

CPS Corp.	Document Number: FM-8.2-10	Revision #: 02	Issue Date: 10/02/2023	Page 1 of 3
Title: Terms and Conditions of Sale				Author: G. Bennett

CPS Technologies
TERMS AND CONDITIONS OF SALE

I. GOVERNING PROVISIONS

The following terms and conditions of sale apply to all quotations made and purchase orders received by the Seller. Acceptance of the Buyer's order is made only on the express understanding and condition that insofar as the terms and conditions of this acceptance conflict with any of the terms and conditions of the Buyer's order, the terms and conditions stated herein in this acceptance and no others, govern the entire transaction of sale without written acknowledgement by the Buyer. The failure of the Buyer to object in writing within ten (10) days from the receipt thereof shall constitute assent hereto. No additions or modifications of any terms and conditions hereof shall be effective unless made in writing and signed by the Seller.

II. PRICES

Prices stated apply only if the quantity ordered is released within twelve (12) months and deliveries are to Buyer within eighteen (18) months of Seller's receipt of Buyer's order, otherwise Seller's standard prices existing at the time of each delivery under this agreement shall apply and Buyer shall be invoiced for any difference between prices herein and prices existing at the time of delivery as to all products purchased under purchase order at the completion of delivery or after eighteen (18) months, whichever event first occurs.

III. PAYMENT

All invoices are due and payable thirty (30) days from the date on the invoice. Seller is authorized to require Full or Partial payment in advance. It is understood that Seller may at any time, without notice, alter or suspend credit terms, stop shipment, or cancel unfilled orders, when, in Seller's opinion the financial condition of Buyer or its account so warrants; or when delivery is unreasonably delayed through fault of Buyer, or when Buyer is delinquent in any payment for invoiced merchandise. Any and all invoices not paid within thirty (30) days of the date on the invoice (i.e. payment received by Seller) shall be subject to an additional service charge equal to the lesser of i) 0.0005 x delinquent invoice amount per day of delinquency or, if less, (ii) the maximum amount permitted by law. This charge shall be due with the payment of the invoice. Without limiting the above provisions, in the event Buyer does not pay all sums due and owing within (60) days (Including any and all service charges), Seller may withhold further shipment of goods, holding such goods for Buyer until payment by Buyer. Such withholding of a shipment shall not constitute a breach by Seller of the agreement between Seller and Buyer, and Seller, at its discretion, may continue to manufacture in accordance with this contract, in which case Seller shall be entitled to damages equal to those provided for in paragraph IX herein.

IV. TAXES

Prices do not include federal, state or local taxes based upon or measured by sale, use or manufacture. All such taxes, where applicable, will be added to the price and shall be paid by Buyer, unless Buyer furnishes a tax exemption certificate satisfactory to the taxing authorities.

V. PRODUCTION STANDARDS

Parts and materials shall conform to the drawing and specifications referred to herein, and in the absence or incompleteness of the same, shall be in accordance with Seller's standard tolerances, manufacturing specifications, inspection plans and procedures.

VI. DELIVERY

Unless otherwise stated in this document, delivery will be F.O.B. point of shipment. All stipulated delivery and shipment dates are approximate only and will be computed from the date the purchase order is received or the date of release, whichever is applicable. Delivery dates are given to the best of our knowledge, based on conditions existing at the time of quoting but are not guaranteed. Unless specific instruction to the contrary are applied by the Buyer, methods and routes of shipment will be selected by the Seller, but the Seller will not assume any liability in connection with shipment nor constitute any carrier as its agent. All shipments will be insured at the Buyer's expense and made at the Buyer's risk, and the Buyer shall be responsible for making all claims with carriers, insurers, warehousemen and others for misdelivery, non-delivery, loss, damage or delay. Failure to make shipment as scheduled does not constitute a cause for cancellation and/or for damages of any character. Seller shall not be liable for any delay or failure to perform in whole or in part because of insurrection, fires, floods, strikes, work stoppage acts by Buyer, accidents, casualty, inability to procure supplies and raw materials, delays in transportation, government regulations, plant damage, wars, force majeure, or any causes beyond Seller's control. Acceptance of goods by the Buyer shall constitute a waiver of all claims for delay.

Wherein delivery schedules have been established hereunder, or releases issued, wherein Seller has commenced manufacture for delivery, and wherein the Buyer has delayed delivery by Seller of more than twenty-five percent (25%) of the quantity of parts to be delivered, then Seller shall charge Buyer an inventory holding charge on all delayed goods, said charge to be 0.0005 x (the raw material costs, plus the work-in process costs, plus finished products at the selling price) per day of delay. Seller shall inform Buyer in writing of the daily inventory charge as soon as said charge is compiled and such charges shall be due within thirty (30) days after invoicing as provided in paragraph III.

Orders or portions of orders placed on hold by the Buyer may be considered materially breached by Buyer and at Seller's discretion as one remedy may be terminated if not released for shipment within the succeeding three (3) months period, and Buyer shall be liable for cancellation charges. Thirty (30) days written notice is required to place scheduled releases on hold, said notice does not give Buyer the right to so delay and Buyer shall be liable for delay in accordance with the terms and conditions provided herein (e.g. paragraph IX and above paragraph). Shipments delayed by Buyer will nevertheless be billed to Buyer on date when Seller is prepared to ship. Materials held for Buyer are at Buyer's sole risk and expense.

VII. TITLE

Title to the goods sold hereunder shall pass to the Buyer upon delivery to the carrier, but not withstanding such passage of title, Seller shall retain a purchase money security interest in such goods and the proceeds of products incorporating the same. Buyer shall execute the documents, if any, necessary to perfect such security interest.

VIII. PATENTS

The Buyer shall hold the Seller harmless against any expenses or losses resulting from the infringement of patents or trademarks arising from compliance with Buyer's designs, specifications or instructions, and shall defend any

CPS Corp.	Document Number: FM-8.2-10	Revision #: 02	Issue Date: 10/02/2023	Page 2 of 3
Title: Terms and Conditions of Sale				Author: G. Bennett

suit or proceeding brought against the Seller based on a claim that any product being furnished under this contract constitutes an infringement of any patent. If such products being manufactured by Seller to Buyer's designs, specifications or instructions and the claim of infringement results from such designs, specifications or instructions, no other warranties or non-infringement shall be implied hereunder.

IX. CANCELLATION

The buyer may cancel its order only with the written consent of the Seller and only upon payment of the Seller's cancellation charges and all outstanding invoices (including service charges, inventory charges, etc.) if orders are cancelled before being completed. Buyer is liable for all costs of raw materials ordered by Seller for this process at cost, and other orders made at cost by Seller at the time of cancellation plus an overhead charge of forty percent (40%) of the cost of said raw material, work in process and other orders, plus a profit of twenty percent (20%) of the selling price of any unshipped parts ("cancellation charges"). At the option of the Seller, the Buyer may be required by Seller to accept a minimum of eight (8) times the average weekly shipments made during the three (3) months prior to the time the order was terminated or put on "hold", whichever is greater, but in no event shall shipment in excess of the ordered quantity be required.

X. WARRANTY

THE FOREGOING CONSTITUTES SELLER'S SOLE LIABILITY AND THE BUYER'S SOLE REMEDY WITH RESPECT TO PRODUCTS SOLD BY BUYER.

The Seller makes no warranty of fitness for purpose in respect to the goods sold hereunder, or any other warranty, expressed or implied, except a warranty of title. The Seller's obligation to the Buyer in respect to the goods sold hereunder shall be limited to replacing F.O.B. its plant or such other point as it may designate, or refunding the purchase price of any such goods which prove to be defective in workmanship or material or which fail to conform to the specifications therefore, provided that written notice of such defect or failure is received by the Seller from the Buyer within thirty (30) days from the date of receipt of such goods and provided, further that such goods have not been used or resold. In no event shall there be any liability on the part of the Seller for special or consequential damages. This warranty is subject to the limitations contained in paragraph XI The transaction of sale shall be deemed to be made in and shall be governed by the laws of the Commonwealth of Massachusetts.

THIS WARRANTY IS EXPRESSLY IN LIEU OF ALL OTHER WARRANTIES EXPRESSED OR IMPLIED INCLUDING THE WARRANTIES OF MERCHANTABILITY OR FITNESS FOR USE AND OR ALL OTHER OBLIGATIONS OR LIABILITIES ON OUR PART. THIS WARRANTY SHALL TERMINATE UPON RESALE OF THE GOODS SOLD HEREUNDER WHETHER OR NOT AT THE TIME OF SUCH RESALE THE GOODS HAVE BEEN INCORPORATED INTO ANOTHER PRODUCT.

XI. ACCEPTANCE LEVEL

All shipments falling within the described acceptance level as set forth by Seller in Seller's specifications as determined in accordance with Seller's inspection procedures shall be accepted by the Buyer as a lot and, if so accepted, nonconforming items within the lot shall not be returnable for replacement or credit. In the event a shipment does not conform to the required acceptance level, the shipment may be returned to Seller if verified by Seller prior to return and if Seller's written approval is obtained in advance of return. All nonconforming material returned to Seller shall be separately packaged, postage prepaid, and marked so as to clearly identify the shipment in question. Shipping charges shall be paid by the Seller only in the event Seller determines the products returned are defective. Should Seller determine said returned products are not defective, all shipping charges shall be paid by Buyer, in no event shall Seller be responsible for packing, inspection, labor charges or any other related cost in connection with products returned for inspection or adjustment. Failure to adequately identify the particular shipment, prepay freight, the commingling of nonconforming items from more than one shipment, or the failure to advise the Seller of nonconforming material within thirty (30) days from date of receipt thereof shall terminate any and all of Seller's obligation with regard to nonconforming items from any previous shipment.

XII. QUANTITY

All orders are subject to overrun or underrun of ten percent (10%) of the quantity ordered, which shall constitute fulfillment of the order.

XIII. TOOLING

All tooling, molds, fixtures, etc. shall remain in the property of the Seller even though Buyer may have partially or completely paid for such, but for a reasonable period, such tooling shall be maintained in good condition for use without additional charge in connection with subsequent orders from Buyer to Seller for similar products. Seller has the right to scrap all tools inactive for a period of twelve (12) months and any resulting scrap value shall belong to the Seller for maintenance and storage charges. The Seller reserves the right to sell to any Purchaser parts made from such special tools, unless otherwise specifically agreed to in writing.

XIV. ASSIGNMENTS AND SUBCONTRACTS

The Seller reserves the right to assign or subcontract all or any portion of the order subject to this agreement without the consent of the Buyer. The Buyer shall not delegate its duties nor assign any rights or claims under this document without Seller's prior written consent, and any such attempted delegation shall be void.

CPS Corp.	Document Number: FM-8.2-10	Revision #: 02	Issue Date: 10/02/2023	Page 3 of 3
Title: Terms and Conditions of Sale				Author: G. Bennett

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