KERN TECHNOLOGIES, LLC
STANDARD TERMS AND CONDITIONS OF SALE (v3.27.25)

LIMITS OF AGREEMENT. The terms and conditions as set forth herein as well as any additional terms and conditions that may appear on the face hereof shall constitute the entire agreement between Kern Electronics & Lasers, Inc. **d.b.a. Kern Laser Systems ("Seller") and Buyer. Seller will not be bound by any terms of Buyer's order that are inconsistent with the terms herein. Acceptance by Buyer of these terms may be made either**

(a) By written acceptance, or
(b) By receipt by Buyer of delivery of any products described on the face of this Form ("Products") and failure by Buyer to return the Products within five (5) days following such delivery. The agreement shall not be modified except in writing, signed by the parties hereto. No waiver by Seller of any default hereof shall be deemed a waiver of any subsequent default or provision.

PRODUCTS PROVIDED AND PRICE.

(a) Unless otherwise provided on the front of this form, products furnished hereunder shall be newly manufactured products but may contain components which have been previously used in other product units. Any such previously used components have been disassembled, reprocessed and reassembled, as appropriate, and meet or exceed the Seller's specifications for newly manufactured components.
(b) The price of all Products unless otherwise specially stated on the face hereof is F.O.B. Origin, at the place of manufacture, which is the address set forth on the face hereof.
(c) All applicable Federal, State or local excise, sales, use or other taxes now or hereinafter enacted, which are applicable to the Products sold hereunder will be paid by Buyer.
(d) Unless otherwise stated by Seller in writing, all quotations shall expire thirty (30) days after date thereof.
(e) Pricing on all quotations is in US Dollars.

PAYMENT TERMS.

(a) Unless otherwise stated on the quote, the terms of the sale are 50% down payment to start production and final payment before shipment. Interest accrues on overdue invoices at the rate of one- and one-half percent (1.5%) per month, but not more than the amount allowed by law, on the unpaid balance from the original due date of the invoice. Payment shall not be withheld for delay in installation if at Buyer's request nor for delay in delivery or required documentation unless a separate price is stated therefore, and only to the extent of the prices stated.
(b) Seller reserves a purchase money security interest in the Products sold hereunder and the proceeds thereof, in the amount of the purchase price. In the event of default by Buyer on any of its obligations to Seller, Seller will have the right to repossess the goods sold hereunder without liability to Buyer. In such event, Buyer agrees to make the Products available to Seller so that Seller can repossess them without a breach of the peace. This security interest will be satisfied by payment in full. A copy of the invoice may be filed with appropriate authorities at any time as a financing statement and/or chattel mortgage to perfect Seller's security interest. Buyer shall cooperate fully with Seller to execute such other documents and to accomplish such filings and/or recordings thereof as Seller may deem necessary for the protection of Seller's interest in the Products furnished hereunder.

LIMITED WARRANTY – LIMITATION OF REMEDIES.

(a) Except as otherwise specified herein, Seller warrants the Products to be free from defects in material and workmanship for a period of time shown on the quote, or for twelve (12) months from the shipment date if a warranty is not specified on the quote.
(b) If Buyer discovers a defect in a Product the Seller will repair at their option using new or refurbished components, or if repair is not possible, replace the product. This limited warranty covers parts and labor (excluding travel costs). The Buyer and Seller agree to exercise good faith efforts to troubleshoot and remedy the defect.
(c) The Seller will not be held liable to the Buyer or any other party for damages that results from a defective Product. Damages excluded include, but are not limited to, the following: lost profits, lost savings, lost data, damage to other equipment and incidental or consequential damages arising from the use, or inability to use this Product.
(d) A warranty does not apply to Consumables, including but not limited to optics, mirrors and lenses.
(e) This warranty is the only warranty made by the Seller with respect to the Products and no representative or person is authorized to bind Seller for any obligation or liabilities beyond the warranty in connection with the sale of Seller's goods. This warranty is made to the original purchaser only at the original location and is non-transferable, and may only be modified or amended by a written instrument signed by a duly authorized officer of the Seller.
(f) These remedies are available only if Seller is notified in writing by Buyer promptly upon discovery of the defect, and in any event within the warranty period, Seller's examination of such goods disclose to Seller's satisfaction that such defects actually exist and the goods have not been (i) repaired, worked on, or altered by persons not authorized by Seller so as, in Seller's sole judgement, to injure the stability, reliability, or proper operation of such goods; (ii) subject to misuse, negligence or accident; or (iii) connected, installed, used or adjusted otherwise than in accordance with the instructions furnished by Seller.
(g) All Products that Buyer considers defective shall be returned to Seller's factory with transportation costs prepaid and borne by Buyer. The risk of damage or loss of the goods shipped or delivered to Seller's factory for repair or replacement will be borne by Buyer. Buyer is responsible for the risk of loss and properly insuring the products enroute to Seller. Main components such as laser sources, chillers, power supplies and other high value components should be packaged in their original packaging and container.
(h) Seller will ship replacement parts at a standard shipping rate. The Buyer can request expedited shipping but the entire cost will be borne by the Buyer. If replacement parts are shipped into a country other than the USA all duties, customs fees and import fees are borne by the Buyer.
(i) If it is found that any Product has been returned without cause and is still serviceable, Buyer will be notified and the Product returned at the Buyer's expense. In addition, a charge for testing and examination may, in Seller's sole discretion, be made on Products so returned.
(j) THE FOREGOING WARRANTY IS EXCLUSIVE AND IN LIEU OF ALL OTHER WARRANTIES WHETHER WRITTEN, ORAL OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, AND SHALL BE THE BUYER'S SOLE REMEDY AND SELLER'S SOLE LIABILITY ON CONTRACT OR WARRANTY OTHERWISE FOR THE PRODUCT.

ERRORS. Stenographic and clerical errors are subject to correction.

PROPRIETARY RIGHTS. The sale of the Products hereunder to Buyer shall in no way be deemed to confer upon Buyer and right, interest or license in any patent, copyright or trademark the Seller may have covering the Products.

SHIPMENT. Seller will use its reasonable best commercial efforts to meet shipment schedules. However, any shipment quotation or forecast on any quote, invoice or order acknowledgement is only an estimate of the time required to make shipment Seller will not assume liability, consequential or otherwise, because of any delay or failure to deliver all or any part of any order for any reason, including its active or passive negligence. Seller reserves the right to allocate inventories and current production in any way it deems desirable.

INSPECTION AND ACCEPTANCE. The buyer shall have the right to inspect the goods upon tender of delivery. Failure of the Buyer to inspect the goods and give written notice to the Seller of any alleged defects or nonconformity within seven (7) days after tender of delivery shall constitute an irrevocable acceptance by Buyer of the goods delivered.

RETURNS. The product may not be returned to the Seller without first obtaining Seller's consent. The request for return and credit must be filed with Seller and shall include purchase order number, approximate date shipped and any and all other identifying numbers (such as invoice number, date of invoice, P.O. numbers, etc.). Each request for return of Products for credit should state the type and quantity of goods, the part numbers and the reason for return. If return authorization is granted, Products shall be returned in a clean, well-packaged condition. No credit allowance on defectives will be made and no replacement for defectives will be shipped in any event, unless the alleged defectives are, among other things, established to Seller's satisfaction after suitable testing and inspection by Seller.

TERMINATIONS. Any order for a standard Product with a published price accepted by the Seller and terminated by Buyer prior to thirty (30) days of scheduled shipment, shall be subject to a termination charge of no less than ten percent (10%) of the order value to cover costs of processing and order handling. Termination thereof within thirty (30) days of scheduled shipment shall be subject to a written acceptance by Seller and termination charge of not less than twenty five percent (25%) of the order value. No order for nonstandard products or products without published price may be terminated by Buyer except by mutual agreement in writing. Ship dates delayed by Buyer request do not extend the termination charge window.

SUBSTITUTIONS AND MODIFICATIONS. Seller will have the right to make substitutions and modifications at the specifications of Products sold by Seller, provided that such substitution or modification will not materially affect overall Product performance.

APPLICABLE LAW; JURISDICTION AND VENUE. This agreement will be governed by the laws of the State of Minnesota. The Minnesota state courts of Wadena County, Minnesota will have exclusive jurisdiction and venue over any dispute arising out of this agreement, and Buyer hereby consents to the jurisdiction of such courts.

LIMITATION OF LIABILITY.

(a) Seller will not be liable for any loss, damages or penalty resulting from delay in delivery of the Products when such delay is due to causes beyond the reasonable control of Seller, including without limitation, supplier delay, pandemic/epidemic, force majeure, act of God, labor unrest, fire, explosion, tornado or earthquake. In any such event, the delivery date will be deemed extended for a period of the delay.
(b) Seller's liability under, for breach of, or arising out of this agreement and/or sale will be limited to repair or replacement of any defective products. In no event will Seller be liable for costs of procurement of substituted products by Buyer, nor will Seller be liable for any special, consequential, incidental or other damages including without limitation loss of profit whether or not Seller has been advised of the possibility of such loss however caused, whether for breach of repudiation of contract, breach of warranty, negligence of otherwise. The essential purpose of this provision is to limit the potential liability of Seller arising out of this agreement and/or sale.
(c) It is the Buyer's responsibility to adhere to all regulatory standard safety requirements. Laser sources manufactured by the Seller are sold as a component to be integrated into a laser system as defined by USA 21 CFR 1040.10 and 1040.11. Buyers in the USA are responsible for all state and federal regulations including the Center for Devices and Radiological Health (CDRH) guidelines outlined by the American National Standards Institute (ANSI) Z136 series regarding laser safety standards. Buyers outside the USA are responsible to meet the receiving country's laser safety requirements.

ATTORNEY'S FEES AND COSTS. Reasonable attorney fees and costs will be awarded to the prevailing party in event of litigation involving the enforcement or interpretation of this agreement.

INTERNATIONAL CUSTOMERS. Compliance and regulatory inspections required by local authorities are the sole responsibility of the Buyer. Such as, but not limited to cUL, Canadian PSHSR (Pre-Start Health and Safety Review). The Seller will make best efforts to accommodate international requirements pre-sale.