

SpektreWorks, Inc. Terms and Conditions of Sale Agreement

The terms and conditions ("Terms") contained herein apply to the sale of the products supplied by SpektreWorks, Inc. an Arizona S-Corporation with its principal place of business at 1717 E Donald Drive, Phoenix, AZ 85024 ("SpektreWorks") to customer ("Customer").

1. Pricing

Prices are exclusive of, and Customer will pay, applicable sales, use, service, value added or like taxes, unless Customer has provided SpektreWorks with an appropriate exemption certificate for the local jurisdiction.

2. Order Placement

2.1 All orders for Products by Customer will be placed by submission of written purchase order by Customer, referring to these Terms, and will set forth Customer's and SpektreWorks' part numbers, description of the Products to be purchased, quantity, and delivery instructions.

2.2 The Terms will apply to each order accepted or shipped by SpektreWorks.

2.3 The provisions of Customer's form of purchase order or other business forms will not apply to any order notwithstanding SpektreWorks' acknowledgement or acceptance of such order. Alternative terms may result in schedule delay and/or changes in quoted pricing.

SpektreWorks will not be bound by terms and conditions other than these unless formally accepted in writing by an authorized SpektreWorks representative.

3. Delivery and Shipping

3.1 The promised delivery date is the best estimate possible based upon current and anticipated manufacturing capabilities of when the product will be shipped. SpektreWorks assumes no liability for loss, damage, or consequential damages due to delivery delays.

3.2 All Products will be shipped by SpektreWorks F.O.B. place of manufacture. Customer will be responsible for, and will pay all shipping, freight, and insurance charges. All risk of loss of or damage to Products will pass to Customer upon delivery by SpektreWorks to the carrier, freight forwarder or Customer, whichever first occurs. Customer will bear all risk of loss or damage in transit.

3.4 Failure of Customer to reject any Products shipped to it by SpektreWorks within ten (10) days after receipt thereof will constitute complete and conclusive acceptance by Customer of such Products. Products may only be rejected for failure to conform to specifications, and any such rejected Products shall be repaired or replaced at SpektreWorks' option on an expedited basis. All claims for shipping damage must be made with the carrier.

3.5 All sales are final upon shipment and inspection in accordance with Section 3.4, and Customer's remedies after final inspection are limited to those listed in Section 9, Product Warranty.

4. Excusable Delay

4.1 SpektreWorks will not be responsible for any failure to perform due to unforeseen circumstances or to causes beyond SpektreWorks' control, including but not limited to acts of God, war, riot, embargos, acts of civil or military authorities, fire, floods, earthquakes, accidents, strikes, or shortages of transportation, facilities, fuel, energy, labor, or materials.

4.2 SpektreWorks' Products include components, subassemblies, and systems supplied by third-party vendors. SpektreWorks will not be held responsible for any third-party vendor delays. In the event of any such delay, SpektreWorks may defer the delivery date of orders for Products for a period equal to a reasonable recovery period associated with such delay.

5. Invoices/Payment

5.1 Standard terms for purchase require a 50% down payment at time of order to begin production, with the balance due prior to shipment. Quoted lead times will begin when the down payment is received by SpektreWorks. No Products will be shipped prior to receipt of payment in full.

5.2 SpektreWorks will require full payment amount up front for third party equipment, to include but not limited to tactical radios, antenna trackers, and payload systems in addition to the initial down payment.

5.3 Modified payment terms may be requested by SpektreWorks, to include but not limited to: requiring a down payment of greater than 50%, or additional payment intervals for example a 50% down payment, a 25% project milestone payment, and a 25% final payment prior to shipping.

5.4 If an order is ready for shipment but final payment remains outstanding for 60 days following invoice, SpektreWorks reserves the right, in its sole discretion, to terminate the transaction and retain down payment to cover out-of-pocket costs and/or as a restocking fee.

5.5 In addition to any other rights and remedies available to it, SpektreWorks may cease deliveries of Products at any time in the event that Customer defaults in any payment due to SpektreWorks hereunder and such default continues unremedied for a period of ten (10) days.

5.6 Customer shall make all payments to SpektreWorks in United States dollars.

6. Termination

In addition to any other rights and remedies available to it, SpektreWorks may terminate its relationship with Customer at any time in the event that:

- A. Customer is involved in any voluntary or involuntary bankruptcy, proceeding or any other proceeding concerning insolvency, dissolution, cessation of operations, or reorganization of indebtedness and the proceeding is not dismissed within sixty (60) days.
- B. Customer becomes unable to pay its debts as they mature in the ordinary course of business or makes an assignment for the benefit of its creditors.

7. Export Regulations

SpektreWorks observes export laws, restrictions, and guidelines regarding the sale of Products, of which export is restricted, including, but not limited to, the Arms Export Control Act (Title 22, U.S.C., Sec 2751, et seq.) and the Export Administration Act of 1979, as amended, Title 50, U.S.C., App. 2401 et seq. Products subject to the jurisdiction of the International Traffic in Arms Regulations (ITAR), or Export Administration Regulations (EAR), require licensing by the US Department of State or the US Department of Commerce for export. Transfer of Product by any means to a foreign person, whether in the United States or abroad, without prior approval from the United States Government is strictly prohibited.

8. Intellectual Property Rights

SpektreWorks, and its licensors, will at all times reserve full title to and retain ownership over the creative elements of the Products, including, without limitation, copyrights related to documents, estimates and calculations of prices, samples, artwork, designs, drawings, photos, negatives, pictures, brochures, graphics, catalogues, and all intellectual property rights in and to the foregoing, created and used in connection with the Products and the Order ("SpektreWorks IP"). The Customer shall not attempt to grant to any third-party access or rights to SpektreWorks IP, or otherwise publish or copy SpektreWorks' content without having obtained SpektreWorks' prior written consent.

9. Product Warranty

9.1 SpektreWorks Products are warranted, without charge, from manufacturer defects for a period of one (1) year or 300 flight hours after delivery. Such Warranty does not cover Customer error or misuse, which may include, but is not limited to, improper storage, transportation, assembly, use, unauthorized Product modification, operating equipment outside of manufacturer's specifications, or alteration of the Product. In all events, SpektreWorks shall not Warranty, and shall not be responsible for any Customer payload, loss of business revenue, or other costs as a result of a Warranty claim.

9.2 Exclusive Battery Warranty – SpektreWorks warrants that batteries purchased or included with the Product will be free from defects in materials and workmanship at the date of purchase by Customer. Battery product warranty is limited to original defects in material and workmanship. Due to the nature and use of these batteries, there is no term warranty. Misuse, abuse, incorrect charging, failure to comply with applicable battery warnings and guidelines, and other inappropriate use of this Product are not covered under this warranty.

9.3 In the event of an operational issue with any SpektreWorks Product under this Warranty, SpektreWorks technical support is available to assist in the analysis of the event. SpektreWorks reserves the right to charge an hourly rate of \$175.00 USD for technical support.

9.4 For Products damaged as a result of Customer action or inaction, including, but not limited to flight issues, misuse in a ground check, or laboratory environment, all such repair costs are the responsibility of the Customer. A return material authorization ("RMA") must be issued by SpektreWorks prior to return of Product by Customer.

9.5 In the event of a Warranty claim pursuant to this Section 9, SpektreWorks at its sole discretion, may either replace or repair the respective Product. SpektreWorks' liability for damages resulting from

such Warranty claim shall be limited pursuant to this Section 9. In addition, the parties agree, understand, and acknowledge, in the event of a complete loss of aircraft due to a manufacturing defect, and such aircraft is covered by the Warranty, SpektreWorks sole obligation shall be to pay the deductible under the Insurance Policy as defined in Section 9.7 B, and any insurance proceeds under the Insurance Policy shall be used to pay or offset the cost for the aircraft.

9.6 At such time Customer notifies SpektreWorks of a defective Product, upon approval from SpektreWorks, Customer may ship, at Customer's sole and exclusive expense, such defective Product to SpektreWorks.

- A. **Product Under Warranty.** In the event, the Product is under Warranty, the defective Product will be repaired and sent to Customer free of charge, subject to Section 9. SpektreWorks will cover the cost of shipping only within the continental United States. Shipping from outside of the United States is the responsibility of the Customer.
- B. **Product Not Under Warranty.** In the event the Product is not under Warranty, SpektreWorks will notify the Customer of SpektreWorks' intent to diagnose such possible defect, and provide Customer with payment instructions related to any diagnostic fees then in effect. If such diagnostic exam discovers a defect within the Product, SpektreWorks will generate and send to Customer an estimate for such Product repair. Customer must issue a purchase order for repairs identified on the estimate prior to repairs commencing. Customer will be billed on a time and material basis for the repair. In the event the diagnostic exam discovers no known issues of defect, SpektreWorks shall notify Customer of such non-discovery, and Customer shall issue a purchase order to SpektreWorks prior to Customer's Product being returned. SpektreWorks shall ship the replaced or repaired Product to Customer, at the Customer's sole and exclusive expense, within a reasonable period of time.

9.7 For aircraft covered by Warranty, the following are the requirements for a Warranty to be valid and covered by SpektreWorks:

- A. Customer must have received appropriate training by either SpektreWorks, or an authorized third party previously approved by SpektreWorks.
- B. Customer must maintain liability and hull insurance with a deductible not to exceed \$10,000 ("Insurance Policy"). Customer must provide an insurance certificate representing to proof of insurance coverage.
- C. Customer must maintain regular and accurate flight and maintenance logs, including the digital storage of telemetry and autopilot bin logs.
- D. Customer must provide SpektreWorks with logs upon request to determine causes of incidents. The interpretation of the logs will be at SpektreWorks' sole discretion.
- E. Customer must follow all maintenance procedures and be trained in such procedures or use an approved third-party maintenance facility.
- F. Customer must comply with all notices or special instructions provided by SpektreWorks in the event any airworthiness issue are discovered.
- G. All defective parts must be returned to SpektreWorks to assist with root cause analysis.

9.8 Unless expressly warranted, SpektreWorks makes no claim that the Products comply with applicable law, regulations, or specifications in any jurisdiction in which the Products may be sold or

marketed. Any governmental or other approvals necessary in connection with the resale, marketing, distribution, or use of the Products shall be the sole responsibility of the Customer. DISCLAIMER. OTHER THAN AS EXPRESSLY SET FORTH HEREIN, THE PRODUCTS ARE PROVIDED "AS-IS" WITHOUT WARRANTIES OF ANY KIND, EITHER EXPRESS OR IMPLIED, INCLUDING ANY IMPLIED WARRANTIES, NON-INFRINGEMENT, WARRANTY OF MERCHANTABILITY, OR FITNESS FOR PARTICULAR PURPOSE. THE HARDWARE AND SOFTWARE MAY BE HARDWARE OR SOFTWARE CREATED OR MANUFACTURED BY THIRD-PARTIES AND, ACCORDINGLY, SPEKTREWORKS EXPRESSLY DISCLAIMS LIABILITY RELATED TO SUCH SOFTWARE OR HARDWARE AND DOES NOT WARRANT THAT THE OPERATION AND USE OF THE SERVICES WILL BE UNINTERRUPTED OR ERROR-FREE. IN THE EVENT A PRODUCT INCORPORATES THIRD PARTY HARDWARE OR SOFTWARE, ANY CLAIM FOR WARRANTY SHALL BE FILED BY CUSTOMER WITH SUCH THIRD-PARTY.

10. Limitation of Liability

WHETHER OR NOT ANY REMEDY OF CUSTOMER HEREUNDER FAILS OF ITS ESSENTIAL PURPOSE, SPEKTREWORKS WILL NOT BE LIABLE FOR AN INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES, LOSSES OR EXPENSE (INCLUDING WITHOUT LIMITATION COST OF COVER, LOST PROFITS, OR LOST BUSINESS) ARISING, DIRECTLY OR INDIRECTLY, UNDER THIS AGREEMENT OR FROM THE PURCHASE, USE OR SALE OF SPEKTREWORKS PRODUCTS, WHETHER OR NOT SPEKTREWORKS WAS ADVISED OR AWARE OF THE POSSIBILITY OF SUCH DAMAGES, LOSSES, OR EXPENSES. SPEKTREWORKS' LIABILITY TO CUSTOMER UNDER THESE TERMS WILL BE LIMITED TO THE AMOUNTS PAID BY CUSTOMER TO SPEKTREWORKS ON THE PURCHASE ORDER AT ISSUE.

11. Insurance for Customer Training and Operations

In the event SpektreWorks provides training services or operations for Customer, the Customer shall maintain, at its own expense:

- A. Comprehensive General Liability insurance in an amount of at least \$1,000,000 combined single limit for bodily injury and property damage and a \$1,000,000 annual aggregate.
- B. Comprehensive Automobile Liability insurance in an amount of at least \$1,000,000 combined single limit for bodily injury and property damage and a \$1,000,000 annual aggregate.
- C. Workers' Compensation insurance in accordance with such laws as may be applicable to the work to be performed hereunder.
- D. Employer's Liability insurance in an amount of at least \$1,000,000 combined single limit for bodily injury and property damage and a \$1,000,000 annual aggregate.
- E. Aviation Liability insurance in an amount of at least \$1,000,000 limit of liability per occurrence and in the aggregate.

All such insurance policies shall expressly waive any right of subrogation against SpektreWorks and its employees, officers, directors, and agents. The required insurance policies shall be endorsed to require the insurance company to provide SpektreWorks with at least thirty (30) days prior written notice of the effective date of cancellation or material change of any insurance policy. Customer shall provide SpektreWorks with a certificate of insurance evidencing the insurance coverage as set forth above. Such certificate shall contain the policy number, effective date, expiration date and a statement noting SpektreWorks as an additional insured.

12. Miscellaneous

12.1 The Order and all claims arising out of or related to these Terms shall be governed by and construed in accordance with the laws of Arizona without giving effect to any choice or conflict of law provision or rule that would cause the application of the laws of any jurisdiction other than Arizona.

12.2 All disputes related to or resulting from these Terms shall be submitted exclusively to the courts of competent jurisdiction in Arizona.

[Signature Page Follows]

IN WITNESS WHEREOF, the Customer has agreed with these Terms as of the date indicated by signature.
If Customer is a Company, Company personnel with authorized signature authority must sign.

Company

Signature

Printed Name

Title