

TERMS AND CONDITIONS OF PURCHASE

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1 Purchase Order Acceptance:

- 1. Acceptance of Contract:** BlueSky Innovations Holdings, LLC hereinafter referred to as “Buyer,” shall not be bound by any order until Seller executes and returns to Buyer the acknowledgement copy of the order. Seller shall be bound by this order and its terms and conditions when it executes and returns the acknowledgment copy, when it otherwise indicates their acceptance of this order, when it delivers to Buyer any of the goods ordered herein or renders for Buyer any of the services ordered herein. This order expressly limits acceptance to the terms and conditions stated herein, and any additional or different terms proposed by the Seller are rejected unless accepted to in writing by Buyer.
- 2. Amendments:** The parties agree that this purchase order, including the terms and conditions contains the complete and final contract between Buyer and Seller; that no agreement or understanding to modify this contract shall be binding upon Buyer unless in writing and signed by the Buyer.
- 3. Changes:** The Buyer reserves the right at any time to make changes in any one or more of the following: (a) Engineering definitions, drawings, designs, artwork, specifications, or technical clarifications; (b) Methods of shipment or packing; (c) Place or Time of delivery; (e) Quantity; (F) Quality requirements. If any such change causes an increase or decrease in the cost of or the time required for performance of this contract, an equitable adjustment shall be made in the contract price or delivery schedule or both. Any claim by Seller for adjustment under this clause must be approved by the Buyer in writing before the Seller proceeds with such change.

2 Performance:

- 1. Quantity:** Buyer will have no liability for payment of goods delivered to Buyer which are in excess of quantities specified in this contract. Buyer may reject all or any of the excess goods and return such goods at Seller’s risk and expense.
- 2. Shipping & Packaging:** All Goods shall be packed for shipment according to Buyer's instructions in this Order or, if there are no instructions, in the most economically efficient manner that is sufficient to ensure that the Goods are delivered in undamaged condition. The order number must appear on all shipping documents, shipping labels, invoices, correspondence and any other documents pertaining to the order. Seller shall be liable for damage to materials or articles described herein caused by improper boxing, crating or packing.
- 3. Delivery:** It is Seller’s responsibility to comply with the established delivery dates required by this contract but not to anticipate Buyer’s requirements. Seller shall not ship goods to Buyer in advance of Buyer’s requirements and any such early shipment will not obligate Buyer to pay and may be returned to Seller at Seller’s expense. For tendering of services or goods not delivered by the Delivery Date, Buyer reserves the right without liability, and in addition to its other rights and remedies, to take either or both of the following actions: (a) direct expedited routings of goods (the difference in cost between the expedited routing and the order routing costs shall be paid by Seller); (b) terminate this contract by notice effective when received by Seller as to stated goods not yet shipped or services not yet tendered.
- 4. Inspection and Acceptance:** All goods purchased hereunder are subject to inspection at Buyer’s destination either before or after payment. Buyer reserves the right to reject and refuse acceptance of goods which are not in accordance with the instructions, specifications, drawings and data or Seller’s warranties (express or implied). Goods not accepted will be returned to Seller for full credit or replacement at Buyer’s option and at Seller’s risk and expense including transportation charges both ways. No replacement of rejected goods shall be made unless specified by Buyer in writing. Acceptance of all or any part of the goods shall not be deemed to be a waiver of Buyer’s rights either to cancel or to return all or any portion of the goods because of failure to

conform to this contract, or by reason of defects, latent or patent, or other breach of warranty, or to make any claim for damages, including manufacturing costs, damage of materials or articles caused by improper boxing, crating or packing, and loss of profits or other special damages occasioned the Buyer such rights shall be in addition to any other remedies provided by law.

5. **Title:** Title shall pass to Buyer upon receipt of the goods by the Buyer at the delivery location. Seller shall bear all risk of damage or loss of goods in transit.

3 Property:

1. **Proprietary Rights:** All technical information in the nature of designs, blueprints, specifications, engineering data for product or product manufacture know how, which is supplied to the Seller by the Buyer to facilitate or assist in the performance of this contract, shall unless otherwise agreed, be considered and kept confidential by the Seller, and the Seller will use and cause its employees and agents to use extreme caution not to disclose any such information either directly or by incorporation of such information in or its use in manufacturing products for others. Upon Buyer's request, Seller shall promptly return all documents and other materials received by the Seller.
2. **Property of Buyer:** Unless otherwise provided in this order or agreed to in writing, property of every description including but not limited to all tooling, tools, equipment and material furnished or made available by Buyer shall be and remain the property of Buyer. Property other than material shall not be modified without the written consent of the Buyer. Such property shall be plainly marked or otherwise adequately identified by Seller as "Property of BlueSky" and shall be safely stored separately and apart from Seller's property. Seller shall not use such property except for performance of work hereunder or as authorized in writing by Buyer. Such property while in Seller's possession or control shall be kept in good condition, shall be held at Seller's risk, and shall be kept insured by Seller at its expense, in an amount equal to the replacement cost with loss payable to Buyer. To the extent such property is not material consumed in the performance of this order, it shall be subject to inspection and removal by Buyer and Buyer shall have the right of entry for such purposes without additional liability to Seller. As and when directed by Buyer, Seller shall disclose the location of such property and/or prepare it for shipment and ship it to Buyer in as good condition as originally received by Seller, reasonable wear and tear excepted.

4 Vendor Certifications:

1. **Seller's Warranties:** Seller hereby warrants that the whole of the goods furnished hereunder shall be of merchantable quality and fit for Buyer's purposes and that they shall conform with Buyer's instructions, specifications, drawings and data. Seller hereby further warrants that the whole of the goods furnished hereunder shall conform to all representations, affirmations, promises, descriptions, samples or models forming the basis of this contract or in any correspondence or marketing materials provided to Buyer. Seller agrees that these warranties shall survive acceptance of the goods. Seller further warrants that all services performed for or on behalf of the Buyer will be of a skilled workmanship manner and shall be free from faults and defects. Said warranties shall be in addition to any warranties or additional scope given by Seller to Buyer. None of said warranties and no other implied or express warranties shall be deemed disclaimed or excluded unless evidenced by a written notice or revision signed by Buyer.

2. **Quality Systems:** Key suppliers will be regularly monitored for On-Time Delivery and Quality. Poor performance in either category may result in probation or removal from approved supplier listing which can result in cancellation of current and/or future orders. The Seller shall have or be in the process of implementing a quality management system that is subject to Buyer review and audit.
3. **Certifications:** Material, Processing, and Machining suppliers are to provide all pertinent test reports/certifications unless otherwise specified. Certifications shall include the specification requirements called out on this PO. Goods and services provided without required certifications may be rejected and returned to Seller at Seller's expense.
COC: Certificate of Conformance from the OEM shall accompany each shipment.
ROHS: For orders requiring ROHS compliance, "ROHS Compliant" must be reflected in the certifications to confirm compliance.
REACH: For orders requiring REACH compliance, "REACH Compliant" must be reflected in the certifications to confirm compliance.
Conflict Minerals: All metal suppliers, whether in raw or manufactured form, must certify to the conflict minerals requirement of the Dodd-Frank Act. For Seller's that are not specifically covered by the act, Seller's shall perform due diligence to provide reasonable assurance that the Goods supplied do not contain conflict minerals (Gold, Tin, Tantalum & Tungsten) from conflict Countries and shall provide a certificate to such.
4. **Counterfeit Parts:** Seller will not alter Goods or Documents, with the intent to mislead or disguise counterfeit goods as genuine or original goods and shall take necessary action to prevent the use of counterfeit parts in their products or processes. Seller will notify Buyer as soon as reasonably possible of discovery of counterfeit goods supplied to Buyer and provide lots affected. Whether known or unknown to seller, Buyer may return to Seller at Seller's expense counterfeit parts and notify trade groups or other authorities as Buyer deems necessary.

5 Risk:

1. **Waiver:** The failure of Buyer to insist in any one or more instances upon the performance of any of the terms, covenants or conditions of this contract or to exercise any right hereunder shall not be construed as a waiver or relinquishment of the current or future performance of any such terms, covenants, and conditions nor of the future exercise of such rights, but the obligation of Seller with respect to such performance shall continue in full force and effect.
2. **Assignment:** None of the work to be performed or Goods to be delivered under this contract shall be assigned nor shall Seller subcontract for completed or substantially completed material called for by this contract without Buyer's prior written consent.
3. **Indemnification:** Seller agrees to indemnify and serve Buyer and its subsidiaries, affiliates, successors, directors, officers, shareholders and employees harmless from any and all losses, liabilities, damages, claims, demands, suits, actions, proceedings, subrogations, and expenses, including court costs and reasonable attorney's fees, related in any way to this contract for the services performed or goods delivered under this contract. Seller further agrees, upon receipt of notification to promptly assume full responsibility for the defense of any and all such suits, actions or proceedings which may be brought against Seller or against Buyer in the event Buyer's tooling or equipment is used by Seller in the performance of any work that might be required under this contract, such tooling or equipment shall be considered as being under the sole custody and contract of Seller during the period of such use by Seller.

- 4. Patent Indemnity Clause:** The Seller agrees, upon receipt of notification, to promptly assume full responsibility for the defense of any suit or proceeding which may be brought against BlueSky or any of its subsidiaries, constituent companies, agents or vendees, hereinafter for purposes of this Section collectively referred to as the Buyer, for alleged patent infringement, as well as for the alleged unfair competition resulting from similarity in design, trademark, or appearance of goods by reason of the use or sale of any goods furnished under this contract, except for goods manufactured entirely to Buyer's specifications. Seller further agrees indemnify Buyer against any and all expense, loss, royalties, profits and damages, including court costs and attorneys' fees, resulting from the bringing of such suit or proceedings, including any settlement or decree or judgment entered therein. The Buyer may be represented by and actively participate through its own counsel in any such suit or proceedings, if it so desires. The Seller's obligations hereunder shall survive acceptance of the goods and payment therefor by the Buyer.
- 5. Insurance:** If this contract covers the performance of labor for Buyer, Seller agrees to indemnify and protect Buyer against all liability, claims or demands for injuries or damages to any person or property growing out of the performance of this contract. Seller further agrees to furnish insurance Carrier's Certificate showing that Seller has adequate insurance coverage in the following: (a) Worker's Compensation-Statutory limits for State(s) in which work is to be performed. (b) Comprehensive General Liability of no less than \$1,000,000, including Contractual Liability Complete Operations/Products Broad Form Property Damage and Contractor's Protective Liability; if subcontractors are used.
- 6. Cancellation:** Buyer shall have the right to cancel for default all or any part of the undelivered portion of this contract if Seller does not make deliveries as specified in the delivery schedule, if Seller breaches any of the terms hereof including warranties of Seller, if Seller makes an arrangement, extension or assignment for the benefit of creditors. If Seller dissolves or otherwise ceases to exist or liquidates all or substantially all of its assets, if Seller becomes insolvent or if Seller generally does not pay its debts as they become due. Such right of cancellation is in addition to and not in lieu of any other remedies which Buyer may have in law or equity.
- 7. Termination:** The Buyer may terminate performance of work under the order in whole or from time to time in part by written notice of termination, whereupon the Seller will stop work on the date and to the extent specified in the notice and terminate all orders and subcontracts to the extent they relate to the terminated work. Seller will promptly advise the Buyer of the quantities of applicable work and material on hand or purchased prior to termination and the most favorable disposition that the Seller can make thereof. Seller will comply with the Buyer's instructions regarding transfer and disposition of title to the possession of such work and material. Within 60 days after receipt of such notice of termination the Seller will submit all its claims resulting from such termination. Buyer will have the right to check such claims at any reasonable time or times by inspecting and auditing the records facilities, work or materials of the Seller relating to this order. Buyer will pay the Seller without duplication, the order price for finished work accepted by the Buyer and the cost to the Seller of work in process and raw material allocable to the terminated work based on any audit the Buyer may conduct and generally accepted accounting principles, less however, (a) the reasonable value or cost (whichever is higher of any items used or sold by Seller without the Buyer's consent, and (c) the cost of any defective, damaged or destroyed work or material. Buyer will make no payments for finished work, work in process or raw material fabricated or procured by the Seller in excess of any order or release. Notwithstanding the above payments made under this clause shall not exceed the aggregate price specified in this order less payments otherwise made or to be made and adjustments shall be made reducing the payments hereunder for costs of work in process and raw material to reflect on a pro rate basis any indicated loss on the entire contract had it been completed. Payment made under this clause constitutes the Buyer's only liability in the event this order is terminated hereunder. Except as otherwise provided in this order the provisions of this clause will not apply to any cancellation by the Buyer for default by the Seller or for any other cause allowed by law or under this order.

8. **Severability:** If any term or provision of this Order is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction.
9. **Survival:** Provisions of this Order which by their nature should apply beyond their terms will remain in force after any termination or expiration of this Order including, but not limited to, the following provisions: General Indemnification, Intellectual Property Indemnification, Compliance with Law, Insurance, Confidentiality, and Governing Law.

6 Legal:

1. **Compliance with Applicable Laws:** These terms and conditions shall be governed by, and construed in accordance with, Florida law, regardless of its choice of law provisions. Seller agrees that, in the performance of this contract, it will comply with all applicable laws, statutes, rules, regulations or orders of the United States government or of any state or political subdivision thereof as set forth by applicable US Agencies.
2. **Executive Orders:** The seller agrees that the representations and provisions required by Executive Order 11246 as amended (Equal Employment Opportunity) are hereby incorporated and made a part of this contract.
3. **DPAS Rated Orders:** The seller agrees that if a Defense Priority Allocation System (DPAS) rating appears on this Order, the Seller shall comply with all of the requirements of 15 CFR Part 700. Buyer has the following working days to accept/reject the Order: DO-rated 15 days, DX-rated 10 days. If the Order is to be rejected a response detailing the reasons for the rejection must be provided in writing physically (not electronic).

DOC: 1001-PO Rev A
06/08/2021