

1. DEFINITIONS

- a. "Buyer" means the Buyer originating the purchase order, as well as any subsequent user of Goods.
- b. "Goods" means all deliverable products, tools, material, services, documents and other information or items under the Purchase Order.
- c. "Purchase Order" means purchase order issued by Buyer.
- d. "Sales Order" means the document issued by Hydraflow in response to receiving Buyer's purchase order.

2. GENERAL.

These Terms and Conditions of Sale ("Terms and Conditions") shall govern all business transactions for the sale of Goods between Hydraflow and Buyer. Hydraflow and Buyer may hereinafter be referred to individually as a "Party" or collectively as the "Parties".

Hydraflow's acceptance of any Purchase Order issued by Buyer is expressly conditioned upon Buyer's acceptance of these Terms and Conditions, whether or not referenced in the Purchase Order. Any terms or conditions set forth on any documents or forms utilized by Buyer and any communication (written or oral) between the Parties that is inconsistent with or not included within these Terms and Conditions shall be of no force or effect unless signed by a representative of Hydraflow. These Terms and Conditions supersede any prior written or oral agreements or understandings, and Hydraflow rejects Buyer's terms or conditions in any purchase order, proposal or acknowledgment.

Hydraflow's receipt of a Purchase Order issued by Buyer pursuant to a Request for Quotation submitted by Buyer to Hydraflow in which these Terms and Conditions were flowed down will be considered by Hydraflow as Buyer's acceptance of these Terms and Conditions.

3. **ORDER AND ACCEPTANCE.** The Purchase Order is an offer by Buyer to purchase Goods from Hydraflow in accordance with and subject to these Terms and Conditions. All Purchase Orders issued by Buyer are subject to acceptance by Hydraflow. Hydraflow has no obligation to accept any Purchase Order from Buyer and reserves the right to reject any Purchase Order submitted for its acceptance. Hydraflow's acceptance of the Purchase Order shall be evidenced by Hydraflow's issuance of a Sales Order, which creates a binding contract between Hydraflow and Buyer. Any different or additional terms shall not be binding upon Hydraflow unless accepted in writing by Hydraflow.
4. **QUALITY CONTROL.** Hydraflow's Quality Management system is accredited to AS9100:D and ISO9001:2015. Additional quality requirements outside the intent of AS9100 and ISO9001 will be reviewed and considered for implementation only if they are within Hydraflow's normal operating strategy and do not generate additional processes and/or labor. Hydraflow reserves the right to reject and take exception to any quality requirements outside the intent of AS9100 and ISO9001. Upon reasonable advanced notice and in compliance with applicable laws and regulations, Buyer may inspect the applicable areas of Hydraflow's facility and Hydraflow's quality records.
5. **DELIVERY.** All domestic shipments will be delivered FCA (Incoterms 2010) Hydraflow's facility in Fullerton, California. All international shipments will be delivered EXW (Incoterms 2010) Hydraflow's facility in Fullerton, California.
6. **PACKAGING.** Hydraflow will ensure the Goods are suitably packaged in accordance with the requirements of common carriers and good commercial practices and to ensure against damage and deterioration. Should Buyer request special packaging or handling, Buyer shall be responsible for any additional costs.
7. **TITLE AND RISK OF LOSS.** Title shall pass to Buyer upon shipment of the Goods to Buyer. Risk of loss shall pass to Buyer pursuant to the Incoterms listed in Clause 5.
8. **CHANGES.** Once Hydraflow has accepted a Purchase Order and issued a Sales Order, no changes may be made to the Purchase Order without Hydraflow's written approval. If a change to the Purchase Order occurs and such change causes an increase or decrease in the cost of or the time required for performance of the Purchase Order, an equitable adjustment shall be made in the price and/or delivery date, and the corresponding Purchase Order shall be modified in writing according to the following:

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Unless controlled by the Buyer's specifications, Hydraflow reserves the right to incorporate any design modifications, engineering changes or improvements in the Goods without Buyer's consent so long as the fit, form, function, price or delivery schedule of the Goods is not affected.

- 9. INSPECTION, ACCEPTANCE AND REJECTION OF GOODS AND WARRANTY.** Buyer shall inspect and accept or reject the Goods within thirty (30) calendar days of delivery. If this time period passes with no notice received from Buyer, Hydraflow will deem the Goods accepted.

If the Buyer finds the Goods are defective or otherwise not in conformity with the requirements of the Purchase Order, Buyer must contact Hydraflow to receive a Return Material Authorization (RMA) number. Buyer must then return the Goods to Hydraflow under the RMA number, and, upon receipt, Hydraflow will inspect the Goods to confirm whether the defect or non-conformity is Hydraflow's responsibility. If the defect or non-conformity is Hydraflow's responsibility, Hydraflow will replace the Good(s) at no additional cost to the Buyer. If Hydraflow determines Buyer's return of the Goods was due to improper rejection, Buyer shall be responsible for all costs and expenses incurred as a result of such return.

Hydraflow warrants that the Goods furnished hereunder will be free from defects in material and workmanship for a period of thirty-six (36) months from the date of manufacture. All replaced Goods will be warranted for a period of thirty-six (36) months from the date of manufacture.

Hydraflow will not be liable to Buyer for any costs of inspection, removal or installation.

- 10. PRICES.** The prices payable for the Goods are the prices stated in the Sales Order.
- 11. QUANTITY DISCOUNTS.** Hydraflow may offer Buyer quantity discounts where Buyer undertakes to purchase a specified quantity of Goods. If Buyer cancels the Purchase Order or reduces the quantity of Goods prior to purchasing the required quantity, Hydraflow may invoice Buyer for any pricing differential, and Buyer shall promptly reimburse Hydraflow for the total invoiced amount.
- 12. INVOICING, PAYMENT TERMS AND SET OFF.** After each shipment of Goods, Hydraflow shall invoice Buyer. Payment terms shall be as stated on the Sales Order. All invoices shall be paid in U.S. Dollars. Any credit extended by Hydraflow to Buyer is conditional upon Hydraflow's continued satisfaction with Buyer's creditworthiness, which may be re-evaluated by Hydraflow at any time. Hydraflow reserves the right to suspend Buyer's credit terms and demand cash in advance or before delivery for all or any part of a Purchase Order. Pending correction of any unsatisfactory credit situation, Hydraflow may withhold shipments without incurring any liability.
- 13. INTELLECTUAL PROPERTY.** For those products that are manufactured to a Hydraflow design, specification or drawing, Hydraflow will maintain all ownership of all intellectual property. No right or license in such intellectual property is granted to Buyer. Unless otherwise agreed in writing, no intellectual property created by Hydraflow in connection with or pursuant to the Purchase Order shall be considered a "work made for hire", and Hydraflow will be the sole and exclusive owner of all right, title and interest of any technical work, work product and all intellectual property rights that are produced by or for Buyer under the Purchase Order.
- 14. PROPRIETARY AND CONFIDENTIAL INFORMATION.** All written information and/or other tangible objects obtained by Buyer from Hydraflow in accordance with a Purchase Order is Hydraflow's proprietary information whether or not it is marked as proprietary ("Proprietary Information"). All Proprietary Information shall be received in confidence and disclosed by Buyer only to the extent necessary for performance of the Purchase Order. All Proprietary Information shall remain the property of Hydraflow.

All information disclosed by one Party that is reasonably expected to be treated in a confidential manner under the circumstances of disclosure under the Purchase Order or by the nature of the information itself (“Confidential Information”) shall not be disclosed to any person other than a Party’s employees, officers, directors, affiliates, agents, subcontractors and representatives who are bound by obligations of confidentiality and who have a need to know such information in order to perform their obligations under the Purchase Order.

If a separate proprietary information or non-disclosure agreement relating to the subject matter of the Purchase Order exists between the Parties, all Proprietary Information and/or Confidential Information shall be protected by such agreement.

Hydraflow’s Proprietary Information shall only be used for the purpose of the Purchase Order.

Upon Hydraflow’s request, Buyer shall return all of Hydraflow’s Proprietary Information.

15. **HYDRAFLOW DRAWINGS.** All drawings obtained by Buyer from Hydraflow in accordance with the Purchase Order are proprietary and confidential. Buyer shall not share or reproduce the Hydraflow drawings for any reason without written consent from Hydraflow.
16. **TOOLING AND DATA.** Unless otherwise expressly agreed in writing, Hydraflow shall retain title to and possession of all specifications, drawings, engineering instructions, data, material, equipment, software, processes, models, tooling, which includes, but is not limited to, patterns, dies, molds, jigs and fixtures, and test equipment made, obtained or procured for the performance of the Purchase Order.
17. **INSURANCE.** Hydraflow will maintain the following insurance policies at its own expense: (i) General Commercial Liability: \$1,000,000 per occurrence and \$2,000,000 in aggregate; (ii) Automobile Liability: \$1,000,000 combined single limit; (iii) Aircrafts Products Liability: \$100,000,000 per occurrence and in aggregate; and (iv) Workers’ Compensation Insurance. Upon request, Hydraflow shall provide evidence of the listed insurance.
18. **INDEPENDENT CONTRACTOR.** Hydraflow and Buyer are independent contractors. Neither Party is the agent or legal representative of the other Party. Neither Party has authority to assume or to create any obligation on behalf of the other Party.
19. **TERMINATION FOR CONVENIENCE.** Upon notice to Hydraflow and Hydraflow’s agreement, which shall not be unreasonably withheld, Buyer may terminate, in whole or in part, any Purchase Order that is outside Hydraflow’s lead time. Termination outside of lead time may be subject to a cancellation fee if quoted pricing is based on the purchase of certain quantities.

If Buyer terminates, in whole or in part, a Purchase Order within Hydraflow’s lead time, Buyer shall be liable to Hydraflow for the following: (i) the purchase price of all finished Goods delivered up to the date of termination; (ii) the purchase price of all finished Goods not yet delivered to Buyer at the time of termination; (iii) the value of all work in progress and cost of all raw materials acquired by Hydraflow for the performance of the Purchase Order; and (iv) a cancellation fee or price adjustment.
20. **EXPORT CONTROL.** The information and Goods provided by Hydraflow under the Purchase Order may be subject to U.S. export control laws and regulations, including the International Traffic in Arms Regulations (ITAR) and the Export Administration Regulation (EAR). Buyer may not export or re-export any information, technical data or supplies except in strict compliance with all U.S. export control laws and regulations. Technical data subject to U.S. export control laws and regulations shall not be released to foreign nationals, including employees, companies or other entities, whether within or outside of the United States unless Buyer first obtains the written consent of Hydraflow and any appropriate license or other advanced approval from the U.S. Government.

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Unless the export license will be secured by Buyer, Hydraflow will attempt to secure all export licenses required for the Purchase Order. Buyer shall reasonably cooperate with Hydraflow in obtaining the required export license(s) and acknowledges that delivery schedules are contingent upon securing all required licenses. If a required license is not secured with sufficient time to allow Hydraflow to adhere to a delivery schedule, an equitable adjustment shall be made to the delivery schedule.

Buyer's obligation to adhere to export control laws and regulations shall survive the expiration or termination of the Purchase Order.

Buyer hereby agrees to defend and indemnify Hydraflow from and against any liability Hydraflow may incur as a result of Buyer's violation of any U.S. export or re-export control law or regulation.

- 21. ADVERTISING AND USE OF NAME.** Buyer shall not, without first obtaining written consent from Hydraflow, in any manner advertise or publish the fact that Buyer has purchased or contracted to purchase from Hydraflow the Goods provided for in the Purchase Order. Buyer agrees that it shall not use Hydraflow's name or logo in any manner whatsoever without Hydraflow's prior written consent in each instance.
- 22. COMPLIANCE WITH LAWS.** Buyer and Hydraflow, along with their employees, agents and representatives, will comply with all applicable U.S. federal, state and local laws, codes, regulations, rules and orders in performing their obligations under the Purchase Order and Terms and Conditions. This includes, but is not limited to, all applicable laws relating to anti-corruption, anti-competition, anti-bribery, trade, anti-slavery and human trafficking, as well as other laws regulating business transactions.

Hydraflow warrants that the Goods under the Purchase Order have been manufactured in compliance with the Fair Labor Standards Act, as well as all other applicable federal, state and local laws, codes, regulations, rules and orders.

Buyer and Hydraflow warrant that they will not discriminate against any applicant or employee based on race, color, religion, sex or national origin.

- 23. INDEMNIFICATION.** Each Party shall indemnify, defend and hold harmless the other Party, its affiliates and customers, and each of its employees, officers, directors, shareholders and agents, from and against any and all claims, demands, actions, suits, costs, fees, penalties and/or damages incurred in connection with any claim, demand, suit or proceeding by a third party arising from or related to: (i) property damage, personal injury or death caused by the indemnifying Party's products; (ii) the negligence or willful misconduct of the indemnifying Party; or (iii) a failure to comply with applicable laws and regulations.
- 24. HYDRAFLOW'S LIABILITY.** At no time and in no event shall Hydraflow be liable to Buyer or any third party for anticipated profits, benefits, penalties, damages (including, but not limited to, incidental, consequential, punitive or exemplary) or liabilities in connection with the Purchase Order.
- 25. FORCE MAJEURE.** Neither Party shall be liable for reasonable delay or default in performing its obligations under the Purchase Order if such delay or default is due to any cause not within the Party's control, without the negligence of the Party affected, and which could not have been reasonably foreseen or avoided, including, but not limited to, fire, flood, explosion, act of God or a public enemy, strike, lockout, epidemic, pandemic, quarantine restriction, government action or inaction, labor dispute, civil riot, act of war, embargoes or industrial disturbances. In no event shall shipping delays, product shortages, lack of finances or cash flow shortages be considered a cause beyond the control of a party. The Party claiming the Force Majeure event shall notify the other Party in writing within ten (10) days of such event and take all reasonable steps to resume performance under the Purchase Order.
- 26. APPLICABLE LAW.** All matters relating to the Purchase Order or Terms and Conditions shall be governed by and construed in accordance with the laws of the state of California. Each party expressly consents to the exclusive jurisdiction of the federal, state and local courts serving Orange County, California, to govern all disputes.

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- 27. DISPUTES.** All disputes between the Parties shall be submitted in writing by the party reporting the conflict. The Parties shall set forth their best efforts to resolve the dispute within thirty (30) days of the date notice of the dispute was given. If after thirty (30) days the dispute is unresolved, either Party may submit the dispute to a court of law. To the extent permitted by law, each Party agrees to waive any right it may have to a trial by jury.
- 28. SEVERABILITY.** If any term or provision of these Terms and Conditions is found to be unenforceable, the remaining terms and provisions of the Terms and Conditions shall be interpreted and enforced as if the unenforceable provision had never been a part of the Terms and Conditions.
- 29. NOTICES.** All notices and other communications that are required pursuant to the Terms and Conditions shall be made in writing and sent by mail, electronic mail, overnight courier or facsimile to the Party at the address indicated on the Purchase Order for Buyer and the Sales Order for Hydraflow.
- 30. AMENDMENT AND MODIFICATION.** No part of these Terms and Conditions may be modified or amended except in accordance with its terms or by a written instrument executed by both Parties.
- 31. WAIVER.** No delay by either Party in the enforcement of any provision of these Terms and Conditions shall result in a waiver thereof.
- 32. SURVIVAL.** The following clauses shall survive any cancellation, termination or expiration of the Purchase Order and/or Terms and Conditions: "Quality Control", "Intellectual Property", "Proprietary and Confidential Information", "Hydraflow Drawings", "Tooling and Data", "Independent Contractor", "Advertising and Use of Name", "Applicable Law", "Disputes", "Waiver" and "Survival", as well as all others that by their sense and context are intended to survive the performance, termination or expiration of the Purchase Order and/or Terms and Conditions.
- 33. HEADINGS.** The headings used in these Terms and Conditions are for reference only and shall not be used or relied upon in the interpretation of the document.
- 34. ENTIRE AGREEMENT.** The Terms and Conditions constitutes the sole and entire agreement of the Parties with respect to the purchase and sale of the Goods and supersedes all prior or contemporaneous understandings, agreements, negotiations, representations and warranties, and written and oral communications regarding the subject matter of the Purchase Order.