

I. GENERAL TERMS AND CONDITIONS

1. The present General terms and conditions shall govern the rights and obligations of Milky Group Bio JSC (hereinafter referred to as „Seller“) and the company's clients (hereinafter referred to as „Buyer“) and shall apply to all sales and deliveries of raw material and products from the Seller's portfolio (hereinafter referred to as „Goods“), made by the Seller in favour of the Buyer, irrespective of the existence of clauses or conditions to the contrary applied by the Buyer.

II. CONCLUSION OF CONTRACTS

2. The sale and delivery contracts with the Buyer shall be concluded in writing, which shall be considered compliant if the statement is written in a manner allowing its reproduction.

2.1. Buyer's inquiries shall be sent to the Seller to the following address: 36, Dragan Tsankov Blvd., WTC Interpred, Office 719, Sofia, to the e-mail office@milkybio.com, or to fax number 00359 2 971 25 68, unless otherwise agreed upon between the parties.

2.2. In its inquiry the Buyer shall specify the type and quantity of goods, as well as the deadline and place, where the Buyer would like them to be delivered.

2.3. After receipt of the inquiry, the Seller shall provide an answer regarding its ability for delivery, term of delivery and price of the goods specified in the inquiry, hereinafter referred to as “quote”.

2.4. In case the Buyer agrees with the Seller's quote, it shall confirm the proposed conditions in a written order, specifying the quantity and type of goods it wishes to receive. An oral order shall also be considered valid if confirmed by the Buyer in writing within 5 (five) calendar days. The form and content of the orders should comply with the provisions of Annex 1, which is an integral part of the present general terms and conditions.

2.5. An order may only be placed by an individual pointed out in advance and duly authorized by the Buyer, whose orders shall have effect towards the Seller up to the date following the date of the official written notice of revocation of the power of attorney sent by the Buyer.

2.6. A binding agreement between the parties shall become effective as of the receipt of the order by the Seller. If the received order partially confirms the quote, the agreement shall be binding in the part which has been confirmed.

3. The date of delivery of the goods may not be earlier than 3 (three) working days as of the order's receipt by the Seller. In case of required earlier date of delivery, the Seller shall be entitled to increase the prices. If the relevant goods are not available in the Seller's warehouse, which shall be communicated in due time to the Buyer, the Seller shall specify a new term of delivery of the ordered goods.

III. PRICES AND DELIVERY

4. The prices of the goods shall be those agreed upon pursuant to Section II of the present general terms and conditions.

4.1. The prices of the goods shall be ex-warehouse of the Seller and shall not include value-added tax (VAT), unless expressly specified otherwise in the Seller's quote.

4.2. Modification of the price of the goods ordered by the BUYER shall not be possible after the date of receipt of the order by the SELLER, except in cases of price reduction or discounts.

4.3. In case of increase in the VAT rate by means of amendment of the statutory provisions after the date of conclusion of the contract between the parties and prior to payment of the price of the goods by the BUYER, the price shall be increased in proportion to the tax rate increase.

5. The delivery shall be performed at the SELLER'S warehouse unless otherwise agreed upon between the parties, and may not be refused by the BUYER.

5.1. The goods shall be delivered to the BUYER in a condition and fitness meeting the requirements of BSS /the Bulgarian State Standards/ and the Foods Act and shall be accompanied by the documents required by law.

5.2. In case a transit sale is negotiated between the parties, the SELLER shall deliver to the forwarding company the documents under clause 5.1 or shall send them to the BUYER'S address on the day of forwarding of the goods.

6. The BUYER undertakes to receive the goods under the relevant order on the date of delivery specified by the SELLER.

6.1. “Receipt” of the goods within the meaning of the previous paragraph shall mean:

a/ creation of all preconditions for establishment of physical possession of the relevant part of the goods by the BUYER by means of ensuring the presence of an authorized person on the delivery date, with the relevant powers to sign the documents certifying the receipt and delivery of the goods, and

b/ the signing of a bilateral record of delivery of the goods.

6.2. The delivery and receipt of the goods shall be certified with the signing of a record of handover between the parties. The parties agree that the goods shall be considered delivered to the Buyer in the quantity and quality reflected in the accompanying documents under clause 5.1. In case of difference in their content, the BUYER shall be obliged to prove the correctness of the document claiming violation of a SELLER'S obligation.

6.3. In case of transit sale expressly negotiated between the parties, the BUYER shall confirm to the SELLER receipt of the goods within 2 days after their delivery by e-mail and shall send a signed confirmation letter in the original by post.

7. The containers of the delivered goods, which are suitable for multiple use, shall be property of the SELLER and the BUYER must return them in good condition, in a state and quality corresponding to the delivered ones, on the delivery date. Should the BUYER fail to comply with this obligation under the preceding sentence, the SELLER shall be entitled to request payment of the relevant number of pallets at a unit price of EUR 8 (eight) per pallet or refuse delivery of a certain quantity of goods under a confirmed delivery, equivalent in value to the retained or unfit containers.

IV. PAYMENTS

8. The total amount of the price for the goods under BUYER'S order received by the SELLER, together with all taxes and fees due shall be payable within 3 (three) calendar days as of the invoice date, however not later than the date of delivery of the goods to the BUYER or forwarder, unless otherwise agreed upon between the parties. The SELLER shall notify the BUYER of the delivery date by sending it a copy of the invoice or proforma invoice by fax, to the mailing address or by e-mail.

8.1. The price shall be payable by bank transfer to the SELLER'S bank account indicated in the invoice.

8.2. The obligation for payment of the price shall be considered fulfilled with the transfer of the relevant amount to the SELLER'S bank account. The banking expenses for the transfers shall be at the BUYER'S expense.

8.3. The price may also be paid in cash, only to an individual personally authorized by the SELLER to receive cash payments.

8.4. In case of delay in payments, the deadlines for performance by the SELLER shall be extended with the duration of the delay.

9. In case of a separate written agreement between the parties, in which the SELLER gives the BUYER the opportunity of purchasing goods on credit for a defined credit limit and when the Buyer's liabilities towards the Seller exceed such a limit, the BUYER shall be obliged to immediately pay to the Seller the amount exceeding the contractual limit. The Seller may refuse to deliver goods under received orders if the total amount of the Buyer's liabilities exceeds the credit limit under the preceding sentence, and also if the Buyer's obligations for payment of the price for ordered and/or delivered goods, irrespective of their amount, are maintained by the Buyer for a term longer than that specified in clause 8.

V. TRANSFER OF TITLE AND RISK

10. The SELLER shall preserve its title over the goods subject of each delivery until full payment of the price due by the BUYER. Delivery of various securities objectifying payables (promissory notes, bills of exchange, etc.) by the BUYER to the SELLER shall not constitute payment of the price due.

11. Irrespective of the clause for preservation of title, the risk of accidental perishing or damage of the goods subject of the transaction, shall pass on to the BUYER as of the time of their delivery by the SELLER, i.e. as of the time of their delivery to the BUYER at the SELLER'S warehouse or at another place of delivery expressly agreed upon between the parties, and in cases when the goods are forwarded by an independent forwarder/carrier – as of the time of delivery of the goods to the forwarder/carrier. In case of delay in receipt, the risk shall be borne by the Buyer as of the date of delay.

12. As of the date of receipt until the time of full payment of the price for the goods supplied under each order, the BUYER shall be liable for all possible damages caused to the goods or by them notwithstanding the reasons thereof. The BUYER shall also be obliged to store the goods in question in appropriate places, under conditions guaranteeing their preservation with a view to their specific features and in compliance with the effective statutory provisions.

13. The BUYER may dispose with the delivered but unpaid goods, in return for which it shall vest in the SELLER its right to already existing or future receivables from the price of resale of all goods, the sale price of which has not been fully paid by it and which pursuant to clause 10 are owned by the SELLER.

14. The BUYER may process the goods delivered but not fully paid and to this end henceforth it transfers to the BUYER the right of ownership of the products obtained as a result of such processing. This shall not exclude the obligation for payment of the price or the default fee in case of delay in performance or non-performance.

VI. FINDING OF DEFECTS, CLAIMS

15. Within 3 (three) days as of receipt of the goods, the BUYER shall be obliged to revise them and in case of defects to notify the SELLER in writing thereof, by sending a brief and accurate description of the defects, accompanied by photos and indicated quantities of products with such a problem, provided that at the time of acceptance of the goods from the Seller's warehouse or from a carrier it is considered that they have been accepted by the BUYER without defects.

16. Substantiation of the existence, type and amount of defects shall be entirely attributed to the BUYER. It shall also be obliged to provide access of the SELLER to the goods claimed to have defects, in order for the latter to perform an inspection.

17. In cases where the existence of defects in the delivered goods are ascertained, the SELLER, in case of availability of the relevant type and quantity of goods in stock, shall, in due time and at its expense, replace the low-quality goods with new good-quality ones or shall make a discount to the BUYER on the price paid for them, without any other compensation or interest. In case of replacement of defective goods with new ones, the SELLER shall not be obliged to withdraw the defective goods; however, if it decides so and requests them from the BUYER, the latter shall be obliged to provide them immediately.

18. In order to be admissible, any claim with respect to quality or quantity of the goods supplied by the SELLER, should be communicated by the BUYER in writing.

19. The SELLER may not be held liable in cases where: (a) the goods have been transported by an independent carrier under conditions not corresponding to their type and nature (hygienic, temperature, etc.); (b) in cases where after their receipt the BUYER has stored the delivered goods under conditions which do not correspond to their type and nature. Compliance with the expiry date for consumption of the goods shall be fully attributable to the BUYER.

20. The SELLER shall not be held liable in case of non-observation by the BUYER of the applicable requirements and standards in the field of trade with food products and more particularly with milk and related products. Within this meaning, the SELLER shall not be held liable in cases of marketing by the BUYER of expired goods or other defects.

21. The SELLER may not be held liable for non-performance of its obligations in case of occurrence of force majeure circumstances, such as: fire, flood, earthquake, epidemics, serious obstacles in the production or transportation of the goods, which cannot be attributed to the SELLER, as well as strike of workers in the sector or other circumstances beyond the SELLER'S control, which prevent it from performing its obligations under normal conditions.

VII. LIABILITY FOR NON-PERFORMANCE, DEFAULT FEES, DISSOLUTION OF THE CONTRACT

22. In case of delay through the SELLER'S fault in the delivery of any part of the goods subject of the order, the SELLER shall pay the BUYER a default fee at the amount of the statutory interest on the undelivered goods for each day of delay.

23. In case of delay in performance of its obligation to pay the price for the relevant delivery, the BUYER shall owe the SELLER the statutory interest on the outstanding amount for each day of delay.

24. In case of delay in performance of its obligations to receive the goods, the BUYER shall be obliged to reimburse the SELLER with all expenses it has made in connection with the storage, loading/transportation of the goods, as well as for any other damages caused by such delay.

25. In case the BUYER fails to perform its obligation to receive the goods under an order placed by it, the BUYER shall pay a default fee at the amount of the statutory interest per day on the price of the goods from the relevant order. In case the delay lasts for more than 30 (thirty) calendar days, the SELLER may withdraw from the transaction with a unilateral notice. In such case and in case it has re-sold the goods subject of the order, at a lower price, the SELLER may request from the BUYER the difference in the price between the initial transaction and the lower price under the second transaction, and may also claim damages.

26. In case the Buyer acts in bad faith with respect to the SELLER, including, but not limited to any action or omission aiming at or causing damages to the SELLER or ruining its reputation in any manner, or alteration of the content and drawing up of false documents for goods or services, or delay in payment, as well as in case of violation of the confidentiality obligation, the BUYER shall owe the SELLER a default fee at the amount of EUR 5,000 (five thousand).

26.1. The parties shall not be held liable for complete or partial non-performance of their obligations under the present contract, if such non-performance is caused by „insurmountable forces“ (force majeure). Within the meaning of this contract, „insurmountable forces“ (force majeure) is a circumstance/event of extraordinary nature, which has occurred after conclusion of this agreement; it could not have been foreseen and is beyond the will of the parties, such as: fire, breakdowns, military activities, natural disasters, embargo, governmental bans, strikes, riots, disturbances, etc.

26.2. The party in default due to force majeure circumstance shall be obliged within 5 (five) days to notify in writing the other party of its occurrence and of the envisaged period of effectiveness and termination of the force majeure circumstance.

26.3. The time limits specified by the parties shall be extended by the period of validity of the insurmountable force. In such case each of the parties shall be entitled to terminate the contract under the terms and conditions of Art. 87, Par. 2 of the Obligations and Contracts Act.

VIII. CONFIDENTIALITY

27. For the validity period of the contract for sale and delivery of goods and after its termination the parties undertake not to disclose data and information which have become known to them in connection with the terms and conditions of the execution of the contract. Data and information, without being exhaustive, shall mean any commercial, technical, legal or financial information obtained in a written, oral or electronic manner, including information and data from marketing research and results of investigations carried out by other companies, business transactions, relationships and financial standing of the parties or their partners. The BUYER undertakes to keep the SELLER'S commercial secret, and to bind individually its members of staff. This provision, as well as the provisions pertaining to the consequences of its non-performance, shall survive the termination of the relevant contract for sale and delivery.

IX. APPLICABLE LAW

28. The relationships between the parties ensuing from the application of the present General terms and conditions and the contracts between the parties, if any, shall be governed by the provisions of the Bulgarian law.

29. All disputes arising between the parties shall be settled through negotiations, if possible, and when this is impossible – by the competent Bulgarian court at the location of the SELLER'S seat.

X. COMING TO EFFECT

30. The present General terms and conditions shall become effective as of 1 May 2017

Any order placed to the SELLER shall constitute mandatory, comprehensive and unconditional acceptance of the present general terms and conditions by the BUYER. Any clauses from general or special terms and conditions for sale, order documents, etc., made by the BUYER, which contradict to the present terms and conditions shall not bind the SELLER, except when it has agreed in writing to accept them.

31. The SELLER preserves its right to amend and/or supplement unilaterally the present General terms and conditions and shall notify the BUYER respectively in due time by providing it with access to the information at its seat and/or website.

33. The SELLER preserves its right to determine Special terms and conditions of sale in its relationship with a particular client, which may differ from the present General terms and conditions.