



NAI STANDARD TERMS AND CONDITIONS OF PURCHASE

1. Definitions. The term “Buyer” refers to Natural Alternatives International Inc. or NAI, as identified on the applicable Purchase Order. The term “Seller” refers to the person or entity providing Goods or services to Buyer as requested by Buyer through issuance of a Purchase Order. The term “Purchase Order” means Buyer’s standard purchase order form or other writing issued by Buyer to Seller wherein Buyer requests Seller to provide Goods or services to Buyer. The term “Terms and Conditions” means the terms and conditions stated herein, along with any term or condition set forth on a Purchase Order. “Goods” refers to the items requested by Buyer in a Purchase Order and shall have the same meaning as delineated in Article 2 of the Uniform Commercial Code. Seller understands and acknowledges that Buyer may be purchasing Goods for purposes of resale to its customers and for use by consumers, and therefore, these Terms and Conditions are also provided for the benefit of Buyer’s customers and consumers, to the extent applicable. Identification of the Goods under Section 2-501 of the Uniform Commercial Code shall occur at the moment this offer is accepted by Seller.

2. Delivery and Acceptance of Goods or Services. Delivery shall not be deemed to be complete until the Goods or services have been actually received and accepted by Buyer at the place designated by Buyer, notwithstanding any agreement to pay freight or other transportation charges. Unless otherwise mutually agreed by the parties in writing, title and risk of loss or damage to the Goods shall remain with Seller and shall not pass to Buyer until the Goods are actually received and accepted by Buyer. Unless otherwise agreed, Seller retains title and risk of loss or damage to Goods in transit. Unless otherwise agreed by the parties in writing, Seller will deliver the Goods or services to Buyer on or before the date specified by Buyer. If Seller fails to deliver all or any part of the Goods or services within the time specified by Buyer, or otherwise fails to deliver or tender in accordance with the Terms and Conditions, Buyer shall have the right to immediately cancel the applicable Purchase Order as to all the Goods or services, or any part thereof, without prejudice to any rights Buyer may have at law or in equity. If Seller discovers that the Goods or services, or any part thereof, cannot be delivered within the time specified by Buyer, or if such a delay is threatened, Seller shall notify Buyer’s purchasing department immediately, except that such notice shall not relieve Seller of any duty or liability hereunder. Buyer shall have the right to request delivery of all the Goods or services, or portions thereof, at any time prior to or following designated delivery dates and otherwise reserves the right to change delivery dates. An acceptance of Goods or services shall be deemed to occur only after Buyer has had a reasonable opportunity to inspect them. Concealed damages or over/short claims, if applicable, will be made only after our use of the total Goods have been completed and the Goods have been exhausted. Acceptance of any part of a service or commercial unit shall not be deemed to be an acceptance of the entire service or unit. Acceptance of all or part of the Goods or services also shall not be deemed a waiver of any claim based on the delay of delivery or other failure to perform in accordance with all Terms and Conditions. Time is of the essence with regard to all dates and time periods stated in the Purchase Order.

3. Nonconforming Goods or Services. Seller shall comply with Buyer’s quality assurance and fulfillment policies and procedures, and Seller’s delivery of the Goods, as applicable, shall conform to Buyer’s quality, packaging, and shipping standards. Buyer may reject or revoke acceptance of Goods or services, or any portion thereof, which, without limitation, are: (i) not timely delivered, (ii) not in conformity with Buyer’s standards or requirements, (iii) damaged or defective, (iv) otherwise not in conformity with quantities or descriptions referred to in the applicable Purchase Order, (v) not in conformity with the specifications and label of the product code number under which the Goods are to be sold, (vi) not in compliance with any sample, (vii) not conforming to Buyer’s packaging/palletizing requirements, or (viii) Seller’s representations or



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warranties hereunder (collectively, “Nonconforming Goods or Services”). Without Buyer’s prior written authorization, Seller shall not deliver to Buyer Nonconforming Goods or Services, whether as an accommodation or otherwise. Buyer has the right, in its sole discretion and at any time without prejudice to any other rights or remedies that may be available to Buyer at law or in equity, to return Nonconforming Goods to Seller or require that Seller, at Seller’s sole cost and to Buyer’s satisfaction, replace or repair or re-perform Nonconforming Goods or Services within a commercially reasonable time and, if Seller fails to do so, Buyer may replace them with goods and/or services from a third party and charge Seller the cost thereof. If Seller refuses to accept any returned Nonconforming Goods within ten (5) business days after Buyer gives notice of its intent to return the Nonconforming Goods, Buyer may return such Nonconforming Goods without authorization or dispose of such Nonconforming Goods in any manner. Any such return, destruction, correction, or replacement shall be at Seller’s expense. Such expenses shall include, without limitation, a charge for handling Nonconforming Goods at Buyer’s distribution facilities. Seller shall pay all charges, losses, damages and expenses incurred by Buyer incidental to the return or destruction of any Nonconforming Goods, and Seller shall immediately and fully refund to Buyer any and all payments made for Nonconforming Goods.

4. Inspection of Goods. The passage of time may not be deemed a waiver of Buyer’s right to reject or revoke acceptance of the Goods or services or any portion thereof. In addition to the inspection rights described in these Terms and Conditions, Buyer shall have the option to inspect the Goods or materials used in the manufacture or packaging of the Goods, and any records relative thereto, at all reasonable times and places before, during, and after the manufacture or delivery of the Goods. Buyer reserves the right to inspect any facility in which Goods are manufactured, packaged, or stored and any raw materials, goods in process, or finished goods, including but not limited to records demonstrating compliance with all applicable law. An inspection or failure to inspect shall not relieve Seller of any responsibility or liability with respect to the Goods or material used in the manufacture or packaging of the Goods, nor shall an inspection be interpreted as an acceptance of Goods by Buyer. Seller will exercise commercially reasonable efforts to test Goods requiring testing and to make all necessary corrections prior to providing Goods to Buyer.

5. Price. The parties agree that the total price stated in the applicable Purchase Order contains all the charges to be paid by Buyer to Seller. Unless otherwise indicated in the Purchase Order, the price described herein is not subject to escalation of any kind or for any reason.

6. Freight. Unless otherwise indicated on the applicable Purchase Order, all shipments of Goods shall be F.O.B. Destination / D.D.P. (Delivered Duty Paid) and Buyer shall have the option of specifying the method of transportation and selecting the carrier. Seller shall adhere to all of Buyer’s inbound shipping requirements accessible at www.nai-online/suppliers.

7. Insurance. Seller shall maintain appropriate insurance coverage. For all insurance policies required under this Paragraph, Seller shall name Buyer and its direct and indirect parents, subsidiaries, and affiliates as additional named insureds. Before delivery of the Goods or services, Seller shall provide Buyer with a Certificate(s) of Insurance evidencing adequate coverage. Thereafter, Seller shall provide Buyer with a Certificate(s) of Insurance annually to evidence continuing adequate coverage. Seller shall provide Buyer at least thirty (30) days’ prior written notice in the event of any material modification, cancellation or termination of any coverage.



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8. Payment. Unless otherwise specified in the applicable Purchase Order, payment terms are net 60 days. The time for payment commences on the later of Buyer's receipt of Seller's invoice or Buyer's acceptance of the Goods or services. Payment of all or any part of the price shall not be construed as a waiver of any claims by Buyer for defects, delay in delivery, or other breaches of the Terms and Conditions. Buyer shall have the right at all times to set-off any amount owing from Seller to Buyer and/or Buyer's direct and indirect parents, subsidiaries, and affiliates against any amount payable at any time by Buyer in connection with a Purchase Order. Seller will immediately pay to Buyer any debit balance owed to Buyer upon demand.

9. Representations and Warranties. In addition to any warranties available under applicable law, whether express or implied, Seller expressly represents and warrants as follows:

(A) Goods are of good and merchantable quality, fit and safe for consumer use, and fit for the particular use to be made of the Goods by Buyer and Buyer's customers and consumers. Insofar as information regarding such intended use was previously unknown to Seller, Seller acknowledges that it has obtained such information from Buyer.

(B) Goods and services conform in every manner to Buyer's specifications, if applicable, and to the samples, specifications, and other descriptions provided by Seller to Buyer.

(C) Goods are manufactured, packaged, stored, and shipped in compliance with Buyer's quality control and quality assurance standards.

(D) Seller has full and complete title to the Goods, and title to all Goods delivered to Buyer are free of all liens, claims, debts, and rights of third parties.

(E) Goods are free from any defects, whether patent or latent, including but not limited to faults in design, material, and manufacturing.

(F) Goods are manufactured, packaged, stored, and shipped in compliance with all applicable federal, state, and local laws, regulations, rules, guidelines, ordinances, and standards in all jurisdictions throughout the world where the Goods were acquired or may be sold, including without limitation the applicable standards of Good Manufacturing Practices promulgated under the U.S. Food, Drug and Cosmetic Act, 21 U.S.C. § 301, *et. seq.* (hereinafter the "FDC Act").

(G) for a period of at least one (1) year after the expiry date of the Goods, Seller shall keep true, accurate, and complete records of manufacture, storage, shipment, and sale of the Goods in such form as Buyer requires and, upon request by Buyer, provide such records to Buyer.

(H) Goods, and their packages and containers, bear all markings and labels required by all applicable federal, state and local laws, rules and regulations, and the genuine origin of the Goods will be stated on the Country of Origin Declaration, Invoice, Visa, and other importation documents, as applicable, and no shipment will be illegally transported from any other country.

(I) Goods and services are free from infringement of any and all United States or foreign patent, copyright, trademark, trade dress, trade name, service mark, publicity or privacy right, or any other interest recognized by the laws of the United States, any foreign country, or the statutes or common law of any domestic or foreign state.

(J) Goods may be used and re-sold by Buyer and its direct and indirect parents, subsidiaries, and affiliates worldwide without limitation or restriction.

(K) Seller has acquired all licenses, consents, and other authorizations necessary to allow Buyer's use as contemplated hereunder of any and all software incorporated in Goods, and any and all software provided by Seller hereunder shall contain no computer viruses, or other contaminants, including, but not limited to, any codes or instructions that may be used to access, modify, delete, or damage the computer programs or data files of Buyer.



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(L) Any design, manufacturing, installation, assembly, consulting, repair and other services provided to Buyer hereunder will be performed with the skill, knowledge, care and diligence in accordance with the highest standards prevalent in the industry or business of Seller, and in any event no less than reasonable care and diligence, and at all times in accordance with all applicable federal, state and local laws, rules and regulations.

(M) Seller has evaluated its supply chain and its source of all raw materials and services included in the Goods and Services provided to Buyer sufficient to insure the Goods and Services and materials included therein do not include any raw materials or component parts taken or traded in violation of any law, Seller has required its suppliers to certify to Seller that materials incorporated into the Goods and Services comply with all laws, were acquired in conformance with all laws, and are being provided to Buyer in conformance with all laws, Seller maintains internal accounting standards and procedures to insure compliance with all laws, Seller provides training to its management and necessary employees regarding compliance with applicable law, including but not limited to prohibitions on unjust or illegal employment practices, human trafficking, slavery, and use of materials protected by law, or acquired from other vendors who are or who's practices are in violation of any applicable sanction or law.

Seller's acceptance of a Purchase Order shall constitute a continuing guarantee that the Goods, (i) are genuine and not adulterated, misbranded, or mislabeled within the meaning of the FDC Act to the extent applicable to the Goods, (ii) are not an article which, under the FDC Act, may not be introduced into interstate commerce, and (iii) conform to the requirements of sub-Paragraphs (A)-(M) set forth above. Seller shall execute such additional continuing guarantee certificates as may be requested by Buyer.

Buyer has specifically relied upon all of Seller's representations and warranties contained in these Terms and Conditions, and Buyer will continue such reliance in issuing each Purchase Order as if such representations and warranties were made on the date of issuance of each Purchase Order. All of Seller's representations and warranties, both express and implied, constitute conditions of sale and will survive Buyer's receipt, inspection, testing, acceptance, payment, and use of the Goods and services.

10. Defense and Indemnity. In addition to any other rights and remedies available to Buyer at law or in equity, Seller shall fully indemnify, defend and hold Buyer harmless from and against any and all claims, demands, losses, damages, suits, liabilities, and expenses (including, without limitation, court costs and attorneys' fees) of any type, under any theory of liability or recovery arising from or related to:

(A) Seller's tortious conduct or the acts or omissions of Seller, its officers, directors, employees, contractors, distributors, or agents, that fail to comply with applicable law or these Terms and Conditions, including without limitation, the delivery of Goods or services that are defective, non-conforming, or otherwise fail to comply with Seller's warranties or obligations;

(B) any death, personal injury, property damage, or harm to any other right or interest of any third party arising directly or indirectly, in whole or in part, out of the Seller's manufacture, marketing, sale, delivery, assembly, installation, repair, use, purchase, resale, or promotion of the Goods or performance of services; and/or

(C) intellectual property, trademark, trade dress, copyright and/or patent infringement claims resulting from or arising out of the manufacture, marketing, sale, use, purchase, resale or promotion of the Goods, or any litigation based thereon.



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For purposes of this Paragraph, the term "Buyer" includes Buyer and its past, present, and future direct and indirect corporate parents, subsidiaries and affiliates, along with the officers, directors, employees, distributors, contractors, customers, agents, attorneys, insurers, successors, and assigns of such entities of persons. Included with the foregoing indemnification obligations is Seller's duty to assume Buyer's contractual obligations to indemnify, defend and hold Buyer's customers harmless from such claims. Seller's obligations under this Paragraph shall survive Buyer's acceptance of and payment for the Goods or services, and any termination or cancellation of any Purchase Order.

11. Assignment/Delegation. Seller specifically understands that Buyer is relying on the special skills and abilities of Seller to provide the Goods or services in accordance with the Terms and Conditions. To satisfy this purpose, Seller agrees not to assign any right nor delegate any duty hereunder without first obtaining the prior written consent of Buyer. Seller shall assign no right or interest in the applicable Purchase Order without the prior written consent of Buyer, and no delegation of any obligation owed, or the performance of any obligation by Seller, shall be made without the prior written consent of Buyer. Any attempted assignment or delegation shall be wholly void and totally ineffective for all purposes unless made in accordance with this Paragraph.

12. Remedies. In addition to any other remedies available to Buyer hereunder, or under applicable law or in equity, in the event of any actual or anticipated breach by Seller of the Terms and Conditions, or if Buyer shall reasonably determine that Seller is, or is about to become, insolvent or the subject of insolvency proceedings, Buyer may terminate or cancel any Purchase Order, in whole or in part, and without liability on its part for such termination or cancellation. To the extent Buyer does not terminate or cancel, Seller shall continue performance hereunder. Seller specifically acknowledges and understands Buyer is relying on Seller's special ability to deliver the Goods or services in accordance with all Terms and Conditions, and further that Buyer will suffer consequential and incidental damages (including lost profits due to the loss of sales), if Seller fails to perform in accordance with all Terms and Conditions. Buyer's rights and remedies under the Terms and Conditions shall be cumulative and not exclusive, and will be in addition to all other rights and remedies provided by applicable law.

13. Force Majeure. Seller shall not be liable for delays in shipment or default in delivery to the extent caused by any unforeseeable cause beyond the Seller's reasonable control (a "Force Majeure Event"), which may include without limitation, (a) war, riots, or martial laws, or (b) fire, flood or other Acts of God. In any Force Majeure Event, Seller shall have additional time for performance to the extent as reasonable under the circumstances. Notwithstanding anything to the contrary, in such an event, Buyer may upon ten (10) days' written notice to Seller cancel any outstanding Purchase Orders without any further liability (including but not limited to any costs to Seller which are outlined in Section 18) or any other obligation to Seller, whereupon Seller shall promptly and fully refund to Buyer any and all pre-payments made by Buyer hereunder (if applicable).

14. Alterations. Seller shall consult with Buyer in advance on any alteration in the composition, properties, or manufacturing process for the Goods or their packaging. If no consultation takes place or Buyer does not agree to the alteration in writing, Buyer will be entitled to fully or partially cancel the applicable Purchase Order without limiting Seller's liability for all damage caused to Buyer as a result of the alteration. If Buyer has agreed to the alteration, this merely



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means that, as regards the alteration, the Goods need not conform to the specifications in that respect. Such agreement will not affect Seller's other obligations hereunder.

15. Confidentiality. Seller shall not refer to Buyer, or any company affiliated with Buyer, in connection with Goods or services rendered by Seller without first having obtained authorization in writing from Buyer. In addition, without Buyer's prior written approval, Seller shall not disclose or permit to be disclosed any information contained in a Purchase Order to any person to whom such disclosure is not necessary in connection with Seller's performance hereunder. Seller shall treat all information furnished by Buyer or obtained from Buyer's customers or affiliates as confidential, and shall not disclose any such information to any third party or use such information for any purpose other than performing Seller's obligations hereunder. All property, including artwork, furnished to Seller by Buyer shall be confidential, shall remain Buyer's property, and, together with all copies, shall be returned to Buyer or destroyed as specified by Buyer.

16. Governing Law and Jurisdiction. These Terms and Conditions, and any and all disputes arising out of or relating to them, or the subject matter, enforceability or breach thereof, shall be governed by, and construed and interpreted in accordance with the laws of the State of California, without application of any conflicts of laws principles. Buyer and Seller waive any objection to personal jurisdiction of the state or federal courts located in or for San Diego County, California.

17. Prevailing Party. The prevailing party in any arbitration, litigation or other proceeding arising out of or relating to these Terms and Conditions, or the subject matter, enforceability or breach thereof, shall be entitled to recover from the non-prevailing party its costs and reasonable attorney's fees, as determined by the arbitrator(s) or court, including any costs or attorney's fees incurred in any collection action.

18. No Modification/Waiver; Cancellation. These Terms and Conditions shall constitute the final, written expression of agreement between Seller and Buyer, constituting part of the agreement of the parties with respect to any Goods or services purchased by Buyer from Seller. These terms and conditions may not be modified or terminated by Seller, and no claimed modification, rescission, or waiver shall be binding on Buyer unless consented to in writing by Buyer's duly authorized representative. In the absence of written acceptance by Seller, commencement of any work, performance of any services, or delivery of any Goods by Seller pursuant to a Purchase Order shall constitute Seller's acceptance of these Terms and Conditions. Under no circumstance shall any terms and conditions that are in addition to or inconsistent with these Terms and Conditions, including but not limited to any of Seller's terms and conditions of sale or any other communication issued by Seller in connection with a Purchase Order, whether stated orally or in writing, be binding on Buyer without Buyer's written acceptance of such terms and conditions. Any subsequent Purchase Order issued by Buyer to Seller shall be deemed to incorporate these Terms and Conditions unless otherwise agreed in a writing signed by Buyer and Seller. No modification or waiver shall be deemed effected by Seller's acknowledgement or confirmation containing other or different terms. In the event of discrepancies, omissions, and/or errors in a Purchase Order, the matter shall be submitted immediately to the Buyer for determination. No waiver by Buyer of any provision or any obligation of Seller shall constitute a waiver of any other provision or any other obligation of Seller. No delay or failure on the part of Buyer in exercising any rights under the Terms and Conditions, and no partial or single exercise thereof, shall constitute a waiver of such rights.



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Notwithstanding the foregoing, Buyer shall have the right, upon reasonable notice to Seller, to cancel any Purchase Order without cause as to all or any of the Goods or services. In that circumstance, Seller's exclusive remedy shall be reimbursement of the costs reasonably and actually incurred by Seller in preparing to provide the next scheduled delivery of the Goods or services (but not subsequent deliveries), provided that such reimbursement will never exceed the purchase price set forth in the applicable Purchase Order for the next scheduled delivery and provided further that Seller shall provide Buyer with a detailed written statement of those costs within three (3) business days after Seller's receipt of notice of cancellation. Cancellation shall be effective on the date Buyer issues notice. Seller shall have the obligation to mitigate any costs by, among other things, re-selling the Goods, and Buyer shall be entitled to off-set such mitigation from the amount of Seller's costs.

19. Independent Contractor. Buyer and Seller shall be independent contractors. This transaction does not create a principal-agent, joint venture or partnership relationship between them, and neither one may legally command the other in any manner. In the event Seller's obligations hereunder require or contemplate performance of services by Seller or its employees to be performed on Buyer's property or property of Buyer's customer, Seller agrees that all such work shall be done as an independent contractor and the persons performing such work shall not be considered employees of Buyer. Seller specifically acknowledges that neither it nor any of its employees, consultants, agents or representatives hereunder are entitled to participate in any of Buyer's benefit plans, including, without limitation: vacation, disability, life insurance, supplemental unemployment benefit, attendance bonuses, pre- retirement leave, pension and annuity, accidental death and dismemberment, hospital, surgical, or medical benefits. Seller will indemnify Buyer against payment of any and all taxes, premiums, or other benefits in the event that any governmental agency having jurisdiction thereof should hold that any of Seller's consultants, agents or representatives are employees of Buyer and not of Seller.

20. Headings. The headings used in these Terms and Conditions are for convenience in locating provisions herein and shall not have any effect upon or be considered in the interpretation or meaning hereof.