



TERMS AND CONDITIONS

1. DEFINITIONS.

As used throughout these terms and conditions (“**Terms and Conditions**”), the following terms shall have the meanings set forth below.

“**Background IP**” means all Intellectual Property conceived, originated, created or first reduced to practice by a Party prior to the period of performance of the Order or outside the scope of the Order.

“**Buyer**” means the entity identified as "BUYER" in the opening section of these Terms and Conditions.

“**Buyer’s Authorized Procurement Representative**” means the person(s) identified in the Order who is delegated with the procurement authority to execute and administer the Order.

“**Export Control Laws**” means EU Regulation 2021/821, the applicable Latvian Strategic Goods Law, the EU Common Military List, any applicable technical specifications under EASA regulations for unmanned aircraft systems, and where applicable, U.S. export control laws including the International Traffic in Arms Regulations (ITAR) and Export Administration Regulations (EAR).

“**Foreground IP**” means Intellectual Property conceived, developed or first reduced to practice by, for or with a Party either alone or with others in the performance of the Order, subject to any applicable EU and Latvian defense procurement regulations regarding rights in technical data and computer software developed under defense contracts.

“**Goods**” means those products, supplies, reports, computer software, hardware, data, materials, articles, items, parts, components or assemblies, as described in the Order, including any dual-use items or military items as defined under the Export Control Laws.

“**Intellectual Property**” or “**IP**” means inventions, discoveries and improvements, concepts, products, ideas, know-how, technical data, copyrightable materials, copyrights, service marks, trademarks, trade names, drawings, specifications, process information, reports and documented information, computer software, patents, industrial designs, trade secrets, mask work registrations, unregistered Community designs, database rights under Directive 96/9/EC, and all other intellectual property rights as defined under EU and Latvian law.

“**Latvian Business Day**” means any day other than Saturday, Sunday, or a public holiday in Latvia as defined by the Law on Holidays, Remembrance and Celebratory Days of Latvia.

“**Order**” means the instrument of contracting, such as “Purchase Order,” “PO,” “Subcontract,” or other such type of designation, issued by Buyer to Seller, to which these Terms and Conditions are applicable, and all referenced documents, exhibits, attachments and amendments. If these Terms and Conditions are part of a “long term agreement,” “master agreement” or other “umbrella” type of agreement that provides for releases (in the form of a purchase order or other such document) the term Order shall also mean the release document(s) for which the Work is the subject matter.

“**Party**” means each of Buyer and Seller, and collectively “Parties.”

“**Proprietary Information**” means all confidential and proprietary information, including but not limited to technical data, trade secrets, manufacturing processes, financial information, customer lists, business plans, and any other information that: (i) is marked as confidential or proprietary; (ii) is identified as confidential at the time of disclosure; or (iii) by its nature would reasonably be considered confidential. All Foreground IP and Background IP shall be considered Proprietary Information of its respective owner.

“**Seller**” means the person, firm, or corporation executing the Order with the Buyer and who will furnish the Work provided for herein, and who represents and warrants their compliance with all applicable Export Control Laws. For purposes of the Independent Contractor clause herein only, “Seller” shall also include Seller’s agents, representatives, subcontractors, and suppliers at any tier.

“**Services**” means Seller’s, or its subcontractors or suppliers, time and effort to perform the tasks described in the Order.

“**Work**” means Goods and Services together or Goods and/or Services, as applicable from the context of the Order.

2. INDEPENDENT CONTRACTOR.

Seller is an independent contractor and not an agent or employee of Buyer either expressly or impliedly. The employees used by Seller to perform Work under the Order shall be Seller's employees exclusively, and such employees shall have no employment relationship with Buyer, and Seller shall comply with all applicable EU and Latvian labor laws, all EU and Latvian data protection requirements (collectively, "Data Protection Laws") for any employee data processed in connection with the Order, and shall implement appropriate technical and organizational measures to ensure data security. Seller assumes full responsibility for the actions and supervision of such personnel while engaged in Work under the Order, and Buyer assumes no liability for the actions of Seller's personnel. The Order shall not constitute, create, give effect to, or imply a joint venture, teaming arrangement, partnership, formal business organization or any type of permanent relationship of any kind beyond the specific purposes stated herein. Nothing in the Order will grant either Party the right to make commitments of any kind for, or on behalf of, the other Party.

3. PACKING AND SHIPMENT.

- a. Seller shall be responsible for ensuring proper packaging of Goods in compliance with applicable EU and Latvian regulations, including necessary boxing, crating, carting, marking, and storage, without additional charge, unless otherwise specified in the Order. Goods will be suitably packaged to secure the lowest transportation costs, in accordance with the requirements of common carriers and good commercial practices, and to ensure against damage from weather or transportation.
- b. Seller shall plainly mark Buyer's Order number on all invoices, packages, bills of lading, and shipping orders. Seller shall mark packages with necessary lifting, loading and shipping information, including Buyer's Order number, dates of shipments and other relevant information. Packing lists will accompany each shipment showing materials. Buyer's count or weight shall be final and conclusive on shipments not accompanied by packing lists.

4. DELIVERY, NOTICE OF DELAY.

- a. Time is of the essence for deliveries under the Order. Seller shall be considered in material breach if delivery delays exceed fifteen (15) Latvian business days after Buyer's written notice, unless excused by Force Majeure or Buyer's written authorization. Seller shall notify Buyer in writing within one (1) business day of any potential delays. For controlled items, Seller shall comply with all applicable Export Control Laws.
- b. Unless otherwise specified in the Order or authorized in writing by Buyer's Authorized Procurement Representative:
(a) Goods shall be delivered to Buyer's facility during Latvian business hours (Monday to Friday, 8:00 to 17:00 EET/EEST), subject to applicable customs requirements; (b) Seller shall not deliver Goods before the scheduled delivery dates or in excess of ordered quantities; and (c) Services shall be performed according to the schedule set forth in the Order.
- c. Unauthorized early deliveries or excess quantities may, at Buyer's option, be retained with payment per original schedule or returned at Seller's expense, including all associated costs.
- d. For any anticipated or actual delay, Seller shall:
 - (i) promptly notify Buyer in writing within one (1) Latvian Business Day of becoming aware of the reason(s) for the delay and the actions being taken to overcome or minimize the delay, with all times referenced to Eastern European Time (EET/EEST);
 - (ii) provide Buyer with a written recovery schedule; and
 - (iii) if requested by Buyer, ship Goods via air or other expedited routing or accelerate the Services, at no additional cost to Buyer, to avoid or minimize delay to the maximum extent possible, subject to compliance with Export Control Laws.
- e. If Seller fails to meet delivery schedules for any reason except (i) Buyer-directed changes or (ii) Force Majeure events, then after receiving written notice from Buyer and failing to cure such delay within fifteen (15) business days, Buyer may:
 - (i) terminate the Order,

- (ii) source alternatively at up to 115% of Seller's price, with Seller liable for the reasonable excess costs, or
- (iii) accept late delivery and recover documented direct costs up to 10% of Order value, unless otherwise agreed in writing.

The exercise of any rights under this section shall be Buyer's sole and exclusive remedy for late delivery or performance, except as otherwise expressly provided in Section 19 (Termination) of these Terms and Conditions.

5. ACCEPTANCE OF ORDER.

- a. The Order constitutes Buyer's offer. Upon Seller's acceptance, a binding contract is formed under Section 18 of the Latvian Commercial Law, governed by the Order's Terms and Conditions and applicable Latvian and EU law. Seller may accept the Order by:
 - (i) confirmation of Purchase Order,
 - (ii) commencement of performance, or
 - (iii) acceptance of payment.
- b. Seller must submit written confirmation of Purchase Order to the Buyer within two (2) Latvian Business Days (excluding Latvian national holidays) in accordance with Article 18 of the Latvian Commercial Law. Such confirmation shall constitute acceptance of the Order and formation of a binding contract under Latvian law.
- c. Any modifications to the Order require written approval from Buyer's Authorized Procurement Representative. The Order's terms survive its completion and final payment.
- d. Any additional or different terms proposed by Seller have no effect unless approved in writing by Buyer's Authorized Procurement Representative. Mandatory provisions of Latvian law and EU regulations (including Commercial Law, Export Control, and Defense Procurement) remain applicable.

6. TITLE AND RISK OF LOSS.

Risk of loss and title will pass to Buyer in accordance with the Incoterms® 2020 shipping term specified on the Order and in compliance with applicable EU regulations, including EU Regulation 2021/821 for dual-use items. Transfer of risk and title shall not affect Buyer's right to inspect and reject items or Seller's obligations under the Order.

7. PROPERTY.

- a. For purposes of this "Property" clause, such Property will include:
 - (i) property and materials provided or furnished to Seller by or on behalf of Buyer or its suppliers for Order performance ("Buyer-Furnished Property"), including technical data, specifications, drawings, software, IP, and other confidential or proprietary information subject to GDPR and/or Export Control Laws; and
 - (ii) property and materials which may be acquired by Seller for performance of and to satisfy the requirements of the Order ("Acquired Property").

Property includes special tools, such as jigs, dies, fixtures, molds, patterns, and manufacturing aids ("Special Tools"). Acquired Property shall be separately priced and identified. Title to Acquired Property passes to Buyer upon payment. Seller shall: (i) maintain all Property in good condition, except for reasonable wear and tear; (ii) implement appropriate security measures per GDPR and EU export control requirements; (iii) use Property solely for Order performance; and (iv) return Property to Buyer upon Order completion unless otherwise directed in writing. Any Property alterations require Buyer's written consent.

- b. Seller shall clearly mark and segregate all Property. Title to Buyer-Furnished Property remains with Buyer or its suppliers. Seller is responsible for all Property loss or damage (except normal wear and tear) under EU and Latvian law, including direct and indirect damages. Seller shall maintain all-risk insurance at replacement cost in Euros covering all Property, including aerospace components and technical data, in compliance with EU and Latvian requirements, and provide proof of insurance upon request.

- c. Upon Buyer's request, Seller shall: (i) conduct physical inventory of Property and provide a written report within 30 days of completion, not exceeding 45 days from request; (ii) report Property losses within 24 hours, complying with EU data breach, export control, and Latvian notification requirements; and (iii) maintain a property management system for normal process variations. Buyer may access Seller's facilities to review Property management compliance. If Seller fails to return Property upon demand, Buyer may, upon reasonable notice, enter Seller's premises to remove such Property without liability.

8. PAYMENT.

Payment due date and cash discount period are calculated from the later of the date of Buyer's receipt of an accurate invoice, the scheduled delivery date or the actual delivery date. Payment terms will be set forth on the title page of the Contract. Payment is deemed made on the date the payment is initiated via electronic bank transfer (SEPA) or otherwise tendered in Euros, in accordance with EU Regulation 260/2012 (SEPA Regulation) and Latvian Payment Services and Electronic Money Law. All payments shall be made in compliance with applicable EU payment services regulations and Latvian financial regulations. Seller shall promptly repay Buyer any amounts paid in excess of amounts due Seller. Buyer shall be entitled at all times to set-off any amount owing at any time from Seller to Buyer against any amount payable by Buyer to Seller.

9. INSPECTION.

Buyer shall be permitted, at no additional cost, to inspect Seller's applicable facilities and plants, including Seller's manufacturing, fabrication, distribution, warehouse and testing facilities, and to inspect and test Work on a non-interference basis, at reasonable times and places, during manufacture, performance and before shipment in order to review, evaluate and assess progress and performance under the Order. All inspections shall comply with applicable EU aerospace industry standards and Latvian industrial safety regulations, including but not limited to EU Regulation 2019/947 on unmanned aircraft systems where applicable. Seller shall flow such inspection rights to its subcontractors to allow Buyer the same inspection rights for Seller's subcontractors. Such inspections will include, at Buyer's option, Seller's applicable facilities, including manufacturing, fabrication, distribution, warehouse and testing facilities. Whether or not inspections, tests, reviews, evaluations, or such other activities, including design or planning reviews, are performed by Buyer, Seller shall not be relieved from responsibility to perform all inspections, tests and quality assurance measures to comply with the requirements of the Order.

10. ACCEPTANCE OR REJECTION OF WORK.

- a. Buyer shall accept the Work or give Seller notice of rejection due to any defect or nonconformance within thirty (30) calendar days after delivery of Goods or performance of Services, in accordance with Article 12 of the Latvian Commercial Law. No payment, inspection, or passage of title shall relieve Seller of its obligations or impair Buyer's rights under this Order, including the right to revoke acceptance. This right of rejection is in addition to Buyer's warranty rights.
- b. If Seller delivers defective or non-conforming Work, Buyer may at its option and at Seller's expense:
 - (i) require Seller to promptly correct or replace all or a portion of the Work;
 - (ii) return or reject all or part of the Work for credit or refund; or
 - (iii) obtain replacement Work from another source and Seller shall be responsible for such procurement costs.

Seller shall respond to quality claims within ten (10) Latvian Business Days initially and provide a detailed response within thirty (30) Latvian Business Days. Extensions may be agreed upon between the parties if needed for investigation.

Return to Seller of defective or non-conforming Work and redelivery to Buyer of corrected or replaced Work shall be at Seller's expense.

- c. Seller shall disclose any prior rejections and corrective actions when redelivering Work. All corrections and redeliveries shall be completed according to Buyer's reasonable directions.

11. WARRANTY.

- a. Seller warrants that for one year after Buyer's acceptance of Work (or any longer period required by EU or Latvian law), all Work will:
 - (i) be new and merchantable,
 - (ii) be free from defects in design, material and workmanship,
 - (iii) conform to all Order requirements, applicable drawings and specifications, EU regulations (including EASA CS-UAS requirements for unmanned aircraft systems), Export Control Laws, and Latvian standards;
 - (iv) if ordered to specifications, conform to the specifications, and
 - (v) if Services, be performed with the degree of professional skill, sound practices and judgment which is normally exercised by recognized professional firms with respect to services of a similar nature.

This warranty will begin upon acceptance pursuant to the Acceptance or Rejection of Work clause and will survive inspection, test and payment for the Work. Work required to be repaired, replaced or corrected will be subject to the requirements of the Order in the same manner and to the same extent as Work originally delivered under the Order.

- b. For Goods with shelf life shorter than one year, Seller warrants that upon Buyer's acceptance, such Goods will have at least 80% of their shelf life remaining.
- c. In the event of any warranty non-compliance, Seller shall, at its option, either repair or replace the non-conforming Goods within thirty (30) business days of receiving Buyer's written notice of warranty claim. Shipping costs for warranty repairs or replacements shall be borne by Seller. If Seller fails to repair or replace the non-conforming Goods within the specified timeframe, and after receiving written notice and a fifteen (15) business day cure period, Buyer may, as its sole remedy, either (i) return the non-conforming Goods for a full refund, or (ii) repair or replace the Goods and charge Seller for reasonable costs actually incurred.
- d. If any Services fail to comply in any respect to the warranty set forth above, Seller shall, at Buyer's option and in a time frame reasonably determined by Buyer, promptly correct or re-perform the Services. If correction or re-performance of Services is not timely, Buyer may elect to correct, re-perform or re-procure the defective or nonconforming Services, as Buyer deems applicable, at Seller's expense.
- e. All statutory warranties under Latvian law and EU consumer protection regulations will apply, including but not limited to those provided under the Latvian Civil Law and EU Product Liability Directive (85/374/EEC). Warranties will run to Buyer, its successors, assigns, and customers.

12. COUNTERFEIT PARTS.

- a. Counterfeit Parts means parts or components of Goods that:
 - (i) are an unauthorized copy or substitute of an Original Component Manufacturer or Original Equipment Manufacturer (collectively, "OCM/OEM") item;
 - (ii) are not traceable to an OCM/OEM sufficient to ensure authenticity in OCM/OEM design and manufacture;
 - (iii) do not contain proper external or internal materials or components required by the OCM/OEM or are not constructed in accordance with OCM/OEM design;
 - (iv) have been reworked, re-marked, re-labeled, repaired, refurbished, or otherwise modified from OCM/OEM design but not disclosed as such or are represented as OCM/OEM authentic or new; or
 - (v) have not passed successfully all OCM/OEM required testing, verification, screening, and quality control processes.
- b. Seller shall not deliver Counterfeit Parts to Buyer. Any delivery of Counterfeit Parts shall constitute a material breach of the Order. Seller shall comply with EU Regulation 608/2013 and applicable Latvian customs regulations regarding counterfeit parts prevention in aerospace and defense components.

- c. Notwithstanding the foregoing, Goods or items that contain modifications, repairs, rework, or re-marking as a result of Seller or its subcontractor's design authority, material review procedures, quality control processes or parts management plans, and that comply with EASA Part 21 requirements and EU aerospace component certification standards, and that have not been misrepresented or mismarked without legal right to do so, will not be deemed Counterfeit Parts.
- d. Seller shall maintain a counterfeit prevention strategy that includes (i) direct procurement from OCMs/OEMs or their authorized distributors/suppliers, and (ii) maintenance of chain of custody documentation available to Buyer upon request.
- e. If the Goods are not available directly through OCM/OEM authorized distribution (defined as the OCM/OEM and its authorized distributors only), Seller shall immediately notify Buyer and relevant EU authorities if required under EU aerospace safety regulations. Seller may not pursue the Order without express written authorization from Buyer to deviate from authorized distribution and confirmation of compliance with EU Regulation 2019/945 on unmanned aircraft systems.
- f. If Seller discovers it has furnished Counterfeit Parts, Seller shall (i) promptly notify Buyer in writing, (ii) replace such parts with conforming OCM/OEM Goods within fifteen (15) Latvian Business Days at Seller's expense, (iii) notify relevant authorities as required by EU Regulation 608/2013, and (iv) bear all costs related to replacement and associated testing or validation.
- g. Seller bears responsibility for procuring authentic Goods or items from its subcontractors and shall ensure that all such subcontractors comply with the requirements of this Counterfeit Parts clause, applicable EU regulations and maintain necessary certifications and documentation of subcontractor compliance.

13. DIMINISHING MANUFACTURING SOURCES.

- a. Seller shall notify Buyer within five (5) business days of becoming aware of any Diminishing Manufacturing Sources and Material Shortage ("DMSMS") issue regarding the Work, including items that are or will be out of production or no longer commercially available, whether supplied by Seller or its subcontractors:
 - (i) items, materials, parts, subcomponents, and/or components;
 - (ii) electronics in equipment, assemblies, subassemblies, parts, components or items delivered or to be delivered under the Order, and/or
 - (iii) repair services
- b. Seller shall provide a "Last Time Buy" ("LTB") notice for any "End-of-Life" ("EOL") Goods at least twelve (12) months prior to their anticipated discontinuance. Such notice shall include the part number, name, function, and manufacturer information (if other than Seller). Seller shall investigate suitable replacement options that meet EASA certification requirements for unmanned aircraft systems.
- c. All notifications required from Seller to Buyer under this DMSMS clause will be given in writing to Buyer's Authorized Procurement Representative and a copy will be sent, via email, to ***aidas.kucys@redwire.eu***.

14. CHANGES.

- a. Buyer's Authorized Procurement Representative may, prior to thirty (30) Latvian Business Days (excluding Latvian public holidays) from the delivery date, issue written directions to Seller requiring changes within the general scope of work being performed under the Order, including but not limited to, changes to:
 - (i) drawings, designs, specifications, planning, and/or other technical documents;
 - (ii) method of shipment, packaging, or packing;
 - (iii) place of delivery.

Seller shall proceed with the work as directed only after reaching agreement on any price and schedule impacts of such changes.

- b. If any such direction results in a material change in the amount or character of the work under the Order, an equitable adjustment in the Order price and other such provisions of the Order as may be affected shall be made and the Order shall be modified in writing accordingly, in compliance with Latvian Commercial Law requirements for contract modifications and price adjustment mechanisms. Any claim by Seller for an adjustment under this Changes clause must be:
 - (i) asserted in writing and delivered to Buyer within sixty (60) Latvian Business Days from the date of receipt by Seller of the notification of change, and
 - (ii) a fully supported proposal delivered to Buyer within thirty (30) calendar days after Seller's receipt of such direction.
- c. Seller shall provide additional documentation as reasonably requested by Buyer to support the amount of Seller's claim for equitable adjustment to meet Buyer's Prime Contract requirements and applicable EU aerospace certification requirements. Any changes affecting product certification or compliance with EU Regulation 2019/945 must be documented according to EASA requirements. Whether made pursuant to the Changes clause or by mutual agreement, changes shall not be binding upon Buyer until Buyer agrees in writing, as set forth in the Writings Required clause herein, and all necessary regulatory approvals have been obtained.
- d. The issuance of information, advice, approvals, assistance or instructions by Buyer's technical personnel or other representatives must be in writing. If such direction causes changes to Seller's costs or schedule, it shall be subject to the Changes clause and shall serve as the basis for an equitable adjustment if properly documented by Seller. Furthermore, such expressions of personal opinions will not constitute a modification or change to the Order.
- e. Failure to agree to any adjustment will be a dispute within the meaning of the Disputes clause herein.

15. QUALITY CONTROL.

- a. Seller shall have and maintain throughout the period of performance of the Order, a quality management system approved by and acceptable to Buyer that meets industry recognized quality standards, including compliance with ISO 9001:2015, AS9100 for aerospace components, EASA Part 21 requirements where applicable, and all relevant EU product safety and quality regulations, including but not limited to Regulation (EU) 2019/945 on unmanned aircraft systems and complies with the quality clauses or requirements specified in the Order. Seller shall permit Buyer access to its facilities upon reasonable advance written notice of at least ten (10) business days, during normal business hours, and subject to Seller's standard security and confidentiality procedures, to review Seller's quality management system documentation and records. Access by Buyer's authorized customer representatives and regulatory authorities shall be limited to instances required by applicable laws or regulations. Seller shall keep and maintain current and complete records of all Seller reviews, inspections, or other surveillance of its quality management system. Seller shall retain such quality records for a period of five (5) years from the date of creation, unless a longer period is required by applicable law or regulation. Such quality records shall be made available to Buyer within ten (10) business days of receipt of a written request from Buyer.
- b. Seller shall have a continuing obligation to promptly notify Buyer of any known or reasonably suspected violation of or deviation from Seller's approved quality management system, including any deviations from EU quality standards and regulations, and to promptly advise Buyer of the quantity and specific identity of any Work delivered to Buyer that may be affected. Such notification must be made within two (2) business days of discovery, unless shorter notification periods are required by applicable EU aerospace safety reporting requirements or EASA Part 21 provisions. Seller agrees to identify and inform Buyer of processes for selecting, qualifying, and managing its subcontractors or suppliers, managing product and processes, flowing down applicable requirements to its subcontractors or suppliers, and assessing its subcontractors' or suppliers' capabilities for compliance.

16. WRITINGS REQUIRED; APPLICABLE LANGUAGE.

All modifications, notices, and changes to the Order must be in writing to be binding. Changes affecting price or schedule must be signed by Buyer's Authorized Procurement Representative and Seller's authorized representative. English shall be the controlling language for all documents and communications related to the Order. Latvian translations shall be

provided where required by law, but the English version shall prevail. Measurements shall use Buyer's customary units unless otherwise specified in writing.

17. RECORDS.

Seller shall maintain records relating to the performance of the Order, including specifications, production, inspection, test, quality, shipping, export, certifications, receipt records, and inventory records. These records shall be subject to examination at reasonable times by Buyer's authorized representatives. Seller shall maintain such records from the date of the Order until five (5) years after final payment, or longer if required by EU or Latvian law, in compliance with GDPR and applicable Latvian data retention requirements.

18. STOP WORK ORDER.

- a. Buyer's Authorized Procurement Representative may, at any time, by written notice to Seller, issue a Stop Work Order ("SWO") requiring Seller to stop all or part of the Work called for by the Order for a period of one hundred twenty (120) calendar days, subject to applicable labor laws and worker protection requirements. Seller shall immediately comply with the SWO and take all reasonable steps to minimize incurring costs allocable to the Work covered by the SWO during the period of work stoppage. Seller shall continue all Work not directly covered by the SWO.
- b. Within one hundred twenty (120) days after the SWO is delivered to Seller, Buyer shall either:
 - (i) extend the SWO,
 - (ii) withdraw the notice and direct Seller to resume the Work, or
 - (iii) terminate the Work and the Order, or part thereof, pursuant to the appropriate provision of the Order.
- c. Buyer and Seller shall negotiate an equitable adjustment in the price or schedule or both if:
 - (i) the Order is not canceled or terminated;
 - (ii) the suspension results in a change in Seller's cost of performance or ability to meet the Order delivery and/or performance schedule; and
 - (iii) Seller submits a claim for adjustment within thirty (30) days after the end of the period of work stoppage. No equitable adjustment shall be made for any SWO issued due to Seller's material breach of the Order.

19. TERMINATION.

The following clauses set forth Buyer's termination rights under the Order:

- a. Buyer may terminate this Order for cause, by written notice as set forth in subsection (c) below, for any of the following reasons:
 - (i) Seller fails to deliver the Work within the time specified by the Order or any written extension; or
 - (ii) Seller materially fails to comply with any provision of the Order or fails to make progress so as to materially endanger performance of the Order, and does not cure such failure within ten (10) business days after receipt of written notice from Buyer specifying the failure, or if such failure cannot reasonably be cured within ten (10) business days, does not provide a written plan acceptable to Buyer to cure such failure; or
 - (iii) Seller becomes subject to bankruptcy, suspension of business, insolvency, appointment of a receiver for Seller's property or business, or any unauthorized assignment, reorganization, or arrangement by Seller for the benefit of its creditors, as defined under Latvian Insolvency Law and applicable EU regulations.
- b. In the event Buyer terminates the Order in whole or in part pursuant to this Subsection a, Buyer may procure, upon such terms and in such manner as Buyer deems appropriate, Work similar to the Work so terminated, and Seller shall be liable to Buyer for any excess costs for such replacement Work. Buyer may require Seller to transfer title and deliver to Buyer, as directed by Buyer, any
 - (i) completed Work, and

- (ii) any partially completed Work and materials, parts, tools, dies, jigs, fixtures, plans, drawings, information and contract rights (collectively, "Manufacturing Materials") that Seller has specifically produced or acquired for the terminated portion of the Order.
- c. Upon direction from Buyer, Seller shall also protect and preserve property in its possession in which Buyer has an interest, ensuring compliance with EU export control regulations and defense procurement requirements for any technical data or materials related to uncrewed aerial vehicles including during termination proceedings. Buyer shall pay the Order price for completed and accepted Work. In addition, any payment for such Manufacturing Materials accepted by Buyer and for such protection and preservation shall be in an amount agreed upon by Buyer and Seller. Buyer may withhold from any amount due under the Order any sum Buyer determines to be necessary to protect Buyer against loss because of outstanding liens or claims of former lien holders.
- d. Buyer may, by written notice as set forth in Subsection c below, terminate Seller at any time pursuant to this Subsection b if Buyer's Authorized Procurement Representative determines that such termination is in the Buyer's interest. Within ninety (90) calendar days after the effective date of termination under this Subsection b, Seller may submit to Buyer a claim for: (i) the percentage of Work completed and accepted prior to termination at the Order price, (ii) reasonable and documented termination costs, and (iii) reasonable wind-down costs. Seller shall not be paid for any Work performed or costs incurred which reasonably could have been avoided. Further, Seller shall not be paid, and in no event shall Buyer be obligated to pay, lost or anticipated profits, unabsorbed indirect costs, overhead, or any amount in excess of the aggregate Order price. A termination of Seller by Buyer pursuant to this Subsection b shall not limit or affect the right of Buyer to thereafter terminate all or a part of the Order pursuant to Subsection a.
- e. In order to conduct a termination under Subsections (a) and/or (b) of this Termination clause, Buyer's Authorized Procurement Representative must deliver to Seller a written notice of termination specifying whether the termination is being conducted pursuant to Subsection a or b above, the extent of such termination, and the effective date.
- f. In the event of a termination pursuant to this Termination clause, Seller shall immediately discontinue all terminated Work hereunder and shall immediately cause any and all of its suppliers and/or subcontractors to terminate such Work. Seller shall take any necessary action to protect property in Seller's possession in which Buyer has an interest, and direct its subcontractors to do the same.
- g. Seller agrees to continue working on all Work not terminated under this Termination clause. The rights and remedies provided in this Termination clause constitute the parties' exclusive remedies regarding termination of this Order, except as otherwise required by applicable law.

20. AUTOMATIC RENEWAL AND TERMINATION.

- a. The term validity of this Agreement shall be automatically extended for an additional period of one (1) year at the end of the initial term and each renewal term thereafter, unless either Party provides written notice of non-renewal at least ninety (90) days prior to the end of the then-current term. Seller explicitly acknowledges and agrees to this automatic renewal provision by signing this Agreement, and confirms that this clause has been specifically brought to its attention in accordance with Section 6(3) of the Latvian Commercial Law. Either Party may terminate this Agreement by providing the other Party with sixty (60) days' prior written notice.

21. PROPRIETARY INFORMATION.

- a. Buyer and Seller shall each keep Proprietary Information confidential and protect such Proprietary Information from unauthorized use and disclosure, in accordance with GDPR and applicable EU data protection laws, during the term of the Order and for a period of five (5) years thereafter (or longer if required by applicable EU or Latvian law).
- b. Buyer and Seller
 - (i) shall only use the Proprietary Information in the performance and for the purpose of the Order,
 - (ii) shall comply with all proper proprietary markings and restrictive legends applied by a disclosing Party, and

- (iii) shall maintain appropriate processes and systems, including technical and organizational measures required under GDPR and EU defense sector security requirements, to adequately protect a disclosing Party's Proprietary Information provided hereunder.

Buyer may use, disclose, reproduce and make derivative works of Proprietary Information as needed for the Work under this Order, with appropriate restrictive legends. Seller may disclose Buyer's Proprietary Information to subcontractors only as necessary for Order performance, provided each subcontractor agrees in writing to these same confidentiality terms. Seller remains liable for subcontractor breaches and must notify Buyer within five (5) business days of any unauthorized disclosure, taking prompt corrective action.

- c. If either Party is legally required to disclose Proprietary Information under EU or Latvian law, it shall (i) promptly notify the disclosing Party, (ii) seek confidential treatment or protection, (iii) allow the disclosing Party to participate in the proceeding, and (iv) limit disclosure to the minimum required by law. If the receiving Party is nonetheless compelled to disclose any Proprietary Information, the receiving Party may disclose such Proprietary Information solely to the minimal extent necessary to comply with the legal requirement.
- d. Buyer and Seller shall take all reasonable measures to protect each other's Proprietary Information, which measures shall be at least equal to those with which a Party uses to protect its own confidential or proprietary information, and with no less than reasonable care.
- e. Seller agrees to retain in confidence and return to Buyer on completion, termination or cancellation of the Order, all Buyer's Proprietary Information, including designs, drawings, specifications, and technical information of every kind furnished to Seller in connection with the Order, unless specifically directed otherwise in writing by Buyer.
- f. The obligations of this Proprietary Information clause shall not apply to any Proprietary Information that a receiving Party can demonstrate, subject to compliance with GDPR and EU export control regulations where applicable,
 - (i) was in the receiving Party's rightful possession free of any obligation of confidence prior to its first receipt from disclosing Party,
 - (ii) is publicly known through no fault of the receiving Party (except that information will not be deemed to be publicly known simply because a portion thereof is embodied in a general disclosure or because individual features, components or combinations thereof are known to the public),
 - (iii) is obtained from a third person who had a right to disclose it, or
 - (iv) was independently developed without access to any Proprietary Information of the disclosing Party.
- g. The Parties' obligations associated with this clause shall survive any expiration or termination of the Order, provided that the receiving Party shall have no further right to use or disclose any Proprietary Information of the disclosing Party.

22. INTELLECTUAL PROPERTY.

- a. Except as otherwise specifically agreed to in the Order or these Terms and Conditions, if the Order is for, or includes, experimental, development, or research work, all IP conceived, originated, created or first reduced to practice by Seller prior to the period of performance of the Order will remain the property of the Seller ("Seller's Background IP"). All IP conceived, originated, created or first reduced to practice by or for Buyer prior to the date of the Order will remain the property of the Buyer ("Buyer Background IP"). Seller hereby grants to Buyer an irrevocable, nonexclusive, transferable, perpetual, paid-up, royalty-free, worldwide license
 - (i) to use, reproduce, distribute, modify, and prepare derivative works of Seller's Background IP and
 - (ii) to use, make, have made, offer for sale, sell, distribute and import products and services that incorporate or embody such Background IP solely as necessary for Buyer to exploit its rights in the Work and Foreground IP.Seller grants to Buyer such license rights in the event Buyer cancels all or part of the Order for Seller's default in accordance with the Termination clause of these Terms and Conditions.
- b. Seller shall indemnify, defend and hold harmless Buyer, Buyer's officers, affiliates, agents, employees, and customers against all claims, damages, losses, and expenses (including reasonable attorney's fees) arising from any alleged or

actual infringement of third-party intellectual property rights arising out of or resulting from the manufacture, use, or sale of any Work furnished or delivered to Buyer under the Order. If an injunction is obtained against Buyer's use of the Work or a portion thereof as a result of infringement or misappropriation of the IP of any third party, Seller shall either

- (i) procure for Buyer and its customer the right to continue using the Work or
- (ii) replace or modify the Work so it becomes non-infringing.

This indemnity and hold harmless provision shall not be considered an allowable cost under any provisions of the Order except with regard to allowable insurance costs.

- c. Seller shall ensure that all personnel and contract laborers execute appropriate agreements assigning intellectual property rights to Buyer and complying with applicable data protection requirements. Such agreements shall confirm that all Work performed for the benefit of Buyer without creating an employment relationship.
- d. All works of authorship (including, but not limited to, documents, data, drawings, software, software documentation, photographs, video tapes, sound recordings, and images) created by, for, or with Seller in the course of any Work performed under the Order, together with all copyrights subsisting therein, shall be the sole property of Buyer. To the extent permitted under Latvian and EU copyright law, all such Work will be considered works for hire or commissioned works (as applicable under relevant law), with the copyrights therein vesting in Buyer. The copyrights in all other such Work, including all of the exclusive rights therein, will be promptly transferred and formally assigned free of any additional charges to Buyer.

23. ADVERTISING, USE OF NAME.

Seller shall not, without first obtaining the written consent of Buyer and ensuring compliance with EU export control regulations and defense industry confidentiality requirements, in any manner advertise or publish the fact that Seller has furnished or contracted to furnish Buyer the Work provided for in the Order. Seller shall require that its subcontractors at any tier adhere to this same policy, and shall be responsible for any breach of such obligation by any of its subcontractors. Seller agrees that it shall not use the Buyer's name or logo, nor any adaptation or variation thereof, in any manner whatsoever (including, but not limited to, websites, press releases, reference lists, or similar public announcements concerning the Order or projects contemplated by the Order), without the Buyer's prior written consent in each instance.

24. INSURANCE AND PRECAUTIONS.

- a. **Insurance:** Seller shall maintain insurance during the term of the Order that complies with applicable Latvian and European Union requirements, including EASA regulations for aerospace components. Insurance shall be with EU-authorized insurers and include:
 - (i) Automobile liability insurance coverage for all owned, non-owned and hired vehicles protecting the Seller from automobile bodily injury and property damage liability with limits of at least €1,000,000 per occurrence, in accordance with Latvian Motor Third Party Liability Insurance Law and EU Directive 2009/103/EC.
 - (ii) Commercial general liability insurance which includes broad form contractual, property damage, products/completed operations, personal injury, premises-operations, independent contractors, and subcontractors. Coverage will be on a per occurrence basis with limits of liability no lower than €1,000,000 per occurrence and €1,000,000 general aggregate.
 - (iii) Such insurance of employees as required under Latvian Labor Law and EU regulations, including employer's liability coverage for injury, disease and death, with coverage limits of not less than €1,000,000 per accident and employee, and compliance with all mandatory social insurance requirements under Latvian law.
- b. Buyer shall be named as additional insured on the commercial general liability policy upon request.
- c. **Certificates of Insurance:** Upon request, Seller shall provide certificates of insurance showing coverage amounts, policy numbers and expiration dates. Seller shall ensure policies include 30 days advance written notice to Buyer of any cancellation. Providing certificates does not limit Seller's obligations under the Order.

- d. Self-Assumption: Seller and its subcontractors shall be responsible for any self-insured retentions, deductibles and exclusions in their insurance coverage. Insurance limits do not cap the liability of Seller or its subcontractors under this Order.
- e. Protection of Property: If Seller's work under the Order involves operations by Seller on Buyer's or its customer's premises, Seller agrees to comply with all the rules and regulations established by Buyer for access to and activities in and around premises controlled by Buyer or Buyer's customer, and take all proper precautions in its operations against the occurrence of injury to any person or damage to property, and to be responsible for and to hold Buyer harmless from all fines, penalties, or loss incurred by reason of failure to comply with this Insurance and Precautions clause.

25. INDEMNIFICATION.

- a. Seller shall indemnify, defend, and hold harmless Buyer and its affiliates, employees, and customers against all claims, losses, damages, and liabilities, including reasonable attorneys' fees and costs for:
 - (i) any breach of representations, certifications, and warranty of Seller hereunder, and
 - (ii) damages (including both direct and indirect damages under Latvian Civil Law) incurred by Buyer or any third party for property damage, personal injury or death arising from any act or omission of Seller or its personnel in the performance of the Order.
- b. Buyer shall promptly notify Seller in writing of any claim and provide reasonable information and assistance, at Seller's expense, for the defense thereof.

26. TAXES.

- a. Buyer shall bear all applicable value added tax ("VAT"), sales, use, or similar taxes imposed on the transaction unless Buyer provides a valid tax exemption certificate. For intra-EU transactions, the reverse charge mechanism shall apply where applicable. Seller shall provide VAT invoices compliant with EU VAT Directive 2006/112/EC and Latvian VAT Law, including valid VAT identification numbers for both parties as required for intra-EU transactions.
- b. Seller shall notify Buyer within five (5) Latvian Business Days of any proposed additional tax assessments resulting from governmental audits or reviews. Buyer shall have the right to review such assessments before making any additional tax payments, subject to mandatory EU and Latvian tax provisions.
- c. Seller shall cooperate with Buyer to secure refunds of any taxes paid by Buyer that are subsequently determined to be inapplicable to this Order.

27. FORCE MAJEURE.

- a. Neither Party shall be liable for any failure or delay in performing its obligations hereunder due to causes beyond its reasonable control, provided that the affected Party: (i) has taken reasonable precautions to prevent or minimize the impact, (ii) maintains documentation as required by Latvian law, and (iii) notifies the other Party within 48 hours of becoming aware of the force majeure event. Such causes include, but are not limited to:
 - (i) acts of God, war, riot, embargoes, acts of civil or military authorities, fire, flood, epidemics, terrorism, quarantine restrictions, EU or national trade restrictions, cybersecurity incidents affecting critical systems, or unusually severe weather; or
 - (ii) similar unforeseeable causes beyond the reasonable control of either Party or their subcontractors.
- b. The affected Party must use reasonable efforts to avoid or minimize any delay or failure to perform, including implementing work-around plans or obtaining alternative compliant sources. All mitigation efforts must be documented as required by Latvian law.

28. COMPLIANCE WITH LAWS.

Seller shall comply with all applicable laws, regulations, and industry standards in effect on the date of the Order, including but not limited to EU regulations (such as GDPR and Export Control Regulations), Latvian laws, and aerospace

and defense industry regulations. Seller represents and warrants that neither Seller nor any of its principals, consultants, subcontractors, shareholders, directors, officers, employees or agents has performed or will perform any act, which would constitute a violation of the requirements set forth in this “Compliance with Laws” clause. If at any time Seller becomes aware of any actual or potential non-compliance, Seller shall notify Buyer in writing within three (3) Business Days of becoming aware of such circumstances.

29. EXPORT CONTROLS.

- a. Information exchanged under this Order may be subject to export controls under applicable EU, Latvian, and U.S. laws and regulations, including but not limited to the EU Dual Use Regulation, Latvian Strategic Goods Export Control Law, International Traffic in Arms Regulations (ITAR), and Export Administration Regulations (EAR), and their successor and supplemental laws and regulations (collectively, “Export Regulations”). In case of conflict between EU/Latvian and U.S. export control requirements, EU/Latvian requirements shall take precedence to the extent permitted by law. Any transfer of controlled Technical Data or Defense Services may require appropriate export licenses or other authorizations.
- b. Seller shall comply with all applicable export control regulations, including but not limited to EU Dual-Use Regulation, Latvian Strategic Goods Export Control Law, the EU Common Military List requirements, and where applicable, the Export Regulations of the United States Government and the government of any country in which the Buyer or Seller conduct business pursuant to the Order. In the event that any required approvals, clearances, and/or export or import authorizations cannot be obtained or maintained (or there is an extraordinary, significant delay in obtaining them), Seller shall immediately notify Buyer’s Authorized Procurement Representative.
- c. Seller shall indemnify and save harmless Buyer from and against any and all damages, liabilities, penalties, fines, costs, and expenses, including attorney fees, arising out of claims, suits, allegations or charges of Seller’s failure to comply with all applicable Export Regulations. Any failure of Seller to comply with the provisions of this Export Controls clause shall be a material breach of the Order. Seller acknowledges that it will be responsible for ensuring that all U.S. Government export control requirements will be conveyed to all sub-tier suppliers or subcontractors that will be provided or may have access to such data or services provided under the Order.

30. COMMUNICATIONS.

Except as required by EU law, Latvian law or other applicable mandatory regulations, Buyer shall be solely responsible for all liaison and coordination with Buyer’s customer. Where communication is required by law, including mandatory reporting under EU export control regulations or GDPR requirements, Seller shall promptly notify Buyer and coordinate such communication. In all other cases, Seller shall not communicate with Buyer’s customer without Buyer’s prior written consent.

31. ASSIGNMENT AND OPERATIONAL CHANGES

- a. Seller shall not assign or transfer this Order or any payments hereunder without Buyer’s prior written consent, which shall not be unreasonably withheld. Any assignment must comply with applicable Export Regulations and EU and Latvian regulatory requirements. Upon consent, Seller shall provide Buyer with all supporting documentation evidencing such compliance.
- b. Buyer retains all rights of set-off and recoupment against any assignee for claims against Seller.
- c. Seller must notify Buyer in writing of any: (i) name changes, mergers or acquisitions affecting this Order, particularly those impacting export control authorizations under EU Regulation 2021/821; and (ii) proposed changes to manufacturing location or service performance location. Any location change requires 90 Latvian Business Days advance written notice and Buyer’s prior written consent. All changes must comply with EU and Latvian export control requirements.

32. DISPUTES.

- a. All disputes between Buyer and Seller under the Order shall first be submitted in writing to the respective project managers of both Parties. If the dispute remains unresolved after fifteen (15) Latvian Business Days, it shall be

escalated to the executive management (CEO, Managing Director, or equivalent) of both Parties, who shall have twenty (20) Latvian Business Days to attempt to resolve the dispute. If the Parties are unable to resolve the dispute through management escalation within these timeframes (or such later date as mutually agreed in writing), either Party may proceed with the legal remedies outlined below.

- b. Following completion of the management escalation process described above, either Party may submit the dispute to a court of competent jurisdiction. **Any disputes shall be resolved in accordance with Latvian Civil Procedure Law and applicable EU regulations, with exclusive jurisdiction in the courts of Riga, Latvia.** Notwithstanding the above, either Party may seek injunctive relief (pagaidu aizsardzības līdzekļi) or other interim measures available under Latvian Civil Procedure Law, at any time, in any court of competent jurisdiction.
- c. Pending final resolution of any dispute, Seller shall proceed with performance under the Order unless (i) otherwise instructed by Buyer, (ii) such performance would violate mandatory EU or Latvian laws, or (iii) Buyer has failed to make any undisputed payments when due under the Order, particularly regarding product safety or export controls for uncrewed aerial vehicle components. The rights and obligations of this clause shall survive completion of, termination of, and final payment under the Order.

33. APPLICABLE LAWS.

This Order shall be governed by the laws of Latvia and applicable European Union regulations. Any disputes arising from or relating to this Order may be brought in the courts of Latvia or any other court of competent jurisdiction. The 1980 U.N. Convention on Contracts for the International Sale of Goods shall not apply, except where such exclusion would conflict with mandatory provisions of Latvian or EU law applicable to UAV components, including EU Regulation 2021/821 on dual-use items and the EU Common Military List.

34. NON-WAIVER.

The failure of either Party to insist, in one or more instances upon performance or to exercise any rights will not waive or relinquish to any extent such Party's right to assert or rely upon any such terms or rights on any future occasion.

35. ENTIRE AGREEMENT.

This Order, including all Terms and Conditions, specifications, and documents incorporated by reference (collectively, the "Agreement"), constitutes the complete and exclusive agreement between Buyer and Seller. The Agreement is subject to mandatory provisions of EU and Latvian law, including GDPR, defense procurement, dual-use items regulations, and UAV component regulations. This Agreement supersedes all prior communications and agreements between the Parties relating to its subject matter. No prior dealings or trade usage shall supplement or explain any term of this Agreement. Any modification to this Agreement must be in writing and signed by Buyer's Authorized Procurement Representative. If any provision of this Agreement is held invalid or unenforceable, the remaining provisions shall continue in full force and effect, and the Parties shall negotiate in good faith to replace the invalid provision with one of similar economic effect.

36. SURVIVABILITY.

Seller's obligations that, by their very nature, must survive expiration, termination, or completion of the Order, shall survive expiration, termination, or completion of the Order, including, but not limited to, obligations under the following: Applicable Laws, Diminishing Manufacturing Sources, Disputes, Export Controls, Indemnification, IP, Proprietary Information, Records, Warranty, Data Protection, GDPR and compliance with EU Defense and Dual-Use Items Regulations.