

PacAero Terms & Conditions of Sale

1. Sole and Exclusive Terms

These Terms and Conditions and the terms set forth on the Purchase Order Confirmation (the "Order Confirmation"), along with any drawings or specifications related to the products described on the Order Confirmation that are delivered by the Company to Buyer (as may be superseded by the delivery of subsequent drawings and/or specifications to Buyer), are the sole and exclusive agreement governing this transaction (collectively, the "Contract") between Pacific Aerospace & Electronics, LLC (the "Company") and the buyer (the "Buyer") (collectively the "Parties") notwithstanding any different or additional terms that may be contained in any prior, contemporaneous, or subsequent communications, offers, or purchase orders of Buyer (if applicable) or any other writing delivered, or otherwise made available, to the Company by Buyer; all such different or additional terms are hereby expressly rejected.

The Company's agreement to enter into the Contract and perform its obligations thereunder is expressly conditioned upon Buyer's assent to the terms and conditions hereof, which assent shall be conclusively and finally evidenced by the first to occur of (A) Buyer's failure to advise the Company, in writing, of any objection to the Terms within fifteen (15) calendar days of the date set forth on the Order Confirmation, or (B) Buyer's receipt of any of the products described on the Order Confirmation.

2. Price and Payment

Prices and terms of payment specified herein for the products covered hereby may be adjusted to the Company's material and labor costs and terms of payment in effect at the time of performance or shipment. Prices shown are in U.S. Dollars (USD). Unless otherwise specified, the terms of payment are net 30 days from date of invoice. The Company reserves the right to periodically invoice Buyer for progress payments in the course of performing any of its obligations hereunder (including, without limitation, manufacturing and/or preparing products for sale).

Lead times are based on current production capacity and availability of purchased components at the time of quote. Final lead times may be affected by changes in market conditions and/or volatility of those purchased components. Lead time starts once the Purchase Order is accepted from PacAero.

PacAero reserves the right to quote and charge for each instance of CSI, GSI, ~~FAI~~, and FAI through Net-Inspect required by RFQ and/or PO.

Quotations that indicate that prices shown are ROM (rough order of magnitude) should be considered budgetary and are subject to final review at the time of design completion.

3. Transaction/Risk

Notwithstanding any actions to the contrary, including any pursuit of freight claims by the Company on behalf of Buyer (if applicable), the Company's exclusive terms of sale regarding the transfer of title of products sold and risk shall pass immediately to Buyer upon delivery to a carrier at the point of shipment (Seller's facility).

Domestic: The Company's exclusive terms of sale of products sold as a domestic transaction are F.O.B Origin.

International: Appropriate Incoterms must be applied. Unless specifically stated otherwise in Seller's quotation, prices are Free Carrier (FCA) the Seller location listed in the Order per Incoterms 2020. Incoterms 2000 do not apply.

Prices are subject to change upon notification by Seller. Seller reserves the right to increase prices upon giving notice to Buyer. Once Seller provides notice of a price increase, all current and open backlog orders will be adjusted to the new price 30 days from notification date, and all unshipped orders will then be adjusted to the new price. Written quotations automatically expire 30 calendar days from the date issued and are subject to termination by notice within that period. Quotations may not be disclosed to any third party or used in preparation of any request for quotation for goods similar to, or as a substitution for, Goods quoted by Seller. Prices for Goods and Services are exclusive of all city, prefectural and national excise taxes, including taxes on manufacture, sales, receipts, gross income, occupation, use, and similar taxes. Wherever applicable, such tax or taxes will be added to the invoice as a separate charge to be paid by Buyer.

When providing Customer Furnished Material (CFM), PacAero requests that one additional piece or +10% of the finished requirement (whichever is greater) be provided to ensure full quantity delivery. PacAero will complete and ship the yield of the entire lot, up to the additional 10% of the ordered quantity.

PacAero reserves the right to ship +/-10% of the ordered quantity to account for overage and/or shortage for orders requiring single material or production lot control.

PacAero will package all shipments using "best method" practices. When special packaging, handling, or protection is required in accordance with the purchase order, drawings, or specifications, PacAero reserves the right to quote packaging requirements separately.

4. Inspection

Buyer shall, within 10 days of the receipt of any products delivered hereunder, inspect such products and, not later than five days after such inspection, shall advise the Company, in writing, time being of the essence, if any of the products are, in the opinion of Buyer, not in compliance herewith. In the event that no such notification is received by the Company, the products shall be deemed to have been conclusively accepted by Buyer and, for any and all purposes hereof, deemed to be compliant with the terms hereof. Any products that are, in the opinion of Buyer, not in compliance herewith and with respect to which the Company receives a written notice as set forth in this Section 4, shall be placed by Buyer in safe storage for inspection by the Company. The provisions of this Section 4 shall not be deemed, in any respect, to affect the transfer of title and risk of loss provisions of Section 3.

5. Taxes

Any tax or taxes now or hereafter imposed under any existing or future law upon or with respect to the sale of products by the Company (including but not limited to with respect to delivery, storage, processing, use, consumption or transportation), except income taxes, shall be for the account of, and paid by, Buyer and, if paid or required to be paid by the Company, the amount thereof shall be added to and become part of the price payable by Buyer. Buyer is responsible for all VAT when applicable.

6. Force Majeure

The Company shall not be responsible for delays in the shipments or delivery of products or for no performance of the Contract, in whole or in part, if such delay or non-performance shall be due to fires, floods, strikes, work stoppages or slow down, accidents, casualties, inability to procure materials or labor, delays in transportation however caused, or other like or unlike causes, foreseen or unforeseen, beyond the Company's control. The foregoing shall be in addition to and not in limitation of any excuses for nonperformance available to the Company under the Uniform Commercial Code or any other applicable law.

7. Termination

This Contract is binding upon the Parties and cannot be cancelled or modified by Buyer except with the written consent of the Company and on terms to be agreed upon that shall include protection of the Company against any loss. The Company may, at its option, terminate the Contract if Buyer fails to make payment in accordance with the terms and provisions of the Contract or any other agreement with the Company, or fails to otherwise comply with the provisions of the Contract or any other agreement with the Company, and the Buyer hereby waives any cause of action and the right to any offset or counterclaim

against the Company by reason of such termination. Restrictive endorsements on Buyer's checks will not reduce Buyer's obligations to the Company. the Company may, at any time or times, suspend shipment or delivery of any products or require payment in cash, security or other adequate assurance satisfactory to the Company when, in the Company's opinion, the financial condition of Buyer or other grounds for insecurity warrant such action. Upon a termination of the Contract (by either party and for any reason) prior to the Company's delivery of all products sold hereunder, the Company reserves the right to seek payment and reimbursement from Buyer for all work performed and costs incurred by the Company hereunder or in connection herewith (including, without limitation, manufacturing and/or preparing products for sale) up to the point of termination. The foregoing right shall be in addition to, and not in limitation of, any other rights at law or equity that the Company may have upon a termination of the Contract.

8. Intellectual Property

Products sold by the Company are manufactured, in whole or in part, to the specifications of Buyer. Buyer does hereby release and agree to indemnify, defend and hold harmless the Company from and against any and all claims, losses or liabilities (including, but not limited to, legal fees, costs and expenses) with respect to, or arising out of, any actual or alleged violation of any of the intellectual property rights of any party on account of the manufacture of such products.

9. Patents/Indemnity

If Buyer receives a claim that products, or part thereof manufactured by the Company infringe a patent, Buyer shall notify the Company promptly in writing and give the Company information, assistance and exclusive authority to evaluate, defend and settle such claim. Where Buyer has furnished specifications/designs for the manufacture of the allegedly infringing products, Buyer shall defend, indemnify and hold harmless the Company against third-party claims for infringement arising out of Seller's use of such specifications/designs.

10. Warranty

The Company warrants that its products shall conform to the description on the face of the Order Confirmation and shall be free from defects in products and workmanship as determined by the Company's manufacturing and production standards. THE LIMITED WARRANTY DESCRIBED HEREIN SHALL BE IN LIEU OF ANY OTHER WARRANTIES, EXPRESS OR IMPLIED. NO IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE SHALL APPLY. The terms that are contained herein constitute the entire agreement of the parties with respect to warranties and representations of the

Company. There are no other representations, warranties, or guarantees that apply to the sale of the Company's products unless otherwise expressly agreed to in writing by the Company. Any claim for breach of the express warranties set forth herein that is not made within the timeframes set forth in Section 10 shall be deemed to have been waived. Unaltered products are warranted for 90 days from the date of shipment.

11. Exclusive Remedy and Limitation of Claims

The Buyer's sole and exclusive remedy for any claim arising under, out of, or in connection with this Contract, whether in contract, tort (including negligence), warranty, strict liability, or otherwise, shall be, at the sole election of the Company: (a) the replacement, reworking, or repair of the non-conforming goods or services; or (b) a refund of the purchase price paid for the affected goods or services, provided that, as a condition precedent to any such refund, the Buyer shall return the goods in question to the Company in accordance with the Company's instructions. Any goods that the Company elects to replace, rework, or repair shall be delivered to the Buyer Ex Works (Incoterms® 2020) Company's facility of origin, unless otherwise agreed in writing by the Parties.

Under no circumstances shall the Buyer return, repair, rework, or dispose of any goods without the Company's prior written authorization. Buyer is required to notify PacAero of any intent to return product prior to doing so in order for PacAero to comply with U.S. export compliance regulations for import and re-export. Any such unauthorized action shall void any applicable warranties and relieve the Company of any further obligations with respect to the goods or services.

Any claim by the Buyer under, arising out of, or in connection with this Contract shall be deemed irrevocably waived unless submitted to the Company in writing within thirty (30) calendar days from the date on which the basis for such claim was first discovered or reasonably should have been discovered. Notwithstanding the foregoing, no action, regardless of form, arising out of or in connection with this Contract may be commenced by the Buyer more than one (1) year from the date of dispatch of the relevant goods.

NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY, (I) THE COMPANY'S TOTAL LIABILITY, WHETHER ARISING FROM, BASED ON, OR IN CONNECTION WITH THE CONTRACT, WHETHER A CLAIM IS MADE UNDER CONTRACT, WARRANTY, NEGLIGENCE, TORT, STRICT LIABILITY, OR ANY OTHER CAUSE OR BASIS WHATSOEVER, SHALL NOT, IN ANY EVENT, EXCEED THE PURCHASE PRICE OF THE PRODUCTS INVOLVED, AND (II) THE COMPANY SHALL NOT BE LIABLE FOR ANY INCIDENTAL, CONSEQUENTIAL, PUNITIVE, OR EXEMPLARY LOSSES, DAMAGES OR EXPENSES, WHETHER DIRECT OR INDIRECT.

12. Suitability

Buyer shall have sole responsibility for selection and specification of the products appropriate for the intended end use of such products, even if Buyer has informed the Company of the intended end use for such products. Buyer acknowledges that it alone has determined that the products purchased hereunder will suitably meet the requirements of their intended end use.

For contracts that include notice-of-change requirements, PacAero recognizes only major changes, as defined by EIA-649C Table 4, as requiring notification of change. Notification is not required for minor or administrative changes, in accordance with the Minor and Administrative Change Criteria of EIA-649C Table 4.

PacAero asserts design authority for all PacAero part numbers ordered or otherwise listed on a parts list or Bill of Materials (BOM). If specific requirements or details deviating from the PacAero item are requested, PacAero reserves the right to requote requirements based on the customer's source control drawing or an alternative part number for the item in question.

13. Work Product

All specifications, drawings, designs, data, information, ideas, methods, patterns and inventions made, conceived, developed, or generated by the Company incident to its procurement of or performance under the Contract ("Work Product") shall vest in and inure to the Company and be the sole property of the Company.

14. Confidentiality

Buyer agrees to keep confidential the terms of the Contract, all Work Product, and any confidential information of the Company furnished or made available to Buyer. Buyer shall, upon the Company's request, return to the Company any materials furnished to Buyer by the Company, together with any and all copies thereof and any and all extracts therefrom.

15. Indemnification

Buyer agrees to indemnify, defend, and hold harmless the Company and its respective officers, directors, shareholders, employees, and customers (the "Indemnified Party") from and against any and all third party claims, damages, and liabilities, including any and all expense and costs, legal or otherwise, caused by the negligent act or omission of the Buyer, its subcontractors, agents, or employees, incurred by the Seller in the investigation and defense of any claim, demand, or action arising out of the work performed under this Agreement. Buyer shall not be liable for any claims, damages, or liabilities caused by the sole negligence of the Seller, its subcontractors, agents, or employees. The Company shall

notify promptly the Buyer of the existence of any claim, demand, or other matter to which the Buyers indemnification obligations would apply and shall give them a reasonable opportunity to settle or defend the same at their own expense and with counsel of their own selection, provided that the Company shall always also have the right to fully participate in the defense. If the Buyer, within a reasonable time after this notice, fails to take appropriate steps to settle or defend the claim, demand, or the matter, the Company shall, upon written notice, have the right, but not the obligation, to undertake such settlement or defense and to compromise or settle the claim, demand, or other matter on behalf, for the account, and at the risk, of the Buyer. The rights and obligations of the Parties under this Article shall be binding upon and insured to the benefit of any successors, assigns, and heirs of the Parties.

16. Government Contracts

If Buyer's order is for a U.S. government contract, and products ordered from the Company are to be used in the performance of said contract, Buyer shall inform the Company of such intended use and only those mandatory flow down clauses of applicable U.S. government procurement regulations required by federal statute to be included in U.S. government subcontracts shall be incorporated herein by reference. In any such case, Buyer shall furnish to the Company all government contract numbers and related information, documentation and procurement data. Additionally, only Federal Acquisition Regulation ("FAR") supplement clauses expressly accepted in writing by the Company shall be included or incorporated by reference herein. The Company shall not be bound by and makes no representation of compliance with FAR or FAR supplement clauses that the Company has expressly accepted in writing.

17. FCPA Compliance

The Parties shall comply with all applicable U.S. anti-bribery and anti-corruption laws. In accordance with the Foreign Corrupt Practices Act, the Parties shall not, either directly or indirectly, in order to assist in obtaining or retaining business for or with, or directing any business to, any person, make or cause to be made, a payment of money or offer, gift, promise to give or authorize the giving of anything of value to any foreign official or to any foreign political party or official thereof for the purposes of influencing any act or decision of that person in his, her or its official capacity, inducing that person to do or omit to do any act in violation of his, her or its lawful duty, securing any improper advantage or inducing that person to use influence to affect or influence any official act or decision.

18. Tariff Considerations

The Company reserves the right to modify pricing to account for market fluctuations resulting from any government-imposed charges, tariffs, or duties. In the event that such government-imposed charges, tariffs, or duties are enacted or modified subsequent to the execution of a contract or purchase order, the parties shall engage in good-faith negotiations to equitably adjust the contract price to reflect the financial impact of such measures. The Company will provide fair allocations of adjusted pricing due to these cost impacts along with justification. This provision is in accordance with FAR 52.229-3 – Federal, State, and Local Taxes.

19. Gold Price Adjustments

The Company reserves the right to re-evaluate and adjust pricing in the event that Engelhard Gold Fabricated prices increase by more than five percent (5%) from the pricing benchmark established as of the date of the applicable quotation, contract or purchase order execution.

20. Export Laws

The Buyer agrees to comply fully with all applicable sanctions and export control laws of Canada, the U.S., the U.K., the E.U., and other relevant countries, including those maintained by the U.S. Treasury Department's Office of Foreign Assets Control (OFAC), the U.S. Department of State, and the U.S. Commerce Department's Bureau of Industry and Security. The Buyer shall not sell, provide, export, re-export, transfer, or otherwise dispose of any products, services, software, source code, or technology ("Goods") received from the Seller to any person, entity, destination, or for any use prohibited by these laws without the necessary authorization from the relevant government authorities.

These products may be subject to U.S. export control laws and regulations, including but not limited to the International Traffic in Arms Regulations ("ITAR") and the Export Administration Regulations ("EAR"). These items may not be resold, diverted, transferred, transshipped, or otherwise disposed of in any other country without valid authorization from the U.S. government. Restricted technical data may not be disclosed, exported, or transferred in any manner abroad or to any non-U.S. person without valid authorization from the U.S. government. PacAero may require end-use and/or end-user information for the parts quoted as part of our export compliance obligations. Should an order be forthcoming, such end-use and end-user information may be required at the time of order placement.

To comply with U.S. law, the Buyer further agrees to screen all customers and business partners against U.S., E.U., and Canadian lists of sanctioned or restricted parties before

providing any “Goods”. This includes checking the U.S. OFAC SDN list, BIS Denied Persons and Entity Lists, U.S. State Department DPL, Canadian DPL, and the EU Consolidated List.

Buyer acknowledges and agrees that Seller’s right to furnish certain products to Buyer is subject to and conditioned upon applicable sanctions and export control laws and regulations, and that Seller will have no liability for acting in a manner Seller deems to be in compliance with such laws and regulations.

21. Dies, Tools, Patterns

The Company’s charges for dies, molds, patterns and the like represent the Buyer’s proportionate cost thereof, it being expressly understood that they remain the property of the Company. Modifications made to the dies, molds, patterns, and the like in order to manufacture products shall be at the discretion of the Company.

22. Prohibition for Hazardous Use

Products sold hereunder are not intended for application in, and shall not be used by Buyer in construction or application of a nuclear installation or in connection with use or handling of nuclear material or for any hazardous activity or critical application, where failure of a single component could cause substantial harm to persons or property, unless products have been specifically approved for such activity or application. the Company disclaims all liability for loss or damage resulting from such unauthorized use and Buyer shall defend, hold harmless and indemnify the Company against any such liability, whether arising under breach of contract, warranty, tort (regardless of the degree of fault or negligence), strict liability or otherwise.

23. Finance Charges; Collection Fees

In consideration for the extension of credit, Buyer agrees to pay for all purchases within the terms agreed (net 30 days unless otherwise specified) and agrees to pay a service charge of 1-1/2% per month (18% annual percentage rate) on all past due balances. In the event that any third parties are employed to collect any outstanding monies owed to the Company by Buyer, Buyer agrees to pay to the Company reasonable collection costs, including attorney fees, whether or not litigation has commenced, and all costs of litigation incurred by the Company.

24. Other Provisions

Applicable Law

The contract shall be construed in accordance with the laws and jurisdiction of the State of California, Washington, Massachusetts, Connecticut, Ohio, Kansas, Colorado; provided,

however that the Convention on Contracts for International Sale of Goods is specifically excluded. Buyers hereby irrevocably submit to the exclusive jurisdiction and venue of the state courts or the U.S. District Court for the aforementioned state which la for the adjudication of any dispute arising from, based on, or in connection with the Contract, and hereby irrevocably agrees that it will not assert in any such suit, action or proceeding, any claim that is not personally subject to the jurisdiction of any such court, or that such suit, action or proceeding is improper.

Severability

If any of the terms or conditions of the Contract are declared to be unenforceable by a court of competent jurisdiction, all other portions shall be considered to be valid and enforceable to the extent that they are reasonably severable.

Entire Agreement

The Terms constitute the entire Contract between the parties, notwithstanding any purchase order and/or terms and conditions delivered, or otherwise made available, to the Company by Buyer in connection with the subject matter hereof. There are no other agreements, representations, warranties or terms or conditions, other than those stated herein. Any alteration or modification to this Contract must be in writing signed by the Company.

Assignment

Buyer shall not assign the Contract or any interest therein without the written consent of the Company. Any such actual or attempted assignment without the Company's prior written consent shall be invalid and shall entitle the Company to cancel the Contract upon notice to Buyer.

Amendments

This agreement may only be amended or modified in writing, signed by authorized representatives of both parties, unless elsewhere stated in this agreement. Any proposed changes shall not be effective unless mutually agreed upon in writing.

Conformity

All parties must conform to terms and requirements set fore in Qnnect's Global Policy, incorporated by reference, and found here.