

9 South Forrest Avenue #100, Jeffersonville PA 19403 Tel: (610) 278-0840 Fax: (610) 278-0935 Email: Sales@lcrembedded.com

## **CUSTOMER ORDER TERMS AND CONDITIONS**

These Customer Terms & Conditions of Sale (the "Terms") shall apply to all sales and contracts for the sale of goods and/or services (collectively referred to as "Products") by and between LCR Embedded Systems legal entity ("LCR") and any Buyer ("Customer") (collectively referred to as the "Parties").

- 1. **General**: Notwithstanding any different or additional terms that may be embodied in Customer's order (hereinafter referred to as "the Order," "Customer's Order," or "Purchase Order") for the items/services described in the Order (the items/services described therein are hereinafter referred to generally as "the Products"), acceptance of Customer's order is expressly made conditional on Customer's assent to the terms and conditions set forth below and, on any attachment(s) hereto which shall be part of the complete "Agreement" between the parties. Customer's acknowledgement, commencement of performance or any other conduct whereby Customer recognizes or acknowledges the existence of a contract or agreement pertaining to the subject matter hereof shall constitute acceptance by Customer of these Terms. These Terms may not be varied, or Customer's order terminated in any manner unless by a written agreement with legal consideration subsequently signed by a duly authorized representative of LCR. Other representatives of LCR are not authorized to vary the Terms set forth herein. Failure to specifically dissent to these Terms within a reasonable time or Customer's acceptance of any goods covered by this acknowledgment shall constitute acceptance of these Terms, which shall be controlling in every case. These Terms prevail over any of Customer's general terms and conditions of purchase regardless of whether or when Customer has submitted its purchase order or such terms. Fulfillment of Customer's order does not constitute acceptance of any of Customer's terms and conditions and does not serve to modify or amend these Terms.
- 2. **Invoices and Payment**: Upon each shipment, LCR will issue an invoice to the address specified in Customer's order. Unless otherwise stated, payment terms are net thirty (30) days from the date of the invoice. All payments shall be in United States dollars. LCR may change its credit terms and/or suspend performance under any order when, in the opinion of LCR, Customer's financial condition or record of payment is so warranted. Past due amounts will be shown on the most recent invoice and LCR reserves the right to charge the Customer interest on any delinquent amount at the rate of ten percent (10%) per annum compounded monthly. Further, Customer agrees to pay any third-party collection expenses, including attorney's fees, incurred by LCR to collect any unpaid amounts.
- 3. **Prices and Shipment**: All prices and deliveries are F.O.B. shipping point, unless otherwise agreed to in writing by LCR. Title and risk of loss or damages shall pass to Customer upon delivery to transporting carrier.
- 4. **No Setoff**: Customer shall not withhold payment of any amounts due and payable by reason of any set-off of any claim or dispute with LCR, whether relating to LCR's breach, bankruptcy or otherwise.
- 5. **Partial Shipments**: LCR may, in its sole discretion, without liability or penalty, make partial shipments of Products to Customer. Each shipment will constitute a separate sale, and Customer shall pay for the units shipped whether such shipment is in whole or partial fulfillment of Customer's purchase order.
- 6. **Inspection and Rejection of Nonconforming Goods**: Unless otherwise agreed to in writing by the Parties, Customer shall inspect the Products within ten (10) days of receipt ("Inspection Period"). Customer will be deemed to have accepted the Products unless it notifies LCR in writing of any Nonconforming Goods during the Inspection Period and furnishes such written evidence or other documentation as required by LCR. "Nonconforming Goods" means only the following: (i) product shipped is different than identified in Customer's purchase order; or (ii) product's label or packaging incorrectly identifies its contents. If Customer timely notifies LCR of any Nonconforming Goods, LCR shall, in its sole discretion either: (a) replace such Nonconforming Goods with conforming Goods; or (b) credit or refund the Price for such Nonconforming Goods, together with any reasonable shipping and handling expenses incurred by Customer in connection therewith. Customer shall ship, at its expense and risk of loss, the Nonconforming Goods to LCR's facility. If LCR exercises its option to replace Nonconforming Goods, LCR shall, after receiving Customer's shipment of Nonconforming Goods, ship to Customer, at Customer's expense and risk of loss, the replaced Goods to the shipping point. Customer acknowledges and agrees that the remedies set forth in this section are Customer's exclusive remedies for the delivery of Nonconforming Goods. Except as provided under this section, all sales of Products to Customer are made on a one-way basis and Customer has no right to return Products purchased under this Agreement to LCR.



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- 7. **Acceptance**: If for any reason Customer fails to accept delivery of any of the Products on the date fixed pursuant to LCR's notice that the Products have been delivered at the delivery point, or if LCR is unable to deliver the Products at the delivery point on such date because of Customer omission—such as Customer has not provided appropriate instructions, documents, licenses or other necessary authorizations—then: (i) risk of loss to the Products shall pass to Customer; (ii) the Products shall be deemed to have been delivered; and (iii) LCR, at its option, may store the Products until ultimate delivery to Customer, whereupon Customer shall be liable for all related costs and expenses (including, without limitation, storage and insurance).
- 8. **Delivery, Loss, Delay**: Delivery dates specified in orders and quotations are approximate and LCR shall deliver all goods within a reasonable time. LCR shall not be liable for loss, damage, delays, nonperformance or non-delivery due to causes beyond its reasonable control including but not limited to acts of disturbances, acts of God, flood, fire, earthquake, war, invasion, hostilities, riot, civil unrest, pandemics, epidemics, quarantine restrictions, terrorist threats or acts, actions, embargoes or blockades in effect on or after the date of this Agreement, delays in transportation, breakdown of essential machinery, or material shortages beyond LCR's control. In the event of delay for any such reason, the date of delivery or performance shall be extended for a reasonable period, not less than equal to the time lost by reason of the delay. In the event LCR is unable to perform for any of the foregoing reasons, LCR may (at its option) cancel the order without liability.
- 9. **Reschedule and Cancellation**: Customer cannot reschedule or cancel orders placed with LCR, except with LCR's express written consent and on terms acceptable to LCR. In the event of an unauthorized cancellation, Customer shall be liable to LCR for all damages relating to the cancellation, including but not limited to all commitments made or costs incurred in preparing to perform or in performing the work, tooling, equipment and material costs, cancellation charges of LCR's suppliers, and lost profits on the part of the order that is cancelled.
- 10. **Order Add-ons**: Open orders may be increased until the final shipment of that order is made. Standard quantity break pricing will apply to the quantity added, except when the increase is received within five (5) business days of original order placement. When placed within the five (5) day window, the original price will be honored for add-ons or next price break extended where applicable.

## 11. Changes:

- a. <u>General Changes</u>. To the extent not addressed elsewhere in these Terms, the Customer may request changes to the general scope of the contract so long as such change requests are within the performance period, and relate to changes to the specifications, method or manner of performance of the work, in the Buyer Furnished Property, or delivery schedule. If such Customer change requests are accepted by LCR (including changes necessitated by Customer's defective specifications), and if any change causes an increase in LCR's cost of, or time required for, performance of work under the Order, then LCR is entitled to an equitable adjustment to the Order price and/or time of performance.
- b. <u>Purchase Order Date / Delivery Change</u>. LCR may, by giving written notice to the Customer at any time not later than five (5) business days prior to the delivery date stated in the applicable purchase order, change the delivery date(s) of quantity(s) or service(s) ordered without incurring any additional costs or liability due to any of the following: (i) Customer directed changes to the applicable requirements; (ii) late arrival of customer furnished material and or property; (iii) Customer imposed Engineering Change Notification ("ECN") or Engineering Change Order ("ECO") impacting the Order; (iv) Source inspection and First Article Inspection ("FAI") requirements impacting the Order. The change in purchase order end date and/or delivery date (as applicable) will be directly tied to the length of time delayed by these aforementioned causes (*i.e.*, if Customer supplied material arrives one month late, the purchase order end date is extended by one month).
- 12. **Customer Furnished Property/Material Including Customer Directed Material**: All tools or other materials furnished by the Customer for use in the performance of this Order shall remain the property of the Customer (or of the Government, as the case may be), shall be used by LCR in the performance of this Order only, in accordance with the requirements of the Order relating to such use, and shall be returned to the Customer when requested upon the completion or termination of the Order to the extent not previously delivered to the Customer. Customer warrants that any materials or tools furnished or directed to be used under this clause shall be suitable for its intended use and timely delivered to LCR. If the property or material is not delivered and/or available to LCR by the dates stated in the Order, the Customer shall, upon LCR's timely written request, make an equitable adjustment to the contract and/or delivery dates (see also Clause 11.b of



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these Terms). Further, in the event Customer Furnished Property or Customer Directed Material is received in a condition not suitable for its intended use, the Customer shall, upon LCR's timely written request, advise LCR on a course of action to remedy the problem. Such action may include repairing, replacing, modifying, returning, or otherwise disposing of the Customer Furnished Property or Customer Directed Material at the Customer's expense. Upon completion of the required action(s), the Customer shall make an equitable adjustment to the contract for all costs incurred by LCR because the Customer Furnished Property or Customer Directed Material was not suitable for its intended use. LCR agrees to exercise reasonable care in the safeguarding and preservation of all Customer Furnished Property and assumes all responsibility for loss, damage, or destruction while such property is within its possession or control.

- 13. **Tooling charges**: All tooling charges, if any, are in addition to the contract price for the Products. All tooling, jigs, dies, fixtures, molds, patterns and any other equipment used or useful in connection with the production of the Products remains the property of LCR and will remain at LCR's site notwithstanding Customer's payment of these charges.
- 14. **Tooling deemed deliverable to Customer**: Title will pass to Customer upon the parties' separate agreement to terms and conditions for the transfer of tooling and upon Customer's payment of the full invoiced purchase price of such tooling (or full amortized price in the event that LCR agrees to amortize the price of tooling in the piece price of parts made with the tooling), unless otherwise agreed to by LCR in writing. Customer will have no right of possession to the tooling until such payment in full has been received by LCR. Subject to the provisions of these Terms, and provided that Customer has fully paid for the tooling, upon Customer's cancellation of an Order and request for possession of its tooling, LCR will deliver such tooling to Customer in accordance with Customer's instructions, at Customer's sole cost and expense. LCR will cooperate with Customer with respect to such delivery and provide such other assistance as Customer may reasonably request in connection with such tool delivery. LCR will make reasonable and customary repairs, at its expense, necessary to keep the tooling in working order, wear and tear excepted, during the useful life of the tooling (as determined by LCR in its sole discretion) or until the date that is three (3) years after the last production order submitted by Customer, whichever period is shorter.
- 15. **Confidential Information & LCR's Proprietary Rights**: All non-public, confidential or proprietary information of LCR, including but not limited to specifications, samples, patterns, designs, plans, drawings, documents, data, business operations, customer lists, pricing, discounts or rebates, disclosed by LCR to Customer, whether disclosed orally or disclosed or accessed in written, electronic or other form or media, and whether or not marked, designated or otherwise identified as "confidential" in connection with this Agreement is confidential, solely for the use of performing this Agreement and may not be disclosed or copied unless authorized in advance by LCR in writing. Upon LCR's request, Customer shall promptly return all documents and other materials received from LCR. Further, LCR shall be the sole owner of all drawings, inventions or improvements made by or for LCR in connection with the performance of this Agreement. Customer shall not reproduce any drawing furnished by LCR. Customer shall not use or disclose any of LCR's trade secrets or confidential information, whether or not designated as such, except as required in connection with the use or resale of the goods or services covered by this Agreement.
- 16. **Subcontracting**: Unless otherwise stated, LCR reserves the right to use an LCR affiliate or third-party contractor to perform all or part of this Agreement. LCR may, in its sole discretion, use one or more Affiliates or Third- Party contractors to perform any or all its obligations under this Agreement, provided that LCR shall remain responsible for its obligations under the Agreement and shall be responsible for the performance of each such Affiliate and Third-Party subcontractors.
- 17. **Limited Warranty**: LCR warrants to the Customer identified in this Agreement (and only to Customer) that the products purchased and delivered will be free from defects in material, workmanship, and fabrication and shall possess the characteristics represented in writing by LCR. This warranty shall only apply to such defects appearing within 1 year from the date of LCR's invoice. In the event of occurrence of a defect covered by this limited warranty, as Customer's sole and exclusive remedy, LCR agrees that it will, at its option, either: (a) replace the product; (b) repair or modify the product; or (c) issue a credit for the defective product. Rights under this warranty are available only if LCR is notified promptly (and in no event later than 1 year after the date of LCR's invoice) in writing of the alleged defect. LCR shall have no liability hereunder if the defect was due to misuse, improper installation, improper operation, improper maintenance, alteration, modification, accident or customer negligence. LCR shall have no liability for any costs associated with rejected products (such as sorting or other costs) unless expressly agreed in writing. THE ABOVE-STATED LIMITED WARRANTY CONSTITUTES



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THE SOLE AND EXCLUSIVE REMEDY OF CUSTOMER FOR ANY DEFECTS IN THE PRODUCTS AND IS IN LIEU OF ALL OTHER WARRANTIES WHETHER EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

- 18. **LIMITATION OF LIABILITY**. LCR SHALL NOT IN ANY EVENT BE LIABLE TO CUSTOMER OR ANY THIRD PARTY FOR ANY SPECIAL, INDIRECT, INCIDENTAL, EXEMPLARY, PUNITIVE, OR CONSEQUENTIAL DAMAGES OR PENALTIES (INCLUDING, BUT NOT LIMITED TO, LOST PROFITS, LOST USE OR LOST PRODUCTION), WHETHER ARISING OUT OF BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE) OR OTHERWISE, REGARDLESS OF WHETHER SUCH DAMAGES WERE FORESEEABLE AND WHETHER OR NOT LCR HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, AND NOTWITHSTANDING THE FAILURE OF ANY AGREED OR OTHER REMEDY OF ITS ESSENTIAL PURPOSE. The limitation of liability set forth in this paragraph shall not apply to: (i) liability resulting from LCR's gross negligence or willful misconduct; and/or (ii) death or bodily injury resulting from LCR's acts or omissions.
- 19. **Insurance**: During the term of this Agreement, and for a period of one year thereafter, Customer shall—at its own expense—maintain and carry insurance in full force and effect which includes, but is not limited to, general liability (including product liability) in an amount sufficient to pay for any potential liabilities hereunder with financially sound and reputable insurers.
- 20. **Compliance with Law**: Customer shall comply with all applicable laws, regulations and ordinances. Customer shall maintain in effect all the licenses, permissions, authorizations, consents and permits that it needs to carry out its obligations under this Agreement. Customer shall comply with all export and import laws of all countries involved in the sale of the Products under this Agreement or any resale of the Products by Customer, including those identified in Clause 21 (below). Customer assumes all responsibility for shipments of Products requiring any government import clearance.
- 21. **Export Controls**: Customer agrees to comply with all applicable U.S. export control laws and regulations, specifically including but not limited to the requirements of the Arms Export Control Act (22 U.S.C. §§ 2751-2794), the International Traffic in Arms Regulations (ITAR) (22 C.F.R. Parts 120-130), the Export Administration Regulations (EAR) (15 C.F.R. Parts 730-774), the regulations imposed by the Office of Foreign Assets Control (OFAC) (31 C.F.R. Parts 500 to 599); including the requirement for obtaining any export authorizations (if applicable). Without limiting the foregoing, Customer agrees that it will not transfer any export-controlled item, data/technology, or services, to include transfer to foreign persons employed by or associated with, or under contract to Customer, without proper authorization under applicable U.S. law or regulation, which includes an export license or authorization agreement (e.g., Technical Assistance Agreement), or applicable license exemption or exception. Further, Customer agrees to notify LCR in writing if any deliverable under this Agreement is restricted by export control laws or regulations. If Customer becomes aware of any potential violations of the U.S. export laws or regulations related to this Order, including, but not limited to those listed in this section, Customer will immediately notify LCR in writing of such potential violation.
- 22. **Termination**: In addition to any remedies that may be provided under these Terms, LCR may terminate this Agreement with immediate effect upon written notice to Customer, if Customer: (i) fails to pay any amount when due under this Agreement; (ii) has not otherwise performed or complied with any of these Terms, in whole or in part; or (iii) becomes insolvent, files a petition for bankruptcy or commences or has commenced against it proceedings relating to bankruptcy, receivership, reorganization or assignment for the benefit of creditors. Further, LCR may terminate this Agreement if any governmental authority imposes antidumping or countervailing duties or any other penalties on Products.
- 23. **Assignment**: Customer may not assign or otherwise transfer its rights or obligations under these terms and conditions without the prior written consent of LCR. No attempt to assign or transfer in violation of this provision will be binding upon LCR.
- 24. **Amendment**: This Agreement may only be amended in writing by an authorized representative of LCR.
- 25. **No Third-Party Beneficiaries**: This Agreement is for the sole benefit of the parties hereto and their permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other person or entity any legal or equitable right, benefit, or remedy of any nature whatsoever under or by reason of this Agreement.



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- 26. **Indemnification**: Customer shall exonerate, indemnify, hold harmless and defend LCR from all loss, cost, liability, damage or expense sustained or incurred, directly or indirectly, by LCR, in connection with any and all claims asserted against LCR with respect to the Products which are the subject of this Agreement, arising in whole or in part out of Customer, or Customer's customer(s), from the following actions: (i) failing to follow specification, instructions, warnings or recommendations furnished by LCR; (ii) failing to comply with all applicable legal requirements, including, but not limited to, the Occupational Safety and Health Act of 1970, as amended; (iii) misusing or making misrepresentations as to the goods; (iv) being solely or contributory negligent; and/or (v) incorporating the goods into or providing designs, plans, specifications or other instructions which infringe or are alleged to infringe any patent, trademark, copyright or other intellectual property right.
- 27. **Waiver**: No waiver by LCR of any of the provisions of this Agreement is effective unless explicitly set forth in writing and signed by an authorized representative of LCR. No failure to exercise, or delay in exercising, any right, remedy, power or privilege arising from this Agreement operates, or may be construed, as a waiver thereof. No single or partial exercise of any right, remedy, power or privilege hereunder precludes any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.
- 28. **Taxes**: All taxes and other charges imposed by federal, state, local or foreign governments on the manufacture, sale, shipment, import, export or use of the goods (other than income taxes) shall be paid by the Customer. Customer shall defend and hold harmless LCR from and against all liabilities for such taxes or charges and attorney's fees or costs incurred by LCR in connection therewith.
- 29. **Governing Law & Venue**: In addition to the rights and remedies reserved herein, LCR shall have all rights and remedies conferred by law and shall not be required to proceed with performance of the contract arising here from if Customer is in default to LCR under this or any other contract. This agreement shall be construed in accordance with the laws of the Commonwealth of Pennsylvania, USA. The venue for any action relating to this Agreement (order) shall be in Montgomery County, the location of LCR's principal place of business, and each party irrevocably submits to the exclusive jurisdiction of such courts.
- 30. **Severability**: If any provision of these Terms or the applicable Agreement or Purchase Order is held to be illegal, invalid, or unenforceable by a court of competent jurisdiction, that provision will be severed from the Agreement; the remaining provisions will remain in full force and effect; and a similar legal, valid and enforceable provision will be substituted in lieu of the severed provision.
- 31. **Survival**: Any provisions of this Agreement which by their nature should apply beyond their terms will remain in force after any termination or expiration of this Agreement, including, but not limited to, the following provisions: Insurance, Compliance with Laws, Export Controls, Governing Law & Venue, and Survival.
- 32. **Notices**: All Notices relating to this Agreement must be in writing. Notices to the parties will be sent to their respective addresses appearing on the face of this Customer Order or the Purchase Order. Notices must be delivered personally, by recognized overnight courier, mailed certified first-class mail postage prepaid, by facsimile transmission to the facsimile number provided by LCR or Customer respectively (with delivery verification); or sent by electronic transmission (email) with proof of delivery. A Notice will be deemed given on the date delivered if delivered personally; three business days after being placed in the mail as specified; or upon confirmation receipt that it was transmitted satisfactorily if transmitted by facsimile or electronic transmission.
- 33. **Headings & Captions**: Headings and captions are for convenience of reference only and do not alter the meaning or interpretation of any provision of this Purchase Order.