

DOMESTIC LAW ENFORCEMENT SALES GENERAL TERMS AND CONDITIONS

These general terms and conditions of sales (Terms) apply to the purchase by the Buyer (or authorized distributor, or reseller, or end-user agency, collectively referred to as the "Buyer" or "You") of all Products from Combined Systems, Inc. ("Seller") hereunder. "Products" means all Products or services provided by the Seller hereunder.

Licensed Broker of Destructive & Explosive Devices. A Buyer will maintain a minimum of a Type 9 Federal Firearms License (Destructive Device Dealer of Title 1 Firearms and Destructive Devices) and a Type 26 Federal Explosive License (Dealer of High Explosives) to be compliant with Federal law and has attached a current copy of their Type 9 FFL, Type 26 FEL, and SOT along with their signed agreement or qualify under an approved exemption.

No Resale. Regardless of ownership of any goods manufactured by Seller, a Buyer will not sell Products to a third-party reseller. Buyer represents and warrants they you are buying products for government approved authorized use only, and not for resale or export.

Territory. A Buyer agrees to sell Products within an agreed upon and designated territory, unless they have received prior written consent from Seller. If Seller believes the Buyer is in breach of this provision, such Buyer shall incur a surcharge in addition to the published price.

Direct Sales. Seller reserves the right in certain circumstances to bid direct.

Special Pricing. Seller may offer a Buyer exclusive special pricing based on the conditions set forth hereunder in "Distributor of Record."

Brand Guidelines. A Buyer will follow the Seller's branding and identity guidelines in naming, logo use and brand reference as defined by the 'CSI Branding and Identity Guidelines Packet' included in publications, presentations, Products, labels and packaging, internal documents, and all other materials (both online and offline), by all the Seller's employees and departments.

Payment and Prices. All prices are based on the published "Distributor Price Lists," unless otherwise noted in these terms and conditions. Purchase prices should match the published distributor price list. Any pricing not correlating with Seller's published price list should reference special prices quoted for state or federal contract by contract number, GSA contract number, special price quote number, and in some instances a special price approved by Sellers designate authorized person. Terms of payment are within Seller's sole discretion and payment must be received by Seller in accordance with a valid and executed purchase order. If Seller sends a past due account to collections, you are responsible for collection and attorneys' fees. Prices for Products covered by this Agreement may be adjusted by Seller, upon notice to Buyer at any time prior to shipment to reflect any increase in Seller's cost of raw materials, components, inability to secure components, changes in law, labor, taxes, duties, tariffs, or quotas, acts of Government, any similar charges, or to cover any extra, unforeseen, and unusual events. You are responsible for sales and other taxes associated with the order, if applicable. Unless otherwise set forth in a valid purchase order, Buyer will pay all invoiced amounts within thirty (30) days following the date of Seller's invoice. Unpaid amounts will accrue interest at a rate equal to the lesser of one and one-half percent (1%) per month and the maximum rate permitted by applicable law, from the applicable due date until paid, plus Seller's reasonable costs of collection. Seller reserves all other rights granted to a seller under applicable law for Buyer's failure to pay for the Products or any other breach by Buyer of these Terms.

Limited Warranty. Seller warrants that Products shall be free from defects in workmanship and materials for a period (five (5) years for CTS, two (2) years for Penn Arms, limited lifetime warranty for CTS Thompson Handcuffs) of the product warranty from the date of receipt or as otherwise set forth in a valid purchase order. Products that have been used are deemed to have operated properly. If a valid warranty claim is received by Seller within the warranty period, Seller agrees to repair or replace the Product which Seller determines in its sole discretion to be defective under normal use, as defined in the Product specification. Seller's sole responsibility under this warranty is to either repair or replace with the same or like Product, at Seller's option. Seller will undertake the repair, replacement, or refund onetime during the warranty period. This warranty does not apply to and Seller will not be responsible for any loss, damage, or other liabilities arising from: (a) damage from failure to follow instructions or training relating to the Product's use; (b) damage caused by use with non-Seller Products that are not manufactured or recommended by Seller; (c) damage caused by abuse, misuse, intentional or deliberate damage to the Product, or force majeure; or (d) damage to a Product or part that has been repaired or modified by persons other than Seller authorized personnel or without the written permission of Seller. This warranty and the remedies set forth herein are exclusive and in lieu of all other warranties, remedies, and conditions, whether oral or written, statutory, express or implied, as permitted by applicable law. Seller specifically disclaims any and all statutory or implied warranties, including without limitation, warranties of merchantability, design, fitness for a particular purpose, arising from a course of dealing, usage or trade practice, warranties against hidden or latent defects, and warranties against patent infringement. If statutory or implied warranties cannot be lawfully disclaimed, then all such warranties are limited to the duration of the express warranty described above and limited to the other provisions contained in this warranty document. The remedies provided for in the above warranty are expressly in lieu of any other liability Seller may have. Seller's cumulative liability to any party for any loss or damage resulting from any claims, demands, or actions arising out of or relating to any Seller Product will not exceed the purchase price paid to Seller by for the Product. In no event will Seller be liable for any direct, special, indirect, incidental, exemplary, punitive or consequential damages, however caused, whether for breach of warranty, breach of contract, negligence, strict liability, tort, personal injury or under any other legal theory, even if those damages could have been reasonably foreseen, and notwithstanding any failure of essential purpose of any exclusive remedy provided in this warranty. The foregoing limitations may not apply to the extent prohibited by applicable law. This warranty and limitation of liability supersedes any prior, contrary, or additional representations, whether written or oral. This warranty is Seller's only Product warranty and may not be changed or enlarged by any agent, employee, distributor, dealer, or other person. This warranty is non-transferable.

Purchase Orders. Buyer purchase orders will be emailed to the customer service representative for Buyer's territory, and must be in writing and resembling a business form or official letter of intent on official agency letter head. Purchase orders and must clearly state the name of the buyer, address, and telephone number to be invoiced. The purchase orders will clearly indicate the items and quantities to be purchased by model numbers, and product descriptions.

Special Items. Where applicable purchase orders must include Federal excise tax, government buyer's Originating Agency Identifier (ORI) issued by the Department of Justice, and any safety/training certifications for destructive devices required by the Seller.

ATF Requirements. Fulfillment of purchase orders for all Flash-Bangs, Sting-Balls, Tear Balls, and all Penn Arms 40MM and 37MM launchers are subject to ATF approval. Once Seller submits the license application, approval may take 6-8 weeks. When submitting purchase orders for Products, the Buyer must establish that the ultimate end-user taking possession of Products qualifies under a US

Government exemption or is licensed to possess controlled Products. Generally, exempt agencies include local, state and federal law enforcement & corrections, Department of Defense, and some other Federal agencies, such as the US State Department. The documentation to establish an exemption requires the Buyer to submit a copy of the purchase order from the exempt agency and should include the agency's assigned Originating Agency Identification (ORI number).

Special Tax Requirements. All CTS orders for 12ga, 37mm, 40mm munitions, and Penn Arms 40MM Grenade Launchers purchased by non-exempt entities are subject to an 11% Federal Excise Tax (FET) according to Title 27 Code of Federal Regulations, Part 53 Manufacturers Excise Taxes - Firearms and Ammunition.

Minimum Purchase Requirements (MPR). Distributor MPR is \$200.00 for any CTS Less Lethal Products, with the exception of destructive devices, which is 12 units.

Minimum Advertised Price (MAP). Seller has established a MAP policy on all Products. A Buyer's MAP cannot be below the MAPs set forth in Buyer's authorized distributor agreement and based on published Agency or Retail price.

Freight. Seller reserves the right to make partial shipments on any orders, unless the customer specifies otherwise.

- (1) Orders shipping to destinations within the 48 contiguous states with a value over \$3,500.00 will be shipped freight free – FOB Destination.
- (2) Orders shipping to Alaska, Hawaii and Puerto Rico, regardless of the amount on the purchase order, will include freight costs, unless pre-approved in writing from Seller.
- (3) Please note the following models have special shipping requirements. Contact customer service for shipping details. Model#0330, 0431, 0431G, 4421, 4431, 4441, 4530, 4556, 4620, 4630, 4640, 5300, 5420, 5430, 5440, 6330, 6343, 9420, 9430 and 9440.
- (4) Seller will not pay any surcharges or fees incurred special shipping instructions or special delivery requirements, unless the requirements have been stated on the purchase order and agreed to by Seller in writing prior to the goods leaving the point of shipment.
- (5) Expedited delivery requests for rush, express, overnight delivery, or partial shipment requests due to an urgent need, regardless of value, do not qualify for free freight.
- (6) Requests for Products during emergencies that are after normal business hours, during weekends, or on holiday are subject to a 20% surcharge.

Returns. Product may be returned to Seller for refund, less the original shipping and handling costs, within 30 days of receipt. To return Products, you must contact the Seller to obtain an authorization number before shipping your Product. No returns of any type will be accepted without prior approval and an authorization number. Except unless returned due to defect, Seller may charge a 20% restocking fee.

Refused Delivery. Refusal of the Buyer or the ultimate end-user to accept an order will be considered a cancelled order and will be subject to the policy on order cancellation.

Independent Representatives. In some territories and at CSI's discretion it may opt to augment its sales and marketing efforts by and through an agreement with an independent representative. The representative serves as an agent for CSI working for and reporting to CSI. The representative supports

CSI in its sales efforts through distribution or communicating directly to agencies. The representative is not an employee or required to report to or work at the direction of the distributor.

Authorized Distributor of Record. A Buyer may be an authorized distributor of record as defined and set forth by the by seller.

Indemnification and Release. You agree to release, indemnify and hold Seller harmless from any and all liability arising out of the use or misuse of the Seller Product, including any claims for damages and personal injuries. You agree to assume all risks of loss and all liability for any damages and personal injury which may result from the use or misuse of the Seller Product. Seller is not liable for the failure of the Product to perform, and Seller is not liable for any claims made by a third party or by you for or on behalf of a third party.

Changes. Seller may alter, modify, redesign, or discontinue Products or any components of Products and change its service, warranty, or other policies, without notice and without any obligation to Buyer.

Product Warnings. You are responsible for reading and understanding all warnings and training associated with Seller Products before purchasing or using such Products.

Your Responsibilities. You are responsible for (a) use of Products; (b) breach of these Terms or violation of applicable law and (c) a dispute between You and a third party over Your use of Products.

Delays. Seller will use commercially reasonable efforts to deliver Products as soon as practicable. If delivery is interrupted due to causes beyond Seller's control, Seller may delay or terminate the delivery with reasonable notice.

Confidentiality. All non-public, confidential, or proprietary information of Seller, including but not limited to trade secrets, intellectual property, business information, specifications, samples, patterns, designs, plans, drawings, documents, data, business operations, customer lists, pricing, discounts, rebates, trade secrets, that is disclosed by or on behalf of Seller to Buyer, whether disclosed orally or disclosed or accessed in written, electronic or other form or media, and regardless of whether marked, designated, or otherwise identified as "confidential," in connection with these Terms and any purchase order related hereto is strictly confidential, is provided solely for the use of performing these Terms, and may not be disclosed to any person, corporate division or entity, or copied, unless authorized in advance by Seller in writing. Upon Seller's request, Buyer will promptly return all documents and other materials received from Seller. Seller will be entitled to injunctive relief for any violation of this Section, without having to post bond or establish the insufficiency of a remedy at law. This Section does not apply to information that is: (a) in the public domain, through no fault of Buyer, at or subsequent to the time such confidential information was disclosed to Buyer by Seller; (b) rightfully known by Buyer free of any obligation of confidence at the time of disclosure to Buyer by Seller, as evidenced by written records; or (c) rightfully obtained by Buyer from a third party without similar restriction from such party and the disclosure of which from such third party does not constitute a violation of an obligation by such third party to Seller, each as evidenced by written records

Force Majeure. Seller will not be liable for any delay or failure to perform under these Terms due to a cause beyond Seller's reasonable control, including but not limited to, acts of God, labor disputes, industrial disturbances, pandemics, utility failures, earthquake, storms, elements of nature, blockages, embargoes, riots, acts or orders of government, terrorism, or war.

Independent Contractors. The Parties are independent contractors. Neither Party has authority to bind the other. These Terms do not create a partnership, franchise, joint venture, You, fiduciary, or employment relationship between the Parties.

Compliance. Buyer shall comply with all import and export control laws and all rules, regulations and laws related to the Product, including but not limited to acceptance, transportation, storage and use of the Product, as required.

Severability. If a court of competent jurisdiction holds any portion of these Terms invalid or unenforceable, the remaining portions of these Terms will remain in effect.

Assignment. You may not assign any of your rights or delegate any of your obligations under these Terms without Seller's prior written consent. Any purported assignment in violation of this provision is null and void.

Governing Law. The laws of the state of New York, without reference to conflict of law rules, govern these Terms and any dispute arising from it. All claims, disputes, and controversies arising out of or relating in any way to the relationship of the Parties or of these Terms, or the breach thereof, ("Dispute"), shall be resolved through arbitration administered by JAMS in accordance with the Comprehensive Arbitration Rules and Procedures of JAMS ("Rules"), as modified by the rules and procedures set forth below. The site of the arbitration shall be New York and judgment upon any award rendered by the Arbitrator may be entered by any court of competent jurisdiction. The costs of the arbitration shall be borne equally by the Parties.