force majeure does not include the Purchaser's insolvency and an obstacle that has occurred only at the time when the affected Party had already been in delay with its performance. The Party claiming force majeure affection must notify the other Party of this fact in writing without any delay and to take any and all reasonable measures to mitigate the consequences of the failure to meet the contractual obligations, otherwise such Party is not entitled to claim the force majeure. The Parties are obliged to observe the Agreement, if the effect of the force majeure does not last longer than for 6 months. All periods shall be extended by the time of duration of the force majeure. After 6 months of duration of the force majeure, each of the Parties shall be entitled to withdraw from the Agreement.
 33. By expiration of the Agreement, any and all consents of the Seller, which the Seller granted to the Purchaser in connection to this Agreement, expire too.

IX. Processing and protection of personal data

34. Seller, as a personal data administrator, declares that he protects the personal data of its customers in connection with its activity and guarantees its full protection under these terms of business and applicable law. Purchaser acknowledges that, under the Personal Data Protection Act, he is entitled to:
 - require the Seller to provide information on the processing of personal data,
 - request the Seller to access and update or rectify these data,
 - require the Seller to erase this personal data – this deletion will be made unless it is contrary to the Seller's legitimate interests,
 - contact the Seller or the Personal Data Protection Authority if there are any doubts about compliance with the personal data processing requirements,
 - the Purchaser agrees, within the meaning of Art. 7 (2) of Act No. 480/2004 Coll., on certain information society services and on amendment of certain acts (Act on Certain Information Society Services), as amended, that the Seller may send commercial communications to it to its e-mail address or phone number,
 - the Purchaser agrees that the so-called “cookies” may be stored in its computer. In the event that it is possible to perform the purchase on the website and the Seller is able to fulfill its obligations arising from the respective purchase agreement without the

tracking cookies being placed in the Purchaser's computer, the Purchaser is entitled to revoke its consent specified in the previous sentence at any time.

X. Other and Final Provisions

35. These Terms are an inseparable part of every Agreement. In the event that any provisions hereof differ from the provisions of the Agreement, the provisions of the Agreement shall prevail.
36. Any notice, request or other communication shall be made or given in writing to the contact data stated in the Agreement. Notice shall be considered as duly given and/or made, if delivered in person, by registered mail, courier service or e-mail to the relevant contact address or to such a different address that the relevant Party specified in a notice sent to the other Party, or to the address of the registered seat.
37. Any and all disputes that the Parties fail to solve amicably, shall be resolved with final validity by the Arbitral Court of the Economic Chamber of the Czech Republic and the Agrarian Chamber of the Czech Republic in accordance with the Rules of this court by three Arbiters. The arbitral proceedings shall be conducted in České Budějovice.
38. Any changes of the Agreement shall be made in writing and signed by both Parties hereto.