



General Conditions of Sale

1. Scope of Application

These General Conditions of Sale apply to all offers, quotations, order confirmations, orders, contracts, deliveries and services between the Seller and the Buyer. No purchase conditions or other terms of the Buyer shall be applicable. No variation, addition or deletion made to these General Conditions of Sale shall be deemed valid unless otherwise agreed in written and signed by a duly authorized representative of the Seller.

2. Definitions

"Affiliated company" refers to any commercial company or cooperative society that directly or indirectly controls or is controlled by or is under common control with Telko Ltd.

"Agreement" refers to any written contract or agreement, also verbal, between the Seller and the Buyer in relation to the Goods. If there is no written Agreement, the Agreement is concluded when the Buyer's order corresponds to the Seller's offer or the Seller confirms the Buyer's order.

"Buyer" refers to a party that acquires the Goods from the Seller.

"Goods" refers to all or any part of the products sold or to be sold by the Seller to the Buyer, and to services provided or to be provided by the Seller to the Buyer.

"Seller" refers to Telko Ltd or any Affiliated company which is a party to the Agreement.

3. Offer

Each quotation and/or offer is valid only for 10 (ten) days from the date such quotation and/or offer was given, unless otherwise stipulated by the Seller in writing.

All documents and information disclosed by the Seller remain the property of the Seller and may not be used by the recipient for any other purpose than for which they were disclosed for by the Seller.

The price stated in the quotation / offer is based on the foreign exchange rates valid as at the date of the quotation / offer.

4. Ownership and Passing of Risk

The Goods shall remain property of the Seller until paid for in full.

The risk of loss of and damage to the Goods shall pass to the Buyer in accordance with the agreed delivery term.

Unless otherwise agreed, the quality of the Goods is exclusively defined in the Seller's official product specification. To the extent the Seller sells and/or distributes goods of other producers, only the official product specifications of the respective producer shall apply.

5. Payment Terms

Unless otherwise is agreed, the payment term is prepayment. The Seller shall be entitled to interests for delayed payments from the date on which the payment was due until the actual payment date and to compensation for recovery costs (if any). The rate of the late payment interest is 36,5% per year.

In case of late payment, after having notified the Buyer in writing, the Seller may suspend its performance of the Agreement until it receives the payment in full. The Buyer is not entitled to present claims for compensation for such delays.

If the Buyer has not paid the amount due within 21 (twenty one) working days or if the Buyer has notified, or it is otherwise evident, that the Buyer's payment will be seriously delayed, the Seller shall be entitled to terminate the Agreement by notice in writing to the Buyer, and to claim compensation for the loss it incurs.

6. Delivery

The Seller may make partial deliveries of the Goods, unless otherwise is agreed in writing.

Should the Seller have to postpone delivery for reasons attributable to the Buyer, the Seller has the right to invoice for the Goods according to the original delivery date. Furthermore, the Seller shall be entitled to compensation for foreign exchange rate losses, storage costs, any loss resulting from the Goods becoming obsolete and other costs caused by the postponement of the delivery for reasons attributable to the Buyer.

7. Limitation of Liability

The Seller shall not be liable towards the Buyer for any (i) loss of profits, (ii) loss of production, (iii) loss of use, (iv) loss of revenue, (v) loss of contract or opportunity, (vi) loss of goodwill, or (vii) for any other special, indirect or consequential loss or damage or punitive damages of whatever nature and in each case whether or not foreseeable or contemplated by the Seller and/or the Buyer and whether or not based on contract, tort (including



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negligence), breach of statutory duty or otherwise arising out of, or in relation to, the Agreement.

The Seller's aggregate liability for any damage it has caused is limited to the selling price of the Goods paid by the Buyer.

Except for the express provisions of the Agreement, and to the maximum extent permitted by applicable law, the Seller disclaims and excludes all warranties, terms and other conditions, including but not limited to any warranty, term or other condition of merchantability, satisfactory quality, fitness for a particular purpose, correspondence with description or non-infringement, in each case whether implied by statute, common law, custom, collaterally or otherwise. The Buyer has at any time the full responsibility to ensure suitability of the Goods and do necessary tests before use. The Seller shall not be liable for damage to property caused by the Goods or any damages caused by using the Goods.

Seller does not undertake any warranty or liability (express or implied) of fitness or suitability of Goods for any specific purpose (even if known to Seller). Seller assumes no product liability except as imposed by mandatory law. The Seller guarantees only the conformity of the Goods with the Seller's written product specification included in the Agreement. The Buyer shall immediately at the delivery inspect the Goods. The Buyer must inform the Seller of any claims or complaints within 8 (eight) calendar days from the date of delivery. The Seller shall not be liable for any non-conformity in any part of the Goods for more than 8 (eight) calendar days as of the date of delivery. The Seller's liability of non-conformity covers only repair or replacement of the non-conformity or, at the Seller's discretion, the refund of the net sale price of the Goods.

The Buyer will indemnify and hold the Seller harmless to the extent that the Seller incurs liability towards a third party for any damage or loss for which the Seller is not liable towards the Buyer according to the Agreement.

8. Assignment of the Agreement

The Buyer shall not be entitled to assign the Agreement, in whole or in part, without the Seller's prior written consent. The Seller has the right to assign the Agreement, in whole or in part, to any Affiliated company as well as transfer its claims based on the Agreement to any third party. The Seller has the right to use subcontractors.

9. Amendments of the Agreement

The Agreement and its appendices may only be amended by a written agreement signed by duly authorized representatives of the Seller and the Buyer.

10. Force Majeure

Neither party will be liable for failure to meet the contractual obligations under the Agreement due to Force Majeure. "Force Majeure" includes, without limitation, strikes, lockouts, labor disputes, acts of God, fire, power failure, natural disasters, riots, wars and government actions. This limitation of liability will be valid only for the period of duration of Force Majeure. Events of Force Majeure are events beyond the control of the party which occur after entering into the Agreement and which were not reasonably foreseeable at the time of entering into the Agreement and whose effects are not capable of being overcome without unreasonable expense and/or loss of time to the party concerned. The party involved in an event of Force Majeure will take all reasonable measures and actions to limit or minimize the consequences of such an event.

The party claiming to be affected by Force Majeure will notify the other party in writing without delay on the intervention and on the cessation of such circumstance.

Either party will be entitled to terminate the Agreement by notice in writing to the other party if performance of the Agreement is suspended due to Force Majeure reasons for more than 6 (six) months. In such a case neither party is liable to compensate the other party for damage caused by non-compliance with the Agreement.

11. Termination of the Agreement

The Buyer may terminate the Agreement only in case the Seller commits a material breach of the Agreement, which breach has not been remedied within 30 (thirty) days from the Buyer having claimed such a breach and provided that such breach results in the Buyer's essential failure to achieve the purpose of the Agreement.

The Seller may terminate the Agreement in case the Buyer commits a material breach of the Agreement, which breach has not been remedied within 30 (thirty) days from the Seller having claimed such a breach.

12. Governing Law, Dispute Resolution

The Agreement is governed by and construed in accordance with the laws of Latvia without giving effect to any principle



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of law which would result in the application of laws of any other jurisdiction.

Unless resolved through mutual negotiations, any dispute, controversy or claim arising out of or relating to the Agreement, or the breach, termination or validity thereof, shall be finally settled by arbitration in accordance with the Arbitration Rules of the The Court of Arbitration of the Latvian Chamber of Commerce and Industry. The seat of arbitration shall be Riga, Latvia. The language of the arbitration shall be Latvian.

Notwithstanding the foregoing, the Seller has the right, at its discretion, to have recourse to the courts having jurisdiction over the Buyer on claims arising out of matured debts. Furthermore, the Seller retains the right to seek injunctive relief or provisional remedies of any kind at any time from any court having jurisdiction.