

TERMS AND CONDITIONS OF SALE

Buyer agrees to buy goods or services from Scandic Springs, Inc. (hereinafter be referred to as “Seller”) in accordance with the following Terms and Conditions.

1. **ACCEPTANCE:** Any order for the purchase of products from the corporation identified as Seller on Buyer’s purchase order shall be subject only to the terms and conditions set forth herein and to approval and acceptance by Seller. There are no understandings or agreements other than as set forth herein, and no additions, deletions or modifications of these terms proposed by Buyer in its printed forms or otherwise shall bind Seller unless accepted by Seller in writing, regardless of whether such other terms would materially alter the terms hereof. Any quotation issued by Seller shall expire sixty (60) days after its date, and may be reinstated only by written confirmation by Seller. Clerical errors are subject to correction.
2. **PRICES:** Prices are EXW point of shipment and are subject to change without notice at any time prior to Seller’s acceptance of Buyer’s order. Unless specifically otherwise set forth, prices do not include the amounts of any applicable sale, use, transfer, excise or other taxes, tariffs or custom duties, and Buyer will pay directly or be charged by Seller for any such taxes, tariffs or custom duties levied upon the sale, transfer, import or use of the products sold hereunder. Buyer is responsible for freight and for insurance of goods while in transit from Seller to Buyer.

Seller shall have and reserves the right to increase the price of goods to reflect any increase in costs to Seller (including, but not limited to, increases in the costs of labor, materials, outside processing or other costs of manufacturing), any change in delivery dates, tooling arrangements (including, but not limited to, any change in Buyer’s obligation to pay for tooling), changes in quantities or specifications for the goods (provided that any such changes are subject to prior written approval of Seller), any delay caused by instructions of the Buyer, failure of the Buyer to give the Seller adequate information or instructions. In addition, if a raw material, component or service provider raises its prices, or imposes a surcharge on Seller, Seller may and reserves the right to pass through the price increase or surcharge to Buyer, and Buyer agrees to accept and pay the increase or surcharge.

3. **TERMS:** Terms of payment, unless otherwise expressly agreed in writing, are net 30 days from date of shipment of goods, except for tooling. Tooling terms are 50% at time of order, and 50% upon approval of first articles. All payments shall be made in United States currency. Payment shall not prejudice claims on account of omissions or shortages in shipment, but no such claim will be allowed unless made within 96 hours after receipt of the applicable shipment by Buyer.

If Buyer has not otherwise agreed to these terms of sale, then Buyer’s acceptance of delivery of, or payment for, the goods shall constitute Buyer’s agreement with these terms. Seller objects to and will not agree to any terms that are additional to or different

from these terms. Terms that are printed on or contained in a purchase order or other form prepared by Buyer which are additional to, in conflict with, or inconsistent with those herein shall be considered inapplicable and shall have no force or effect.

Seller retains a purchase money security interest under the Uniform Commercial Code as enacted in the State of California in the goods sold until payment in full has been made. In the event of default by Buyer under this Agreement, Seller shall have all the rights and remedies of a secured creditor under the aforementioned California U.C.C. provisions. Buyer agrees to execute such financing statements and other documents as Seller may request in order to perfect Seller's security interest.

In case any of the terms and conditions contained herein shall be held invalid, illegal, and/or unenforceable, in whole or in part, neither the validity of the remaining part of such terms, nor the validity of any other term shall be affected thereby.

4. DELIVERY: Shipping dates are approximate only, and Seller is not responsible for delays or nonperformance resulting from (a) delays in receipt of final specifications or instructions from Buyer, (b) changes in specifications, (c) force majeure, including, without limitation, strikes, labor disturbances, material shortages, nonperformance by subcontractors or suppliers, or other abnormal manufacturing conditions, mechanical breakdown, delays or failure of carriers or communications, fire, flood, storms, accident, riot, war and invasion, government requisitions or priorities, acts of God, or other causes beyond Seller's reasonable control. IN NO EVENT SHALL SELLER BE LIABLE FOR INCIDENTAL, CONSEQUENTIAL OR SPECIAL DAMAGES ARISING OUT OF A DELAY OR FAILURE TO DELIVER. All shipments hereunder shall be made by a method at Seller's discretion, unless Buyer expressly requires other means of shipment and pays any additional costs thereof. Risk of loss during shipment shall be borne by Buyer. In the event of impossibility of performance resulting from any of the above causes, Seller shall have the right to cancel this contract without further liability to Buyer. Cancellation of any part of this order shall not affect Seller's right to payment for any goods delivered. Orders with indefinite delivery dates are accepted upon the understanding that Seller shall have the right to fill said order as it sees fit and to hold the goods for the Buyer's account, at Buyer's expense and risk, pending receipt of definite delivery instructions. On any individual order or release against an order for goods, Seller reserves the right to ship and invoice for a quantity of goods which may vary up to 10 percent over or under the quantity specified on the individual release and the Buyer shall accept delivery and pay for such revised quantity and consider the shipment to be complete.
5. CANCELTION: Orders are not subject to cancelation or modification, in whole or in part, except with Seller's express written consent, and upon payment of a cancelation charge which will cover all costs incurred by Seller to time of cancelation. If Buyer cancels the order without Seller's express written consent, the buyer agrees to pay all costs incurred by Seller and to compensate Seller for any loss of profits that it may suffer in the event that Seller is unable to re-sell the products at the contract price within 60 days of order cancelation. Customized material procured by Seller to fill Buyer's order

will be sent to Buyer upon payment of cancelation charges.

6. **WARRANTY AND DISCLAIMERS:** Seller warrants that products supplied confirm to applicable specifications. SELLER MAKES NO OTHER WARRANTY, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE, AND ALL OTHER WARRANTIES ARE HEREBY EXPRESSLY EXCLUDED. While Seller endeavors to ensure that any advice, recommendation, specification or information it may provide is accurate, because it has no direct or continuous control over where or how goods are used, Seller's exclusive obligation under this warranty will be to replace any goods found to be other than as warranted, or to refund their purchase price. Seller's liability on any claim of any kind, including, without limitation, breach of contract and/or negligence, for any loss or damage arising out of or connected with the sale of goods herein described will in no case exceed the amount, if any, by which the market price of the goods at the time of delivery exceeds the contract price hereunder. SELLER SHALL HAVE NO OTHER LIABILITY, DIRECT OR INDIRECT, OF ANY KIND, INCLUDING LIABILITY FOR SPECIAL, INCIDENTAL, OR CONSEQUENTIAL DAMAGES.

Seller shall have the right to make design or engineering changes in its parts, equipment, processes and methods of manufacture at any time it deems appropriate.

7. **INSPECTION:** Buyer agrees to inspect and accept or reject products delivered by or for Seller within 96 hours after delivery thereof to Buyer's facility, and all products delivered shall be conclusively deemed accepted and to conform to contract requirements unless rejection is made or specific objection or notice of non-conformity is given in writing within such 96 hour period.
8. **LIMITATION OF ACTIONS:** Any action for a breach of contract arising out of Seller's acceptance of Buyer's order or products supplied must be commenced within one (1) year after the cause of action has accrued.
9. **PATENT INFRINGEMENT:** Seller shall have no liability or responsibility with respect to any product supplied by or manufactured to the design of Buyer infringing any United States or foreign patent, and Buyer will indemnify and save Seller harmless from any such claim of infringements including payment of Seller's attorney fees.
10. **LABOR WARRANTY:** Seller certifies that Seller complies with the Fair Labor Standards Acts, as amended, and all regulations and orders issues pursuant thereto.
11. **GOVERNINGLAW; REMEDIES:** The rights and obligations of the parties hereto and the construction and effect of any contract formed pursuant hereto shall be governed by the laws of the State of California. If the Buyer fails to fulfill the terms of payment of any invoice or if the financial or business condition or responsibility of the Buyer shall become impaired or unsatisfactory to the Seller, the Seller reserves the right to withhold delivery of all or part of the products subject hereto, without prejudice to any other legal or equitable remedy, until past due payments are made and satisfactory assurance of

payment is received. Seller shall, in addition to the rights and remedies herein set forth, be entitled to all rights and remedies provided for in the Uniform Commercial Code and other applicable law as from time to time amended, and at equity.

12. INDEMNIFICATION: Buyer shall comply with and require its agents and employees to comply with all directions, safety notices, warnings and other instructions furnished by Seller, and shall use and require its agents and employees to use reasonable care in the use of the products. If Buyer fails to observe the provisions of this section, or if any injury or damage is caused, in whole or in part, by Buyer's failure to comply with applicable federal, state or local safety requirements, Seller shall have no obligation to Buyer or any other person in respect thereof, and Buyer shall indemnify and hold Seller harmless against any claims, loss or expense for injury or damage arising directly or indirectly from any such failure. Seller specifically disclaims any and all liability arising out of the use of the products supplied hereunder other than the warranty obligations of Seller to the original Buyer.
13. INSURANCE: Buyer shall provide and maintain adequate insurance for the products delivered hereunder against loss or damage by fire or other causes during the time between delivery and final payment, in an amount fully protecting the Seller and loss or damage by fire or other causes with such period shall not relieve Buyer from its obligations under this contract.
14. OBSOLESCENCE: Any material, parts, and/or customer-owned tooling shall be considered obsolete after a point in time at which there has been no sales activity for a period of 24 months from the date of last invoice for any job. The disposition of such obsolete items is to be at the Seller's discretion.
15. SELLER'S EXCLUSIVE RIGHTS IN GOODS: Seller shall retain exclusive proprietary rights in its designs and specifications. Buyer shall not obtain products conforming to or based upon such designs or specifications from any other source without the prior written authorization of Seller.

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