

 **KING MACHINE**
QF-840-3 PURCHASE ORDER TERMS & CONDITIONS

1. FORMATION OF CONTRACT, ACCEPTANCE & AUTHORITY TO COMMIT:

- a) The attached order or any future order is or will be inclusive of the terms and conditions set forth below, unless otherwise agreed, and constitutes King Machine, LLC, its subsidiaries and related entities, (hereby referred to as “King Machine” or “Buyer”) “Offer” to Seller to purchase or license “Products” (which may include software) and/or “Services”.
- b) Only the cognizant King Machine Procurement/Contract representative is authorized by King Machine to conduct or conclude contract negotiations and to issue binding Offers, Acceptances, or Supplemental Agreements hereto.

2. QUALITY ASSURANCE:

Seller shall perform in accordance to King Machine’s Supplier Quality Assurance Requirements – SQAR 840, latest revision, which by reference hereto is made a part hereof.
Supplier Quality Assurance Requirements (SQAR 840) are not required when specifically excluded on purchase order. Operations and maintenance items are typically excluded from SQAR 840.

3. DELIVERY & SHIPPING:

Title & Risk of Loss - Title and risk of loss shall transfer from Seller to King Machine upon acceptance of the Products at the destination set forth in the Order. Any Products delivered hereunder shall be shipped Free On Board (F.O.B.) to the King Machine’s specified destination. In the absence of any other F.O.B. point information in the Order, delivery shall be made to King Machine’s Mukilteo plant, Mukilteo, Washington. If the F.O.B. point is designated as the Seller’s location, then title and risk of loss or damage to the Products shall pass to King Machine upon Seller’s delivery of the Products to the carrier.

4. PACKAGING:

Seller shall package Product(s) for shipment to prevent damage or deterioration, in compliance with Buyer’s requirements at its own cost, unless otherwise stated in this order.

5. WARRANTY:

- a) **Products** - Seller shall offer to King Machine at a minimum its standard commercial Product Warranty, unless otherwise agreed upon and set forth in the order.
- b) **Services** - Seller warrants that all Services will be provided in a good and workman like manner consistent with industry standards for such services. Seller also expressly warrants that all Services performed under this contract will be free from defects and will conform to the requirements of the Agreement and any Statement of Work. Any Services corrected or re-performed will also be covered by this warranty.
- c) The forgoing warranties are in addition to all other warranties expressed or implied by law.

6. COUNTERFEIT WORK:

- a) The following definitions apply to this clause:

"Counterfeit Work" means Work that is or contains unlawful or unauthorized reproductions, substitutions, or alterations that have been knowingly mismarked, misidentified, or otherwise misrepresented to be an authentic, unmodified part from the original manufacturer, or a source with the express written authority of the original manufacturer or current design activity, including an authorized aftermarket manufacturer. Unlawful or unauthorized substitution includes used Work represented as new, or the false identification of grade, serial number, lot number, date code, or performance characteristics.

"Suspect Counterfeit Work" means Work for which credible evidence (including, but not limited to, visual inspection or testing) provides reasonable doubt that the Work part is authentic.

- b) Seller shall not deliver Counterfeit Work or Suspect Counterfeit Work to King Machine under this Contract.

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- c) Seller shall only purchase products to be delivered or incorporated as Work to King Machine directly from the Original Component Manufacturer (OCM)/Original Equipment Manufacturer (OEM), or through an OCM/OEM authorized distributor chain. Seller may use another source only if (i) the foregoing sources are unavailable, (ii) Seller's inspection and other counterfeit risk mitigation processes will be employed to ensure the authenticity of the Work, and (iii) Seller obtains the advance written approval of King Machine.
- d) Seller shall maintain counterfeit risk mitigation processes in accordance with industry recognized standards and with any other specific requirements identified in this Contract.
- e) Seller shall immediately notify King Machine with the pertinent facts if Seller becomes aware that it has delivered Counterfeit Work or Suspect Counterfeit Work. When requested by King Machine, Seller shall provide OCM/OEM documentation that authenticates traceability of the affected items to the applicable OCM/OEM. Seller, at its expense, shall provide reasonable cooperation to King Machine in conducting any investigation regarding the delivery of Counterfeit Work or Suspect Counterfeit Work under this Contract.
- f) In the event that Work delivered under this Contract constitutes or includes Counterfeit Work, Seller shall, at its expense, promptly replace such Counterfeit Work with genuine Work conforming to the requirements of this Contract. Notwithstanding any other provision in this Contract, Seller shall be liable for all costs relating to the removal and replacement of Counterfeit Work, including without limitation King Machine end customer costs of removing Counterfeit Work, of installing replacement Work and of any testing necessitated by the reinstallation of Work after Counterfeit Work has been exchanged. The remedies contained in this paragraph are in addition to any remedies King Machine may have at law, equity or under other provisions of this Contract.
- g) Seller shall include paragraphs (a) through (f) and this paragraph (h) of this clause or equivalent provisions in lower tier subcontracts for the delivery of items that will be included in or furnished as Work to King Machine.
- h) Seller's eligible for utilization of the Government-Industry Data Exchange Program ("GIDEP") shall utilize the GIDEP process to alert the industry of encountered counterfeit parts/materials.

7. Export Control

- a) Seller shall comply with all applicable U.S. export control laws and economic sanctions laws and regulations, specifically including but not limited to the International Traffic in Arms Regulations (ITAR), 22 C.F.R. 120 et seq.; the Export Control Reform Act of 2018; the Export Administration Regulations, 15 C.F.R. 730-774; and the Foreign Assets Control Regulations, 31 C.F.R. 500-598 (collectively, "Trade Control Laws").
- b) Seller shall notify Buyer if any deliverable under this Contract is restricted by applicable Trade Control Laws. Before providing Buyer any item or data controlled under any of the Trade Control Laws, Seller shall provide in writing to the Buyer Procurement Representative the export classification of any such item or controlled data (i.e. the export classification under the EAR, ITAR, EU List of Dual Use Items and Technology, Wassenaar Arrangement's List of Dual-Use Goods and Technologies or other applicable export control list) and shall notify the Buyer in writing of any changes to the export classification information of the item or controlled data. Seller represents that an official authorized to bind the Seller has determined that the Seller or the designer, manufacturer, supplier or other source of the Work has properly determined their export classification.
- c) Seller shall not export, re-export, transfer, disclose or otherwise provide or make accessible technical data and/or hardware controlled by Trade Control Laws ("Export Controlled Information") to any persons, or entities not authorized to receive or have access to the data, services and/or hardware, including third

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country/dual national employees, lower-tier subcontractors and sub-licensees, or modify or divert such Export Controlled Information to any military application unless Seller receives advance, written authorization from Buyer and verification of any required export authorization is in place. Seller shall not provide a defense service as defined by the Trade Control Laws using any technical data and/or hardware. Upon Buyer's request, Seller shall demonstrate to Buyer's reasonable satisfaction, Seller's and Seller's lower-tier subcontractors' compliance with this clause and all Trade Control Laws. To the extent Seller's Work provided under this Contract include packing, labeling, processing, and/or handling exports for Buyer, Seller shall maintain an auditable process that assures accurate packing, labeling, processing, and handling of such exports. Seller shall also promptly notify Buyer if it becomes aware of any failure by Seller or Seller's lower-tier subcontractors to comply with this clause and shall cooperate with Buyer in any investigation of such failure to comply.

- d) Seller hereby represents that neither Seller nor any parent, subsidiary, affiliate or sublicensee or sub-tier supplier of Seller is included on any of the restricted party lists maintained by the U.S. Government, including the Specially Designated Nationals List administered by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC"), Denied Parties List, Unverified List or Entity List maintained by the U.S. Commerce Department's Bureau of Industry and Security ("BIS"), or the List of Statutorily Debarred Parties maintained by the U.S. State Department's Directorate of Defense Trade Controls, listed, the ITAR §126.1 Restricted Parties List, or the consolidated list of asset freeze targets designated by the United Nations, European Union, and United Kingdom (collectively, "Restricted Party Lists"). Seller will provide prompt notice to Buyer, in adherence with applicable laws, the confidentiality restriction of the change of control agreement from the acquiring party of a change of control of Seller, or any parent, subsidiary or affiliate of Seller, or any sublicensee or sub-tier supplier of Seller, which becomes listed or their ownership is listed on any Restricted Party List, within or by an ITAR § 126.1 listed country, or if Seller's export privileges are otherwise denied, suspended or revoked in whole or in part by any U.S. or non-U.S. government entity or agency. To ensure compliance with the requirements of the applicable agency's regulations, if the intended sale or transfer of ownership is to a non -U.S. person or entity, Seller shall provide Buyer with notice at least 90 days prior to the effectiveness of such change of control.
- e) Upon completion of performance of this Contract, Seller and its lower-tier subcontractors shall as directed by Buyer, return or destroy all export controlled technical data, technology, hardware or other items. Seller shall provide a certificate of destruction for all destroyed items.

8. INSPECTION, ACCEPTANCE & REJECTION:

Initial Acceptance is not conclusive as to latent defects, fraud, or gross mistakes amounting to fraud.

9. RETURNS & REWORK:

Products being returned to Seller shall be sent C.O.D or sent to Seller with freight prepaid. A description of the malfunction or defect should be enclosed with the product being returned. All goods returned to Seller during the warranty period will be repaired or replaced at no cost to King Machine. There will be no credit issued, nor will previous payment terms be affected. If Products are returned after the warranty has expired, then repair or replacement costs will be estimated prior to Seller commencing rework and repair, and subject to King Machine's acceptance of the price for the repair or rework, a new purchase order will be issued. King Machine will not be obligated to pay for any rework without an authorized (new) purchase order.

10. SCRAP:

Seller shall be fully responsible for all Buyer furnished materials. Unless specified otherwise in this order(s), Seller will reimburse Buyer, at Buyer's cost for replacement material, for materials damaged or scrap for any reasons, including non-conforming goods, process scrap, et al. Seller shall be entitled to the scrap value for scrap material, including process scrap.

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11. INVOICE & PAYMENT:

- a) **Preparation Instruction** - For each shipment of Product(s) or completed item of Service(s), Seller will submit an original invoice to the attention of the King Machine Accounts Payable Department. To enable timely payment, King Machine's Purchase Order or contract number(s) and any line item number(s), and any designated or mutually agreed upon financial and accounting data must appear on all invoices, shipping documents, quality certificates, correspondence, and packing sheets. Payment of invoices may be delayed pending correction of any errors or omissions.
- b) **Payment Terms** - All payments shall be made in U.S. dollars, unless otherwise agreed upon and set forth in the order schedule. Invoices shall be submitted by Seller to King Machine on the date of shipment or completion of Services. Terms are Net thirty (30) days after receipt of a complete and accurate invoice. Determination of the payment due date, whether under net or discount terms, will be based on the latest of (i) the date goods are received or services performed; (ii) the date provided in this contract for receipt of goods or completion of services; or (iii) the date an accurate invoice is received. Late payments owed by King Machine to Seller will be subject to no more than a 1.5% per month late charge, if incurred and correctly billed.
- c) **Taxes** - The price of the Products and/or Services quoted includes all applicable federal, state, and local taxes and duties unless otherwise stated in the Order.

12. CHANGES:

After Acceptance, King Machine may at any time, by written order signed by its authorized Contracts/Purchasing representative, and without notice to sureties, if any, make changes within the general scope of this order in any one or more of the following; (i) quantity or nature of items ordered; (ii) drawings, designs, or specifications of items; (iii) method of shipment or packing; (iv) place of inspection, delivery or acceptance; (v) description of Services to be performed; (v) time of performance of Services (i.e., hours of the day, days of the week, etc.); (vi) place of performance of Services; or (viii) delivery schedule.

13. TERMINATION FOR CONVENIENCE

King Machine reserves the right to terminate this order or any part hereof for its sole convenience. In the event of such termination, Seller shall immediately stop work hereunder, and shall immediately cause any of its suppliers or subcontractors to cease such work. Seller shall be paid a reasonable termination charge consisting of a percentage of the order price reflecting the percentage of work performed prior to notice of termination, plus actual direct costs resulting from termination. Seller shall not be paid for any work done after receipt of the notice of termination, nor for any costs incurred by Seller's suppliers or subcontractors which Seller could reasonably have avoided.

14. CANCELLATION FOR DEFAULT:

- a) **Failure to Comply.** If Seller fails to comply with any of the material requirements of the Order, King Machine may at its sole option terminate the order for default (as set forth in the sections below) or invoke applicable warranties for non-conformance or non-performance and request contractual remedies. In lieu of this (Termination for Default or warranty remedy), however, King Machine may waive the Seller deficiency. In return therefor, Seller agrees to negotiate an equitable reduction in the Purchase Order price in such instance.
- b) King Machine may, by written Notice of Default to Seller, cancel this contract in whole or in part (i) If Seller fails to deliver Products or to perform Services within the time specified by this contract or any written extension; (ii) If Seller fails to perform any other material provision(s) of this contract or fails to make progress so as to endanger performance of this contract, and in either of these two circumstances does not cure the failure within ten (10) days after receipt of Notice to Cure from King Machine specifying the failure or condition of default; or (iii) In the event of Seller's suspension of business, insolvency, appointment of a

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receiver for Seller's property or business, or any assignment, reorganization or arrangement by Seller for the benefit of its creditors.

- c) In the event of a partial termination, Seller will continue performing work not canceled.
- d) King Machine will pay the contract price for Products or Services delivered and Accepted. Payment for Products delivered or Services rendered and accepted by King Machine, if any, and for the protection and preservation of partially completed Work Product and materials will be at a price mutually agreed upon.
- e) King Machine may withhold from any amount due under this contract any sum King Machine determines to be necessary to protect King Machine against loss because of outstanding liens or claims of former lien holders.
- f) If, after cancellation, it is determined that Seller was not in default, the rights and remedies of the parties will be as if the contract had been terminated in accordance with Article 11 (Termination for Convenience).

15. INTELLECTUAL PROPERTY RIGHTS:

Seller will promptly disclose to King Machine in writing any invention, works of authorship, improvement, development, discovery or mask work conceived or reduced to practice by Seller, either solely or in collaboration with others, using funds paid by King Machine under this Order. Services provided hereunder and custom deliverables paid for by King Machine shall be deemed "work for hire", Seller will assign all such inventions, works of authorship, improvements, developments, discoveries or mask works to King Machine if fully funded by King Machine. Seller will execute all documents and do whatever is reasonably necessary to ensure that King Machine will obtain full title to such inventions, works of authorship, improvements, developments, discoveries or mask works and to enable King Machine to secure copyright protection or file and prosecute applications for patents at King Machine's expense.

16. HOLD HARMLESS:

Seller shall indemnify and hold harmless King Machine, its personnel and agents, from and against any claims, demands, loss, damage or expense relating to bodily injury or death of any person or damage to property to the extent proximately caused by the negligent or willful acts or omissions of Seller, its personnel or agents in the course of providing Products or performing Services hereunder, provided King Machine shall have given Seller prompt notice of any claim hereunder, Seller has sole control of the defense of any such claim, Customer cooperates fully (at Seller's expense) in such defense and Customer makes no settlement or compromise of any such claim without Seller's prior written consent.

17. COMPLIANCE WITH LAWS, STATUTES AND REGULATIONS:

The parties hereto will comply with all applicable laws, statutes and government rules, regulations, ordinances, and orders.

18. APPLICABLE LAW:

The validity, performance, and construction of this contract shall be governed by and construed in accordance with the law of the State of Washington, with no consideration given to that state's conflict of laws rules, regardless of the places of execution or performance of this contract.

19. BUSINESS CONDUCT:

- a) **Compliance with Laws:** Seller and the Goods shall comply with all applicable statutes and government rules, regulations and orders including without limitation, (i) all applicable country laws relating to anti-corruption or anti-bribery, including, but not limited to, legislation implementing the Organization for Economic Co-operation and Development "Convention on Combating Bribery of Foreign Public Officials in International Business Transactions" or other anti-corruption/anti-bribery convention; and (ii) the requirements of the Foreign Corrupt Practices Act, as amended, ("FCPA") (15 U.S.C. §§78dd-1, et. seq.), regardless of whether Seller is within the jurisdiction of the United States, and Seller shall, neither directly nor indirectly, pay, offer, give, or promise to pay or give, any portion of monies or anything of value received

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from BUYER to a non-U.S. public official or any person in violation of the FCPA and/or in violation of any applicable country laws relating to anti-corruption or anti-bribery.

- b) **Gratuities:** Seller warrants that neither it nor any of its employees, agents, or representatives have offered or given, or shall offer or give, any gratuities to Buyer's employees, agents or representatives for the purpose of securing this Contract or securing favorable treatment under this Contract.
- c) **Code of Basic Working Conditions and Human Rights:** King Machine is committed to providing a safe and secure working environment and the protection and advancement of basic human rights in its operations. King Machine encourages Seller to conduct Seller's operations in a manner that is fully compliant with all applicable laws and regulations pertaining to fair wages and treatment, freedom of association, personal privacy, collective bargaining, workplace safety and environmental protection. Seller shall include the substance of this clause, including this flow down requirement, in all subcontracts awarded by Seller for work under this Contract.
- d) **Environmental Health and Safety Performance:** Seller acknowledges and accepts full and sole responsibility to maintain an environment, health and safety management system ("EMS") appropriate for its business throughout the performance of this Contract. Buyer expects that Seller's EMS shall promote health and safety, environmental stewardship, and pollution prevention by appropriate source reduction strategies. Seller shall convey the requirement of this clause to its suppliers. Seller shall not deliver Goods that contain asbestos mineral fibers.

20. DISPUTES:

The parties agree that in the event of a dispute or alleged breach they will work together in good faith to resolve the matter internally by escalating it to higher levels of management, and, if necessary, to use a mutually agreed upon alternative dispute resolution mechanism (other than binding arbitration) prior to resort to litigation.

21. RIGHTS AND REMEDIES:

The rights and remedies of the parties set forth in this contract are cumulative and in addition to any other rights or remedies that they may have at law or equity. Notwithstanding the foregoing, in no event shall either party be liable for any incidental or consequential or special damages, including but not limited to lost profits or loss of good will. Except in the cases of a breach of confidentiality or intellectual property infringement, the liability of either King Machine shall not exceed the amount due by King Machine for outstanding Products and/or Services under the applicable order or Statement of Work. Notwithstanding the foregoing, claims against Seller for third-party injury, third-party damage and/or loss are not limited, waived, released or disclaimed by any term set forth herein.

22. ADVERTISING RESTRAINTS:

Seller agrees that it shall not use King Machine's name in any of its promotional or marketing efforts without King Machine's prior written approval. Seller also agrees that entering into this Agreement does not constitute an endorsement of products or services of either party. Neither party will use the other party's name, trade marks, or service marks in any advertising, publicity release, or sales presentation without the written consent of the other party.

23. PRECEDENCE:

If the various parts of this contract are inconsistent, the following Order of Precedence will apply: (i) special terms and conditions set forth on the face of the Purchase Order or in the Subcontract or Services Agreement (the "Agreement"); (ii) the terms and conditions of this form; (iii) applicable Product or Service specifications or Statement of Work; (iv) all other attachments incorporated in this contract by reference.

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24. WAIVERS AND AMENDMENTS:

Any waivers or amendments to this Agreement shall be effective only if made in writing and signed by authorized representatives of both parties. No failure or delay in exercising any right under this Agreement will operate as a waiver thereof, nor any partial exercise of any right or power under this Agreement preclude further exercise.

25. NOTICES:

Any notice or communication given pursuant to this Agreement shall be in writing and shall be effective either when delivered personally to the designated party for whom it was intended, or five (5) days following deposit of same into the United States mail (certified mail, return receipt requested, or first class postage prepaid), addressed to the parties designated in the Agreement at the address set forth on the initial page of this Agreement/order. Either party may designate a different designated recipient or address by written notice to the other given in accordance herewith.