

STANDARD TERMS AND CONDITIONS OF SALE

Commercial Product Sales | New York Governing Law

These Standard Terms and Conditions of Sale (the "Terms") govern every quotation, purchase order, order acknowledgment, sale, delivery, product documentation, and related transaction involving Challenge Electronics, Inc., a New York corporation ("Challenge"), and the purchaser, customer, or other entity acquiring products or services from Challenge ("Buyer"). "Products" means all goods, assemblies, components, materials, and related items supplied by Challenge. These Terms apply unless Challenge and Buyer have signed a separate written agreement that expressly supersedes them.

Buyer accepts these Terms by submitting a purchase order, accepting a quotation or order acknowledgment, authorizing performance or shipment, making payment, accepting delivery, or otherwise indicating assent. Buyer represents that the individual accepting these Terms has authority to bind Buyer. Buyer also represents that Products are acquired for commercial or business use; if any mandatory consumer-protection law applies, it controls only to the extent it cannot lawfully be waived.

IMPORTANT NOTICE

These Terms contain warranty limitations, an exclusive-remedy provision, a limitation of liability, indemnification obligations, and a binding-arbitration provision. Buyer should review them carefully before placing an order.

1. Order of Precedence; Rejection of Buyer Terms

These Terms are Challenge's offer to sell and are expressly conditioned on Buyer's acceptance of them. They prevail over any additional, different, or conflicting term contained in Buyer's purchase order, acknowledgment, portal, vendor form, correspondence, or other document, whether issued before or after these Terms. Any such Buyer term is rejected and is void unless an authorized officer of Challenge expressly accepts that specific term in a writing signed by Challenge.

No course of dealing, course of performance, usage of trade, electronic workflow, or acknowledgment other than a signed writing by Challenge modifies these Terms. A quotation is not an acceptance of an order and is subject to withdrawal or revision before Challenge issues a written order acknowledgment or otherwise accepts the order in writing.

2. Quotations, Documentation, and Product Information

Unless a quotation states otherwise, quotations are valid for thirty (30) days and are subject to Product availability, correction of clerical or technical errors, and Challenge's written acceptance of Buyer's order. Prices, specifications, drawings, data sheets, samples, models, descriptions, and other

documentation are provided for general commercial reference and are believed to be accurate; however, they do not constitute a warranty or guarantee of accuracy, completeness, results, performance, or suitability except to the limited extent expressly stated in these Terms or a signed writing issued by Challenge.

Challenge may correct, update, modify, discontinue, or replace documentation, specifications, Product features, packaging, or processes without notice, provided that any material change to an accepted order will not cause the Product to fail to conform in all material respects to the written specifications expressly incorporated into Challenge's order acknowledgment. Buyer is solely responsible for independently confirming Product suitability for its intended use, validating technical information, and obtaining all required approvals, tests, and certifications for Buyer's application.

3. Purchase Orders; Acceptance; Changes

Buyer's purchase order must identify the Products, quantities, unit prices, requested delivery dates, shipping instructions, and any Buyer-furnished specifications. No order is binding on Challenge unless and until Challenge accepts it in writing, ships the applicable Products, or otherwise expressly confirms acceptance. Challenge may accept or reject any order in whole or in part in its sole discretion.

Buyer may not alter an accepted order, including quantity, specifications, packaging, destination, shipment schedule, or shipping method, without Challenge's prior written consent. Approved changes may require revised pricing, lead times, deposits, minimum quantities, and other conditions. Buyer is responsible for all resulting costs, charges, losses, and delays, including costs associated with committed materials, work in progress, expedited handling, storage, logistics, and administrative processing.

4. Pricing; Taxes; Tariffs; Governmental Charges

Prices are those stated in Challenge's written quotation or order acknowledgment. Unless Challenge expressly states otherwise in writing, prices exclude freight, insurance, packing, special handling, sales, use, excise, value-added, customs, duties, tariffs, surcharges, assessments, and all other taxes or governmental charges. Buyer shall pay all such amounts or provide a valid exemption certificate before shipment.

Orders may be invoiced to reflect applicable tariffs and related governmental charges in effect when the order is processed, shipped, or otherwise incurred, including charges affected by country of origin. Challenge may adjust or add a tariff, duty, surcharge, freight, or similar charge when the underlying cost or governmental requirement changes, and Buyer shall pay the adjusted amount. Any adjustment does not give Buyer a right to cancel an accepted order absent Challenge's written consent.

Challenge may correct a clerical, typographical, mathematical, or systems error in any quotation, invoice, acknowledgment, or other document. Buyer will promptly pay the corrected amount after notice.

5. Payment; Credit; Security Interest

Payment terms are as stated on Challenge's invoice or order acknowledgment. If no terms are stated, payment is due net thirty (30) days from invoice date, in United States dollars, without setoff, counterclaim, deduction, withholding, or recoupment. Time of payment is of the essence. Challenge may require a deposit, advance payment, letter of credit, personal guaranty, or other assurance of performance at any time, including after order acceptance if Challenge reasonably determines that Buyer's creditworthiness or ability to pay is impaired.

Challenge may suspend performance, withhold shipments, cancel unshipped quantities, or declare all amounts immediately due upon Buyer's payment default or insolvency.

Until Buyer has paid all amounts owed to Challenge in full, Buyer grants Challenge a purchase-money security interest in the Products and their identifiable proceeds. Buyer authorizes Challenge to file financing statements and other documents reasonably necessary to perfect or maintain that interest. Challenge's rights and remedies are cumulative and are in addition to those available under applicable law.

6. Scheduling; Lead Times; Delivery Dates

All shipment schedules must be agreed in writing by Challenge. Lead times, production schedules, and delivery dates are estimates only, are not guaranteed, and are based on information available at the time provided, including anticipated material and component availability, required processing, transportation method, and other operational factors. Time is not of the essence unless Challenge expressly agrees otherwise in a writing signed by an authorized officer.

Challenge may make partial shipments and invoice each shipment separately. Buyer shall accept delivery and pay for each shipment, even if a shipment is delayed or incomplete. Challenge is not liable for any loss, expense, chargeback, penalty, cover cost, lost profit, or other damage arising from a delay, non-delivery of a portion, carrier delay, or failure to meet an estimated delivery date.

A Buyer request to defer a shipment is effective only when Challenge confirms it in writing. Subject to Challenge's discretion, the maximum permitted deferral is thirty (30) calendar days from the scheduled shipment date. Buyer remains responsible for all charges caused by any approved deferral. If Buyer does not timely accept delivery or provide required shipping instructions, Challenge may, without limiting any other remedy, store, insure, redirect, or resell the affected Products at Buyer's cost and risk.

7. Shipment; Title; Risk of Loss

Unless Challenge expressly agrees otherwise in writing, all Products are shipped F.O.B. Challenge's designated shipping facility or warehouse (shipping point). Delivery to the carrier constitutes delivery to Buyer, and risk of loss, damage, theft, deterioration, delay, and expense passes to Buyer when the

Products are delivered to the carrier. Buyer is responsible for all freight, insurance, and transportation claims. Challenge may select the carrier and route if Buyer does not provide timely written instructions.

Challenge will use commercially reasonable efforts to package Products for shipment but is not responsible for damage or loss occurring in transit. Buyer shall inspect shipments on receipt, preserve all packaging and evidence of loss or damage, and pursue claims directly with the carrier. Title passes to Buyer upon Challenge's receipt of full payment, subject to the security interest described in Section 5; risk of loss passes as stated above regardless of when title passes.

8. Inspection; Shortages; Nonconformity Claims; Returns

Buyer shall inspect Products promptly upon delivery. A claim for an apparent shortage, shipping error, visible damage, or other readily discoverable nonconformity must be submitted in writing to Challenge within ten (10) days after delivery and must identify the purchase order, shipment, Product, quantity, and the factual basis of the claim. Failure to give timely written notice constitutes an irrevocable acceptance of the shipment and waiver of that claim.

For a claimed latent defect, Buyer must notify Challenge promptly after discovery and, in all events, before the expiration of the applicable warranty period. Buyer shall preserve the affected Products and provide reasonable access, traceability data, test data, samples, and other information requested by Challenge. No Product may be returned without a return-material authorization issued in writing by Challenge. Unauthorized returns may be refused or returned to Buyer at Buyer's expense.

Challenge will not accept or be obligated to investigate or reimburse a defect or fallout claim unless the verified defect rate for the relevant shipment or lot exceeds one thousand (1,000) defects per million parts (DPPM) which is deemed based only on a full production lot, unless Challenge expressly agrees otherwise in writing. Any determination of defect rate or Product nonconformity must be based on representative, documented testing and is subject to Challenge's reasonable verification. Challenge accepts no liability for Buyer's field, labor, inspection, sorting, rework, removal, recall, freight, or other claim-related costs unless Challenge expressly agrees in a signed writing.

9. Limited Warranty; Exclusive Remedy

Challenge warrants to the original Buyer that, for twelve (12) months after the shipment date, or such other period as Challenge expressly states in writing for the applicable Product, the Products will be free from material defects in materials and workmanship under normal, proper, and intended use. This limited warranty applies only if Buyer timely pays all amounts due and complies with these Terms.

This limited warranty does not apply to Products that have been mishandled, misused, stored improperly, installed incorrectly, altered, repaired by an unauthorized person, subjected to abnormal use or environmental conditions, combined with incompatible items, damaged in transit after risk of loss passes, or damaged at Buyer's facility. It also does not apply to normal wear, consumables, prototypes,

samples, evaluation units, custom items, or Products used contrary to published instructions unless Challenge expressly agrees otherwise in writing.

If Challenge confirms in writing that a Product is defective and the claim meets these Terms, Buyer's sole and exclusive remedy, and Challenge's entire liability, is, at Challenge's sole option, to replace the affected Product or issue a credit or refund of the price actually paid for the affected Product. No remedy is available until Challenge has had a reasonable opportunity to inspect and verify the claim.

EXCEPT FOR THE EXPRESS LIMITED WARRANTY IN THIS SECTION, CHALLENGE MAKES NO WARRANTY OF ANY KIND, EXPRESS OR IMPLIED, AND DISCLAIMS ALL IMPLIED WARRANTIES, INCLUDING MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE, NON-INFRINGEMENT, AND ANY WARRANTY ARISING FROM COURSE OF DEALING, USAGE OF TRADE, OR PERFORMANCE. NO PRODUCT DESCRIPTION, SAMPLE, TECHNICAL DATA, OR OTHER COMMUNICATION CREATES A WARRANTY BEYOND THE EXPRESS WARRANTY STATED HEREIN.

10. Product Use; Regulatory Matters; Buyer Responsibilities

Buyer is solely responsible for determining whether the Products are appropriate for Buyer's intended application; for product design, integration, testing, validation, labeling, documentation, installation, servicing, warnings, and safeguards; and for compliance with all laws, regulations, standards, approvals, export controls, and end-use restrictions applicable to Buyer's purchase, use, integration, resale, distribution, or disposition of the Products.

Buyer is responsible for evaluating the Product's suitability and for implementing appropriate testing, safeguards, and regulatory approvals for usage of the products in life-support, life-sustaining, medical, safety-critical, nuclear, military, aviation, transportation-control, or similarly sensitive applications where a Product failure could reasonably be expected to result in death, personal injury, or significant property or environmental damage. If Buyer elects to use a Product in any such application, buyer assumes responsibility for that use and will defend, indemnify, and hold harmless the Challenge Indemnitees from claims arising out of that use, except to the extent caused by Challenge's gross negligence or willful misconduct.

11. Cancellation; Rescheduling; Non-Cancellable Commitments

Once Challenge accepts a purchase order, Buyer may not cancel, reduce, reschedule, or otherwise terminate it without Challenge's prior written consent. Challenge may condition consent on Buyer's immediate payment of all amounts then due and all losses, costs, and damages incurred or committed as a result of the requested change or cancellation.

At a minimum, Buyer is responsible for the contract price of completed Products and for all committed or non-cancellable costs, including materials, components, work in progress, dedicated capacity, minimum-purchase obligations, tariffs, duties, freight, special packaging, tooling, engineering, storage,

restocking, cancellation charges, and reasonable administrative expenses. Challenge may also charge a cancellation fee appropriate to the status of the affected order. Deposits, special-order charges, and expressly non-refundable charges are non-refundable.

12. Buyer-Furnished Specifications; Intellectual Property

Buyer represents and warrants that all designs, specifications, instructions, materials, trademarks, data, and other items Buyer provides or directs Challenge to use do not infringe, misappropriate, or otherwise violate any third-party intellectual-property, privacy, publicity, or other right and may lawfully be used for the contemplated transaction. Buyer shall obtain all permissions, licenses, approvals, and releases necessary for Challenge to perform.

Buyer shall defend, indemnify, and hold harmless Challenge and its affiliates, officers, directors, employees, agents, and representatives (collectively, the "Challenge Indemnitees") from and against all claims, suits, demands, liabilities, damages, losses, costs, and expenses (including reasonable attorneys' fees) arising out of or relating to Buyer-furnished or Buyer-directed designs, specifications, instructions, or other materials, including any alleged or actual patent, trademark, copyright, trade-secret, or other intellectual-property infringement. Challenge will provide reasonable notice of any indemnified claim, and Buyer may control the defense with counsel reasonably acceptable to Challenge; Buyer may not settle a claim in a manner that imposes liability or admission on a Challenge Indemnitee without that party's written consent.

Unless Challenge expressly agrees otherwise in a signed writing, Challenge retains all rights in its pre-existing and independently developed documentation, know-how, designs, tooling, processes, methods, software, and intellectual property. No license is granted except the limited right to use Product documentation solely as necessary to use the purchased Products.

13. Confidentiality

Buyer shall protect and not disclose to any third party any non-public commercial, technical, pricing, quotation, Product, or business information that Challenge identifies as confidential or that a reasonable person would understand to be confidential. Buyer may use that information solely to evaluate, purchase, and use the Products. This obligation does not apply to information Buyer can demonstrate was lawfully known without restriction, becomes public through no breach of these Terms, is received lawfully from a third party without a duty of confidentiality, or must be disclosed by law after providing Challenge prompt notice where legally permitted.

14. Force Majeure; Allocation

Challenge is not liable for any delay, failure, or increased cost caused by events beyond its reasonable control, including natural disasters, fire, flood, earthquake, epidemic, pandemic, war, terrorism, civil unrest, national emergency, labor dispute, governmental action, embargo, export or import restriction,

tariff or duty change, utility or transportation interruption, carrier delay, shortage or unavailability of materials or components, or other similar event. During any such event, Challenge may suspend performance, extend delivery dates, allocate available Products among customers in its reasonable discretion, or cancel the affected portion of an order without liability.

15. Indemnification by Buyer

In addition to Section 12, Buyer shall defend, indemnify, and hold harmless the Challenge Indemnitees from and against all claims, losses, liabilities, damages, penalties, recalls, costs, and expenses (including reasonable attorneys' fees) arising out of or relating to Buyer's handling, storage, installation, integration, modification, repair, marketing, labeling, sale, distribution, export, disposal, or use of the Products; Buyer's breach of these Terms; Buyer's negligence or willful misconduct; or Buyer's violation of law. This obligation applies except to the extent a final, non-appealable judgment determines that a claim was caused solely by Challenge's gross negligence or willful misconduct.

16. Limitation of Liability

TO THE MAXIMUM EXTENT PERMITTED BY LAW, CHALLENGE WILL NOT BE LIABLE FOR ANY INDIRECT, INCIDENTAL, SPECIAL, EXEMPLARY, PUNITIVE, OR CONSEQUENTIAL DAMAGES, OR FOR ANY LOSS OF PROFIT, REVENUE, BUSINESS, GOODWILL, USE, DATA, PRODUCTION, OPPORTUNITY, OR REPUTATION, ARISING OUT OF OR RELATING TO THE PRODUCTS, THESE TERMS, OR ANY TRANSACTION, WHETHER THE CLAIM IS BASED IN CONTRACT, WARRANTY, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY, STATUTE, OR ANY OTHER THEORY, EVEN IF CHALLENGE HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

TO THE MAXIMUM EXTENT PERMITTED BY LAW, CHALLENGE'S AGGREGATE LIABILITY ARISING OUT OF OR RELATING TO ANY CLAIM WILL NOT EXCEED THE AMOUNT ACTUALLY PAID TO CHALLENGE FOR THE SPECIFIC PRODUCTS GIVING RISE TO THAT CLAIM. THE LIMITATIONS IN THIS SECTION APPLY EVEN IF ANY LIMITED REMEDY FAILS OF ITS ESSENTIAL PURPOSE. Nothing in these Terms excludes liability that cannot lawfully be excluded or limited.

Buyer acknowledges that the price and other terms of sale reflect the allocation of risk set forth in these Terms and that Challenge would not enter into the transaction without these limitations.

17. Governing Law; Good-Faith Negotiation; Binding Arbitration

These Terms and every transaction governed by them are governed by the laws of the State of New York, without regard to conflict-of-laws principles. The United Nations Convention on Contracts for the International Sale of Goods does not apply. Before commencing arbitration, the parties shall attempt in good faith to resolve any dispute through negotiations between authorized representatives for at least thirty (30) days after one party gives the other written notice of the dispute.

Except as provided below, any dispute, claim, or controversy arising out of or relating to these Terms, the Products, or any transaction between Challenge and Buyer that is not resolved through good-faith negotiation shall be finally resolved by binding arbitration administered by the American Arbitration Association under its Commercial Arbitration Rules then in effect. The arbitration will be conducted by one arbitrator in Suffolk County, New York, unless the parties agree otherwise in writing. The arbitrator may award any remedy available at law or in equity consistent with these Terms. The arbitrator shall allocate fees, costs, and reimbursement in the award as permitted by applicable law, the AAA rules, and any written agreement of the parties. Judgment on the award may be entered in any court of competent jurisdiction.

Notwithstanding the foregoing, Challenge may seek temporary, preliminary, or permanent injunctive relief to protect confidential information or intellectual property, and may bring an action in state or federal courts located in Suffolk County, New York, to collect undisputed or overdue amounts, enforce a security interest, or confirm or enforce an arbitration award. Buyer irrevocably consents to the personal jurisdiction and venue of those courts and waives any objection based on forum non conveniens. TO THE EXTENT ANY DISPUTE IS PROPERLY HEARD IN COURT, EACH PARTY WAIVES ITS RIGHT TO TRIAL BY JURY.

18. Notices

Notices under these Terms must be in writing and are effective when delivered personally, sent by nationally recognized overnight courier, sent by certified or registered mail (return receipt requested), or sent electronically in accordance with this Section.

A statement, legend, or notice in the footer or signature block of an email, or in a quotation, order acknowledgment, invoice, attachment, portal, or other commercial communication from Challenge that identifies or links to these Terms (a “Terms Notice”) constitutes notice to Buyer that these Terms apply to the related quotation, order, sale, delivery, or other transaction.

A Terms Notice sent to an email address, portal account, or other electronic contact provided, designated, or customarily used by Buyer, including one used by Buyer’s officer, employee, agent, or representative, is deemed received by Buyer upon transmission unless Challenge receives notice that the transmission was undeliverable. Buyer is responsible for ensuring that its personnel promptly review and communicate Terms Notices to the appropriate persons within its organization.

Receipt of a Terms Notice gives Buyer notice of these Terms and a reasonable opportunity to review them. Buyer becomes bound by these Terms if, after receipt of a Terms Notice, Buyer submits, confirms, modifies, or continues a purchase order; accepts a quotation or order acknowledgment; authorizes performance or shipment; accepts delivery; makes payment; or otherwise proceeds with the applicable

transaction. By taking any such action, Buyer acknowledges and agrees that these Terms are incorporated into and govern the transaction.

Electronic transmission records, portal records, and electronic acknowledgments may be used as evidence of delivery, notice, and Buyer's acceptance. No terms proposed by Buyer modify or supersede these Terms unless expressly accepted in a writing signed by an authorized officer of Challenge.

19. General Provisions

These Terms, together with Challenge's applicable quotation, order acknowledgment, invoice, and any signed written amendment, are the complete and exclusive agreement between the parties concerning the transaction and supersede all prior or contemporaneous discussions, proposals, representations, and agreements concerning that transaction. These Terms apply to all purchase orders, quotes, and technical documentation provided to Buyer, whether or not a copy is attached to each document.

A waiver is effective only if in a writing signed by the waiving party and applies only to the specific instance stated. A failure or delay in exercising a right is not a waiver. If any provision is held unlawful, invalid, or unenforceable, it will be enforced to the maximum extent permitted, and the remaining provisions will remain in full force and effect. Buyer may not assign, delegate, or transfer any rights or obligations without Challenge's prior written consent; Challenge may assign or delegate its rights or obligations without Buyer's consent. The parties are independent contractors. Sections that by their nature should survive will survive termination, expiration, cancellation, or completion of an order.

These Terms may be amended only by a written instrument signed by an authorized officer of Challenge and Buyer. Challenge may revise these Terms prospectively by providing the revised version with a quotation, order acknowledgment, invoice, website notice, or other commercial communication; the version accepted for a particular transaction governs that transaction unless otherwise expressly agreed in writing.

END OF TERMS