

PURCHASE ORDER TERMS AND CONDITIONS

SECTION 1. AGREEMENT

The agreement ("Agreement") between USA Technologies, Inc. ("Buyer") and the selling party ("Seller") (hereafter collectively referred to as the "Parties") for the sale of goods or performance of services shall consist of all terms appearing herein and on the front of the Purchase Order document (the "Order") and any written documents which may be specifically incorporated by reference herein, together with any additions or revisions of such terms mutually agreed to in writing by the Parties. The Agreement constitutes the full and final agreement between the Parties, and supersedes all previous communications either oral or written. Acceptance of the Order, including all terms and conditions hereof, shall occur, among other ways, upon the happening of any of the following events: (1) receipt by Buyer of an acknowledgement of the Order; (2) receipt by Buyer of notification from Seller that Seller has commenced performance hereunder; or (3) shipment of any of the goods or performance of any of the services. **Buyer expressly limits acceptance to the exact terms of this offer.** Buyer objects to and shall not be bound by any additional, inconsistent or different terms appearing in Seller's quotation, proposal, acknowledgement, invoice, or other forms of communication from Seller, which are to be considered a counteroffer. Oral agreements not reduced to a writing signed by the Buyer, to the extent they modify, add to, or detract from the Agreement, shall not be binding on Buyer.

SECTION 2. GENERAL RELATIONSHIP

The Seller is not an employee of Buyer for any purpose whatsoever. Seller agrees that in all matters relating to this Agreement it shall be acting as an independent contractor and shall assume and pay all liabilities and perform all obligations imposed with respect to the performance of the Agreement. Seller shall have no right, power or authority to create any obligation, expressed or implied, on behalf of Buyer and/or Buyer's customers (hereafter collectively referred to as "Buyer") and shall have no authority to represent Buyer as an agent.

SECTION 3. SUBCONTRACTS AND ASSIGNMENTS

Seller agrees to obtain Buyer's approval before subcontracting this Agreement or any substantial portion thereof; provided, however, that this limitation shall not apply to the purchase of standard commercial supplies or raw materials. Further, this Agreement shall not be assigned or delegated by Seller without the prior written consent of Buyer.

SECTION 4. RESPONSIBILITY FOR PROPERTY

In the case of any tools, dies, jigs, fixtures, patterns, equipment, facilities or other property (hereafter "Property") of Buyer, which may be in the possession, or control of Seller in connection with this Agreement, Seller shall use such Property only in performance of and as specifically authorized by this Agreement. Seller should take appropriate measures including clearly marking, maintaining an inventory and segregating Buyer's Property to protect Buyer's rights and interests in any Property provided by Buyer to Seller. Such Property shall be returned to Buyer in the condition in which it was received by Seller, except for ordinary wear and tear and except to the extent that such Property has been incorporated into goods delivered hereunder or has been consumed in the production of such goods. Risk of loss with respect to all such Property shall be the responsibility of Seller. Seller shall indemnify, defend and hold harmless Buyer from any loss or damage to such Property, which is caused by, or results from any act or omission on the part of Seller or its agents, employees or subcontractors. If Seller acquires or manufactures any Property in connection with this Agreement and charges Buyer therefore, Buyer may, at its option upon completion or termination of this Agreement, elect to take title to such Property and, upon receiving notice of such election; Seller shall deliver such Property to Buyer.

SECTION 5. RESPONSIBILITY FOR SUPPLIES

Seller shall bear the risk of loss of, or damage to, the supplies covered by this Agreement, until delivered to Buyer's plant or to such other place as may be designated on the face of the Order ("FOB Destination") and accepted by Buyer, including any defective, non-conforming or rejected supplies.

SECTION 6. INTERCHANGEABILITY

All items furnished pursuant to the Order under the part number specified shall be fully interchangeable with and equal in function and quality to items heretofore furnished under the same part number.

SECTION 7. PACKAGING AND SHIPPING

Any goods purchased hereunder must be suitably packed and prepared for shipment to secure the lowest transportation rates or appropriately packed to comply with any specific transportation specifications of Buyer, and in all cases, to comply with carrier's regulations. All charges for packing, crating and transportation are included in the price for the goods set forth herein and will be paid by Seller. A packing list shall accompany each box or package shipment showing the Order number specified thereon as well as the item number and a description of the goods. In the event that no such packing list accompanies any shipment, the count, weight or other measure of Buyer shall be final and conclusive. Buyer shall not be obligated to accept any shipments in excess of the ordered quantity and any excess or advance shipments may be returned to Seller at Seller's expense.

SECTION 8. CHANGES AND SUSPENSION

Buyer may, by written notice to Seller at any time, make changes within the general scope of this Agreement in any one or more of the following: (a) drawings, designs or specifications; (b) quantity; (c) time or place of delivery; (d) method of shipment or packing; and (e) the quantity of Buyer furnished Property. Buyer may, for any reason, direct Seller to suspend, in whole or in part, delivery of goods or performance of services hereunder for such period of time as may be determined by Buyer in its sole discretion. If any such change or suspension causes a material increase or decrease in the cost of, or the time required for the performance of any part of the work under this Agreement, an equitable adjustment shall be made in the Order price or delivery schedule, or both, provided Seller shall have notified Buyer in writing of any claim for such adjustment within twenty (20) days from the date of notification of the change or suspension from Buyer. No such adjustment or any other modification of the terms of this Agreement will be allowed unless authorized by Buyer by means of a written modification to this

Agreement. Seller shall proceed with the work as changed without interruption and without awaiting settlement of any such claim.

SECTION 9. NOTICE OF DELAYS

Whenever the Seller has knowledge that any actual or potential issue, event, or circumstance is delaying or threatens to delay the timely performance of this Agreement, the Seller shall immediately give notice thereof, including all relevant information with respect thereto, to the Buyer.

SECTION 10. COMPLIANCE WITH LAWS

Seller shall comply with the applicable provisions of any federal, state or local law or ordinance and all orders, rules and regulations issued there under.

SECTION 11. DELIVERY

Time is of the essence in this Agreement. The date specified for delivery or performance is the required delivery date at Buyer's FOB Destination, unless otherwise specifically noted herein. Buyer reserves the right to refuse any goods or services and to cancel all or any part hereof if Seller fails to deliver all or any part of any goods or perform all or any part of any services in accordance with the terms specified herein. If Seller's deliveries will not meet agreed schedules, Buyer may require Seller to ship via a more rapid route or carrier in order to expedite such delivery and any difference in cost caused by such change shall be paid by Seller. Delivery shall not be deemed to be complete until goods have been actually received and accepted by Buyer, notwithstanding delivery to any carrier, or until services have been performed, received and accepted.

SECTION 12. INSPECTION

All goods supplied and services performed shall be subject to inspection and test by Buyer, its agents and its customers at all reasonable times and places, whether during or after manufacture as to goods, or performance as to services, and notwithstanding the terms of delivery or payment or, as to goods, that title has not yet passed to Buyer or its customers. In the event goods or services are not in accordance with the specifications and instructions of Buyer, Buyer may require prompt correction, repair, replacement or re-performance thereof at Buyer's option and Seller's sole expense. If Seller is unable to accomplish the foregoing, then Buyer may procure such goods or services from another source and charge to Seller's account all costs, expenses and damages associated therewith. After Seller is notified of the foregoing defects or non-conformances, all risk of loss with respect to such goods shall be the responsibility of Seller and Seller shall pay all packing and shipping charges in connection with such defective or non-conforming goods. Buyer's approval of designs furnished by Seller shall not relieve Seller of its obligations hereunder.

SECTION 13. ACCEPTANCE

Acceptance of any part of the Order shall not bind Buyer to accept future shipments or performance of services nor deprive it of the right to return goods already accepted and shall not be deemed to be a waiver of Buyer's right to cancel or return all or any part of the goods because of failure to conform to this Agreement or by reason of defects, whether latent or patent, or other breach of warranty, or to make any claim for damages, including manufacturing cost or loss of profits, injury to reputation or other special, consequential and incidental damages.

SECTION 14. PAYMENT

Invoices shall be submitted in duplicate and shall contain the following information: order number, item number, description of articles, sizes, quantities, unit prices and extended totals. Invoices submitted hereunder will be paid Net 45 Days after receipt of proper invoice or acceptance of delivered items by the Buyer, whichever occurs later. Before payment, Buyer may make any adjustments to Seller's invoices to accommodate shortages, late delivery, rejections, or other failure to comply with the requirements of this Agreement. Cash discounts will be taken from the date of final acceptance of delivered items, or the date of acceptable invoice, whichever is later. Payment shall not constitute final acceptance. Buyer may offset against any payment hereunder any amount owed to Buyer by Seller.

SECTION 15. WARRANTY

Seller represents and warrants that: (1) all goods delivered pursuant hereto will be new, unless otherwise specified, and free from defects in material and workmanship; (2) all goods will conform to applicable specifications, drawings, and standards of quality and performance, and all items will be free from defects in design and suitable for their intended purpose; (3) the goods covered by the Order are fit and safe for consumer use, if so intended; and (4) that any services performed hereunder shall be performed in accordance with the specifications and instructions of Buyer, and with that degree of skill and judgment exercised by recognized professional firms performing services of a similar nature and consistent with best practices in the industry. All representations and warranties of Seller shall run to Buyer. Remedies under this warranty shall include, without limitation, at Buyer's option and at Seller's sole expense, prompt repair, replacement, re-performance, or reimbursement of the purchase price. The foregoing warranties shall survive any delivery, inspection, acceptance or payment by Buyer..

SECTION 16. SERVICE LEVEL COMMITMENT

Seller shall promptly respond to, investigate and resolve any and all claims, inquiries and requests by Buyer related to the compliance with Section 15, warranty of the goods and services covered by this Agreement. Seller shall provide on-site support services if Buyer determines in its reasonable discretion that an on-site visit is required to resolve any claim that the goods and services covered by this Agreement do not comply with Section 15. Buyer shall provide Seller's assigned resources with (i) safe access to Buyer's site, (ii) adequate working space, and (iii) access to personnel as reasonably necessary to resolve such non-compliance. If Seller determines that the cause of the problem was not the goods and services covered by this Agreement, Buyer shall reimburse Seller for reasonable lodging and travel expenses of Seller personnel while traveling and at Buyer's site.

SECTION 17. TERMINATION FOR CONVENIENCE

Buyer may terminate this Agreement, in whole or in part, at any time for any reason whatsoever by giving not less than seven (7) days written notice to the Seller. If this Agreement is so terminated, Buyer shall pay Seller only for that portion of the services actually performed and for documented expenses incurred by Seller and authorized by Buyer prior to the date of

termination. Under no circumstance shall Buyer be liable for any other damages whatsoever, including loss of anticipated profit on account of such termination. Notwithstanding any partial termination of services, Seller shall continue to perform and complete any remaining services required.

In the event of strike, slow down, "sick-out", or work stoppage for any reason Buyer shall have the right to immediately terminate this Agreement by written notice to Seller. No further action is required of Buyer.

SECTION 18. TERMINATION FOR DEFAULT

- A. Buyer may, by written notice of default to Seller, terminate the whole or any part of this Agreement in any one of the following circumstances:
1. Seller fails to make delivery of the supplies or to perform the services within the time specified herein or any extension thereof; or
 2. Seller fails to perform any of the other provisions of this Agreement or so fails to make progress as to endanger performance of the Order in accordance with its terms, and in either of the circumstances specified in this subpart (a)(ii) does not cure such failure within a period of 10 days (or such longer period as Buyer may authorize in writing) after receipt of notice from the Buyer specifying such failure;
 3. Seller becomes insolvent or the subject of proceedings under any law relating to bankruptcy or the relief of debtors or admits in writing its inability to pay its debts as they become due; or
 4. Seller fails to provide Buyer, in writing, within a reasonable time after demand by Buyer, adequate assurances of performance by Seller.
- B. If this Agreement is so terminated, Buyer may procure or otherwise obtain, upon such terms and in such manner as Buyer may deem appropriate, supplies or services similar to those terminated. Seller, subject to the exceptions set forth below, shall be liable to Buyer for any excess costs of such similar supplies or services.
- C. Seller shall transfer title and deliver to Buyer, in the manner and to the extent requested in writing by Buyer at or after termination, such complete or partially completed articles, property, materials, parts, tools, dies, patterns, jigs, fixtures, plans, drawings, information and contract rights as Seller has produced or acquired for the performance of the terminated part of this Agreement and Buyer will pay Seller the contract price for completed articles delivered to and accepted by Buyer and the fair value of the other Property of Seller so requested and delivered.
- D. Seller shall continue performance of this Agreement to the extent not terminated. Buyer shall have no obligations to Seller in respect to the terminated part of this Agreement except as herein provided. Buyer's rights as set forth herein shall be in addition to any other rights in case of Seller's default.
- E. Seller shall not be liable for damages resulting from default due to causes beyond Seller's control and without Seller's fault or negligence, provided, however, that if Seller's default is caused by the default of a subcontractor or supplier at any tier, such default must arise out of causes beyond the control of both Seller and subcontractor or supplier, and without the fault or negligence of either of them and, provided further, the supplies or services to be furnished by the subcontractor or supplier were not obtainable from other sources.

SECTION 19. TAXES

The price(s) set forth herein shall include all applicable federal, state and local taxes and duties.

SECTION 20. CONFIDENTIALITY AND USE OF BUYER FURNISHED INFORMATION

- A. Seller agrees that it will keep confidential and not disclose, disseminate or publish the features of any equipment, tools, gauges, patterns, designs, drawings, engineering data, computer programs and software or other technical or proprietary information furnished, loaned or bailed by Buyer hereunder (hereinafter collectively referred to as "Information"), and use such Information only in the performance of this Agreement or, if authorized, other Orders from Buyer and not otherwise, without Buyer's prior written consent. Notwithstanding any other provision herein, Buyer and Seller shall each retain ownership of, and all right, title and interest in and to, their respective pre-existing intellectual property.
- B. All such Information furnished, loaned or bailed by Buyer hereunder, or fabricated, manufactured, purchased, or otherwise acquired by Seller for the performance of this Agreement and specifically charged to Buyer, are the property of Buyer.
- C. Upon completion, expiration or termination of this Agreement, Seller shall return all such Information in good condition, reasonable wear only excepted, together with all spoiled and surplus Information to Buyer, or make such other disposition thereof as may be directed or approved by Buyer. Seller agrees to replace, at its expense, all such Information not so returned. Seller shall make no charge for any storage, maintenance or retention of such Information. Seller shall bear all risk of loss for all such Information in Seller's possession.
- D. Seller also agrees to use any designs or data contained or embodied in such Information in accordance with any restrictive legends placed on such Information by the Buyer or any third party. If Buyer furnishes any material for fabrication hereunder, Seller agrees: (i) not to substitute any other material for such fabrication without Buyer's prior written consent, and (ii) that title to such material shall not be affected by incorporation in or attachment to any other property.

SECTION 21. PATENTS AND DATA

If any experimental, developmental or research work is performed hereunder, Seller agrees to and hereby does grant to Buyer an irrevocable, non-exclusive, fully transferable, royalty-free license to make, have made, use and sell any invention, improvement or discovery (whether or not patentable) that Seller conceives or first actually reduces to practice in the performance of the Agreement.

Seller agrees to and hereby does grant to Buyer an irrevocable, non-exclusive, fully transferable, royalty-free license to reproduce, translate, publish, use and disclose, and to authorize others to do so, for any purpose, (i) any copyrighted or copyrightable material delivered or incorporated into any deliverable hereunder; and (ii) all or any part of any deliverable hereunder, including without limitation, any reports, drawings, blueprints, data, software and technical information.

SECTION 22. INDEMNIFICATION

Seller shall indemnify, defend and hold Buyer harmless from and against any and all damages, losses, liabilities and expenses (including reasonable attorneys' fees) arising out of or relating to any claims, causes of action, lawsuits or other proceedings, regardless of legal theory, that result, in whole or in part, from Seller's (or any of Seller's subcontractors, suppliers, employees, agents or representatives): (i) intentional misconduct, negligence, or fraud, (ii) breach of any representation, warranty or covenant made herein, or (iii) products or services including, without limitation, any claims that such products or services infringe any United States patent, copyright, trademark, trade secret or any other proprietary right of any third party.

Buyer shall promptly notify Seller of any claim against Buyer that is covered by this indemnification provision and shall authorize representatives of Seller to settle or defend any such claim or suit and to represent Buyer in, or to take charge of, any litigation in connection therewith.

SECTION 23. INFRINGEMENT INDEMNITIES

Seller shall indemnify, defend and hold Buyer harmless from and against any claim, suit or proceeding ("Claim") brought against Buyer asserting that the goods or services, or any part thereof, furnished under this Agreement, or Buyer's use (including resale) thereof, constitutes an infringement of any patent, trademark, trade secret, copyright or other intellectual property right, and Seller shall pay all damages and costs awarded against and reasonable expenses incurred by Buyer in connection with such Claim including reasonable attorneys' fees. In the event such goods or services or use thereof are enjoined in whole or in part, Seller shall at its expense and option undertake one of the following: (i) obtain for Buyer the right to continue the use of such goods or services; (ii) in a manner acceptable to Buyer, substitute equivalent goods or services or make modifications thereto so as to avoid such infringement and extend this indemnity thereto; or (iii) refund to Buyer an amount equal to the purchase price for such goods or services plus any excess costs or expenses incurred in obtaining substitute goods or services from another source.

SECTION 24. NON-WAIVER OF RIGHTS

The failure of Buyer to insist upon strict performance of any of the terms and conditions in the Agreement or to exercise any rights or remedies, shall not be construed as a waiver of its rights to assert any of same or to rely on any such terms or conditions at any time thereafter. Any rights and remedies specified under the Agreement shall be cumulative, non-exclusive and in addition to any other rights and remedies available at law or equity. The invalidity in whole or in part of any term or condition of the Agreement shall not affect the validity of other parts thereof.

SECTION 25. EXPORT CONTROL COMPLIANCE FOR FOREIGN PERSONS

The subject technology of the Agreement (together including data, services, and hardware provided hereunder) may be controlled for export purposes under the International Traffic in Arms Regulations (ITAR) controlled by the U.S. Department of State or the Export Administration Regulations ("EAR") controlled by the U.S. Department of Commerce. ITAR controlled technology may not be exported without prior written authorization and certain EAR technology requires a prior license depending upon its categorization, destination, end-user and end-use. Exports or re-exports of any U.S. technology to any destination under U.S. sanction or embargo are forbidden.

Access to certain technology ("Controlled Technology") by Foreign Persons (working legally in the U.S.), as defined below, may require an export license if the Controlled Technology would require a license prior to delivery to the Foreign Person's country of origin. Seller is bound by U.S. export statutes and regulations and shall comply with all U.S. export laws. Seller shall have full responsibility for obtaining any export licenses or authorization required to fulfill its obligations under this Agreement.

Seller hereby certifies that all Seller employees who have access to the Controlled Technology are U.S. citizens, have permanent U.S. residency or have been granted political asylum or refugee status in accordance with 8 U.S.C. 1324b(a)(3). Any non-citizens who do not meet one of these criteria are "Foreign Persons" within the meaning of this clause but have been authorized under export licenses to perform their work hereunder.

Seller is instructed to notify Buyer immediately if any of the goods, technology, software, or technical assistance (as relevant) which are the subject of this document are controlled under the U.S. International Traffic in Arms Regulations ("ITAR"). The following information is required: description of material, part/reference number, and U.S. Munitions List Category.

SECTION 26. GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania, U.S.A., exclusive of its conflict of law provisions. Any controversy, claim or dispute ("Dispute") arising hereunder shall be adjudicated in the federal or state courts of the Commonwealth of Pennsylvania, and the Parties hereby submit to the exercise of personal jurisdiction and consent to venue by or in these courts for purposes of any such action. In any legal action arising under this Agreement, the prevailing party shall be entitled to receive such attorneys' fees, expenses, and court costs as may be awarded by a court of competent jurisdiction. The Parties agree that the United Nations Convention on Contracts for the International Sale of Goods is specifically excluded from application to this Agreement.

SECTION 27. DISPUTES

Buyer and Seller agree to first enter into negotiations to resolve any Dispute arising under or relating to the Agreement. The Parties agree to negotiate in good faith to reach a mutually agreeable resolution of such Dispute within a reasonable period of time. If good faith negotiations are unsuccessful, Buyer and Seller agree to resolve the Dispute by binding and final arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association then in effect. The arbitration shall take place in Chester County, Pennsylvania. The arbitrator(s) shall be bound to follow the provisions of the Agreement in resolving the Dispute, and may not award punitive damages. The decision of the arbitrator(s) shall be final and binding on the Parties, and any award of the arbitrator(s) may be entered or enforced in any court of competent jurisdiction.

SECTION 28. ENTIRE AGREEMENT

The Agreement, including all documents incorporated herein by reference, shall constitute the entire agreement and understanding between the Parties hereto and shall supersede and replace any and all prior or contemporaneous representations, agreements or understandings of any kind, whether written or oral, relating to the subject matter hereof.