

GENERAL TERMS AND CONDITIONS OF SALES

These General Terms and Conditions of Sales (hereinafter “**GTCs**”) are applicable to all offerings of and contracts to supply products and services offered by **Direct Machining Control, UAB**, a private limited liability company registered with the Commercial Register of the Republic of Lithuania under the legal person’s code 303407506 and having its registered office at Mokslininku Str. 6B, Vilnius, Lithuania (hereinafter referred to as “**DMC**”).

Client’s general and other terms and conditions that may conflict with these GTCs, or specific terms and conditions of a DMC offering, are only valid if and to the extent that DMC expressly acknowledges them in writing. Acceptance of delivery from DMC or passivity with respect to the following terms and conditions shall be construed as acceptance on the part of the Client.

These GTCs shall constitute an annex to the contract between DMC and the Client. Only additional terms to and deviations from the GTCs shall be specified in the contract. In case GTCs contain any provisions that conflict with the contract, the contract shall have precedence over the GTCs.

1. DEFINITIONS

- 1.1. For the purpose of these GTCs, definitions used in the contract shall have the same meanings herein.
- 1.2. Where the expression “in writing” is used in the contract or GTCs, it shall mean a document signed by the parties or/and a letter, email or other notice form agreed upon by the parties.
- 1.3. Where the expression “business days” is used in the Agreement or GTCs, it shall mean Monday to Friday, except for weekends and public holidays in Lithuania.

2. ORDERS

- 2.1. All offers of DMC are nonbinding. A contract (order) with the Client is created only upon issuance by DMC of written order confirmation. DMC must confirm or reject the order within 5 working days after receipt of the order.
- 2.2. Unless otherwise agreed in writing, all offerings, related samples, documentation (e.g. illustrations, drawings and weight data), price lists and other commercial documentation from DMC are subject to change and nonbinding and do not constitute declarations of product quality with respect to the eventual conclusion of a contract.
- 2.3. The Client undertakes to inform DMC immediately with or upon the placement of the order by sending an email to DMC (info@directmachining.com) in case the Client is planning or is aware or in any other way has reasonable ground to believe that the products or services purchased by the Client are or may be used for the following purposes:
 - (i) in connection with the development, production, handling, operation, maintenance, storage, detection, identification or dissemination of chemical, biological or nuclear weapons or other nuclear explosive devices or the development, production, maintenance or storage of missiles capable of delivering such weapons;
 - (ii) for a military end-use if the purchasing country or country of destination is subject to an arms embargo (for the purposes of this point, ‘military end-use’ means: incorporation into military items listed in the military list of member states of the European Union; use of production, test or analytical equipment and components therefor, for the development, production or maintenance of military items listed in the military list of member states of European Union; or use of any unfinished products in a plant for the production of military items listed in the military list of member states of European Union);



- (iii) as parts or components of military items listed in the national military list that will be exported from the territory of member states of the European Union without authorization or in violation of an authorization prescribed by the national legislation of that member states of the European Union (or otherwise as specified in consolidated and in force version of the Part 1 Article 4 of the Regulation (EU) 2021/821 of the European Parliament and of the Council of 20 May 2021 setting up a Union regime for the control of exports, brokering, technical assistance, transit and transfer of dual-use items).

Otherwise, it is considered that the Client certifies that the products/services will not be in any way used for the above-mentioned purposes. The Client agrees that upon receipt of such notification, DMC has the right at its own discretion to decide on the continuity of the order, i.e., to proceed with the order or to postpone delivery or cancel the order, and it will not be considered as a breach of the contract.

- 2.4. The Client also agrees to provide to DMC (upon its separate request) any additional information related to the circumstances of the End-Use of the products/services:

- (i) which is necessary for the risk assessment of compliance of the executed order with the requirements of Regulation (EU) 2021/821 and
- (ii) which is specified in Annex 2 of the Commission Recommendation (EU) 2019/1318 of 30 July 2019 on internal compliance programmes for dual-use trade controls and Annex 3 of the Commission Recommendation (EU) 2021/1700 of 15 September 2021 on internal compliance programmes for controls of research involving dual-use items.

The Client acknowledges that it is aware that not providing such information or providing incomplete information, as well as providing information about the order that meets the risk criteria set out in Annex 2 of the Commission Recommendation (EU) 2019/1318 as well as in Annex 3 of the Commission Recommendation (EU) 2021/1700, may also invoke postponement of the delivery or cancelling the order executed by the Client, and such situation will not be considered as a breach of the contract as well.

3. DELIVERY OF PRODUCTS

- 3.1. Delivery dates indicated by DMC are considered to be the best estimates, but are not binding upon DMC. DMC shall have no liability to the Client for any delayed delivery of the products where this is caused without the DMC's fault.
- 3.2. The Client undertakes to collect the products on the agreed delivery date or when DMC notifies the Client that the products are ready for dispatch (if no specific delivery date has been agreed).

4. OBLIGATIONS OF THE CLIENT

- 4.1. Active and timely involvement of the Client is considered essential in order for DMC to conduct services/supply products successfully and on time. The Client is obliged to inform DMC about all matters of importance, respond to DMC's inquiries without delay, contribute to the planning of works and allocate its own resources to the required extent in order for services/products to be provided as agreed.
- 4.2. The Client shall be responsible for the Client's IT installations and infrastructure required to perform services.
- 4.3. The Client is responsible for providing correct project prerequisites and data migration tools. DMC will not guarantee the quality of the upgraded solution and/or shall not bear any responsibility for the result of services if provided prerequisites cannot be used and/or are incorrect.



- 4.4. To the extent that DMC deems such action necessary to perform the services, the Client shall, at its own expense, grant DMC access to the Client's IT systems, and provide DMC with the appropriate workstations, and other tools as directed by DMC.

5. PRICES FOR PRODUCTS AND FEES FOR SERVICES

- 5.1. All prices are in the currency indicated in the respective pricelist excluding VAT (or other sales tax) and local taxes, travel, daily allowance, accommodation, and other costs, unless otherwise specified in the contract. If invoicing is done in other currencies the exchange rate on the invoicing date will apply.
- 5.2. The Client undertakes to provide DMC with accurate design characteristics and quantity of the products/services ordered. DMC shall maintain the right to modify the prices and estimated delivery date according to the above-mentioned information provided by the Client.

6. INVOICING AND PAYMENT

- 6.1. Client shall pay all payments according to the payment plan stated in the contract and additional fees (if any) within 30 days from the date of issue of an invoice.
- 6.2. Adherence to contractually agreed delivery dates is dependent on the Client's fulfilment of contractually agreed cooperative or preliminary requirements as well as other contractual duties. If the Client defaults on its contractually agreed cooperative or preliminary requirements and other contractual duties, particularly payment obligations from preceding contractual relationships, DMC may exercise its right to affect a lien, demand immediate payment of all debt of the entire Client's relationship and/or demand appropriate collateral. In the event of substantial degradation of the Client's financial position, DMC may impose prepayment or appropriate collateral requirements as a precondition to supplying future products and services.
- 6.3. If the Client is late with paying any of the payments and does not correct such breach within 3 business days after the written notification from DMC has been sent to the Client, DMC will be entitled to suspend services provided / products delivered by DMC to the Client until the outstanding amount is paid.
- 6.4. In case DMC suspends the delivery of services or delivery of products due to circumstances attributable to the Client, DMC may change delivery dates in accordance with the availability of the DMC's specialists (consultants, developers, project managers, and other specialists) / availability of respective products.
- 6.5. Client's failure to pay for the products/services will constitute a material breach of the contract.
- 6.6. Set-off of claims or withholding by the Client is only permissible in the case of undisputed or legally adjudicated counterclaims.

7. CHANGE OF SCOPE

- 7.1. In case during the provision of services new information emerges, that includes, without limitation, additional prerequisites, DMC may suggest the Client increase or change the scope of services, which to the best of DMC's belief is necessary for the successful services delivery. DMC will offer reasonable terms and prices for delivering such extra services and shall receive the Client's consent before the commencement of such extra services.
- 7.2. In the event the Client rejects extra services that are necessary for the successful delivery of services or does not agree with the terms offered by DMC, DMC shall be entitled to terminate the contract with immediate effect and in such case, the Client shall within 30 days after the termination of the contract reimburse DMC for any services completed till such termination date.



- 7.3. The Client may address DMC in writing during the contract validity term asking to deliver any extra/out-of-scope services. If DMC desires to deliver such extra services, DMC shall submit to the Client the offer indicating the following:
- (i) scope of services;
 - (ii) delivery date and execution schedule;
 - (iii) price; and
 - (iv) validity of the offer.
- Furthermore, DMC may request any additional information from the Client. DMC will receive the Client's consent before the commencement of such extra services.
- 7.4. Characteristics of the products supplied by DMC may be modified by DMC without notice to the Client if it is necessitated by technical developments in the industry, or where such modifications are made by the Client's suppliers.
- 7.5. DMC will provide to the Client, at no additional cost, all modifications and new versions of the provided software that are generally made available to customers (but excluding modifications released by DMC only for a specific customer, other than the Client) at the time released by DMC free of charge for 24 months after delivery of products/services.
- 7.6. Any modification and new versions of provided software after the end of the period indicated in Section 7.5 above for another 24 months period shall be charged with an additional fee.
- 7.7. Any support queries from the Client have to be sent to the following email address: support@directmachining.com

8. TRANSFER OF RISK

- 8.1. At the latest, the risk is transferred to the Client upon dispatch of the products by DMC. This also includes partial deliveries, the undertaking of additional services (e.g., consignment, delivery or assembly) as well as the case of supplementary fulfilment by DMC – regardless of whether the consignment is performed by DMC itself or outsourced to or actuated via third parties.
- 8.2. If dispatch is delayed due to circumstances over which DMC has no control, or at the request of the customer, transfer of risk occurs on the day of indicated ability to ship.
- 8.3. The risk of accidental damage or loss to the deliverables of the services shall pass to the Client upon acceptance of the services or at the end of the warranty term, whichever happens earlier.

9. WARRANTY

- 9.1. DMC warrants that, for a period of 2 years after delivery of products, all products shall be free from defects in design, workmanship, material and manufacture.
- 9.2. DMC shall be also responsible for ensuring that services are performed with the necessary care and competence, live up to good professional standards in the area and comply with the description in the contract.
- 9.3. The object of the contract is exclusively the DMC's product with the properties and characteristics and intended uses as per individual contractual agreements and the supplied product description accompanying the individual contract with the Client. Other or supplementary properties and/or characteristics and/or supplementary intended uses are considered agreed upon only if expressly confirmed in writing by DMC.
- 9.4. For products manufactured in accordance with the Client's drawings, samples and other directives, DMC assumes no warranty obligations or liability with respect to the product's functionality or other deficiencies, insofar as they are related to the Client's directives.



- 9.5. The Client releases DMC of all third-party claims related to damages caused by the product, insofar as they are related to the Client's drawings, samples and other directives. This also applies to claims arising from product liability.
- 9.6. The Client assumes from DMC the risk that products manufactured and delivered in accordance with the Client's directives may infringe upon third-party intellectual property rights. In the event of enforcement of a third-party intellectual property claim, DMC is entitled, after the Client's hearing, to withdraw from the contract. The Client is obligated to compensate DMC for damages and costs resulting from the enforcement of such third-party intellectual property claims. In the event of withdrawal, DMC is to be compensated for its hitherto furnished product services.
- 9.7. Within the scope of contracts concluded between DMC and clients in which contractual products are expressly characterized as experimental or developmental, DMC shall provide no warranty of any kind.
- 9.8. Unless foreseen otherwise in the contract, services, ordered by the clients that have signed a Support Agreement with DMC, shall be subject to priority, with DMC's commitment to respond within 24 hours during business days in Lithuania.
- 9.9. During the warranty term DMC undertakes to eliminate defects which emerged after the delivery of services or were not known at the time of delivery at its own cost, except as stated in Section 9.10 below.
- 9.10. The warranty, however, shall not apply with respect to defects caused by any of the following:
- (i) the Client's operated hardware and software is incompatible with the software and DMC was not and could not be aware of such incompatibility;
 - (ii) precise execution of the Client's claims after the Client has been notified of the possible emergence of defects;
 - (iii) when such defects emerge due to the circumstances attributable to the Client or its employees, or the actions of any third parties, or Force Majeure circumstances;
 - (iv) other factors beyond the control of DMC whereof DMC was not or could not be aware of and the Client failed to inform.
- 9.11. Warranty for services shall not include DMC's efforts to detect, evaluate, reproduce the defects defined in Section 9.10 as well as to provide an offer to fix such defects to the Client, therefore, the additional fee for the abovementioned work shall be applied. Correction of defects defined in Section 9.10 shall constitute extra services, which are not included in the above-mentioned fee. If the Client wishes to accept the offer to fix such defects for an additional fee, the parties will conclude such an agreement in writing.

10. EXAMINATION AND COMPLAINTS

- 10.1. The warranty does not apply to products if conspicuous defects are not promptly (or in the case of discernible defects no later than 1 month after delivery) claimed in writing and accompanied by the invoice number and a test or defect report.
- 10.2. The Client shall be obliged to examine, evaluate and test the supplied deliverables of services upon completion and delivery of services, projects or subprojects. Defects, which are detected during such examination, evaluation or test and that are subject to warranty, shall be reported to DMC without delay.
- 10.3. If the Client has not raised any justified complaint within 2 months after services delivery to the Client, the delivery shall be deemed accepted and approved by the Client.
- 10.4. If services provided by DMC are considered inadequate and the Client could not have reasonably expected to have discovered such inadequacy during the examination, evaluation or test, the



Client may hold DMC liable. Justified complaints shall be made immediately upon discovery of the defect, however, within the applicable warranty term.

- 10.5. In the event of any defects in the services provided, DMC may choose to either replace, or supplement the provided services, or agree on a proportionate price reduction with the Client. The Client shall have no other remedy against DMC.

11. INTELLECTUAL PROPERTY RIGHTS

- 11.1. Title to any software provided by DMC and its documentation (materials containing the functional, technical and other specifications of the software and instructions or guidelines for use of the software) shall remain and vest solely with DMC.
- 11.2. DMC grants the Client a non-exclusive and perpetual license to use the deliverables of services (hereinafter **“Deliverables”**) and those parts of the Deliverables, which specifically have been designed and developed by DMC, subject to the condition that the Client shall first have paid the total price for services to DMC and subject to additional provisions of the End-User Licence Agreement (EULA) which is an inseparable part of the contract between DMC and the Client.
- 11.3. DMC grants the Client a non-exclusive and perpetual right to sublicense the Deliverables and those parts of the Deliverables, which specifically have been designed and developed by DMC, to Client’s customers, subject to the condition that the Client shall first have paid the total price for services to DMC and only if the Client ensures that such customers accept and agree to be bound by the terms of DMC’s End-User Licence Agreement (EULA).
- 11.4. DMC shall have the right to use and utilize the general knowledge and know-how (except Client’s pre-existing intellectual property and Client’s intellectual property developed outside of the Agreement), that DMC has obtained and gained from performing services.
- 11.5. Each party will own and retain all rights to its pre-existing intellectual property and any intellectual property developed outside of the services provided under the contract.

12. DUTY OF CONFIDENTIALITY

- 12.1. All information disclosed by the Party providing the Confidential Information (**“Discloser”**) to or acquired by the Party receiving the Confidential Information (**“Recipient”**), whether disclosed or acquired prior or subsequent to the execution of this Agreement, and whether oral or written, or received through electronic transmission, observation, meetings or otherwise, with respect to or pertaining to this Agreement or to the business and affairs of the Discloser (hereinafter **“Confidential Information”**) shall be considered proprietary in nature and the Recipient shall hold it in strict confidence at all times. Confidential Information includes, but is not limited to, trade secrets, processes, specifications, designs, programs, product development, software packages and related documentation, technical know-how, concepts, ideas, methods and procedures of operation, business and marketing plans, proposals, financial information, pricelists, reports and communications, customer lists, employee lists, data, as well as the nature and results of the party’s research and development activities, and all other materials or information related to the business or activities of the party which are not generally known to a third party engaged in similar businesses or activities.
- 12.2. Confidentiality obligations shall survive the termination or expiration of this Agreement for a period of five (5) years.
- 12.3. The Receiving Party shall not be liable for disclosure or use of Confidential Information if:
- 12.3.1. It is or becomes publicly available without breach of this Agreement;
- 12.3.2. It is independently developed by the Receiving Party without reference to the Discloser’s Confidential Information;



12.3.3. It is disclosed under a legal obligation, provided the Receiving Party notifies the Discloser promptly.

12.4. In the event of a breach of confidentiality, the Disclosing Party shall be entitled to seek:

12.4.1. Injunctive relief to prevent further unauthorized use or disclosure.

12.4.2. Monetary damages to recover losses caused by the breach.

13. TERM, TERMINATION AND SURVIVAL

13.1. Unless otherwise agreed in the Agreement, the parties may terminate the contract with 30 days' notice.

13.2. Upon termination of the Agreement for any reason, already performed services and delivered deliverables or products will be invoiced to and paid by the Client.

13.3. In addition to the applicable termination provisions, the parties shall have the right to terminate the contract with immediate effect in case either party materially breaches the contract and defaulting party fails to cure such material breach within 5 days after receiving written notice from the non-defaulting party.

13.4. In case of early termination, all due payments under the contract shall be paid within 30 days after the termination of the contract.

13.5. Any provision of these GTCs which by its nature, would survive termination of the contract including but not limited to Sections 9, 11-20 hereof shall survive and continue in effect.

14. LIABILITY

14.1. DMC shall only be liable for losses caused by DMC's gross negligence.

14.2. DMC shall not be liable for damages caused by or in connection with third-party products (e.g., defects).

14.3. DMC's liability shall be limited to direct losses of the Client. Indirect losses, including, without limitation, consequential losses, loss of profit, loss of data, or expenses for third-party corrective actions and punitive damages shall not be subject to any compensation.

14.4. DMC's entire liability arising out of or in connection with the contract shall not exceed the total amounts paid by the Client under the contract for respective services/products.

15. INDEMNIFICATION

15.1. The Client warrants that it has rights to provide information, data, tools, code, and any other materials (hereinafter "**Information**") required for DMC to provide the services and/or for the Client to order and use the services. The Client warrants that such Information shall not infringe any confidentiality obligations, trade secrets, copyrights, trademarks or any other third-party rights.

15.2. The Client shall defend, indemnify and hold DMC harmless from and against any and all claims, costs, charges and expenses (including legal costs) which arise directly or indirectly out of or relate to the Client's breach or alleged breach of third-party rights, even after the termination of the contract.

16. FORCE MAJEURE

16.1. If either party is prevented from performing its obligations under the contract as a result of circumstances beyond its control, including, but not limited to, war, riots, labour conflicts, fire, natural disasters, pandemics, export controls, embargoes, failure of telecommunications, power failure, as well as faults or delays in services provided by subcontractors due to abovementioned circumstances, such circumstances shall constitute force majeure and result in postponement



of the agreed time for performance of services and release either party from damages and any other sanctions.

- 16.2. In the event of force majeure, the affected party shall inform the other party of its occurrence without undue delay, and the parties will renegotiate the performance of services and delivery dates. If the force majeure event continues for more than 30 days, the parties shall be entitled to terminate the contract in writing without incurring any liability.

17. INDEPENDENT CONTRACTOR

- 17.1. The performance by DMC of its duties and obligations under the contract shall be that of an independent contractor and nothing contained in these GTCs or contract shall create or imply an agency relationship between DMC and the Client, nor shall these GTCs or contract be deemed to constitute a joint venture or partnership between DMC and the Client. Neither party has any authority to make commitments or enter into contracts on behalf of, bind, or otherwise oblige the other party. DMC will determine, in its sole discretion, the manner and means by which the work under the contract is accomplished, subject to the express condition that DMC will at all times comply with applicable laws.

18. VALIDITY

- 18.1. Whenever possible, each provision of the contract and GTCs shall be interpreted in such a manner as to be effective and valid under applicable law, but if any provision of the contract shall be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity and shall not invalidate the remainder of such provision or the remaining provisions of the contract that shall continue in full force and effect.

19. MODIFICATIONS

- 19.1. Modifications or supplements to these GTCs and to confirmed orders must be made in writing. The requirement of the written form can only be rescinded upon written agreement between the parties.

20. CHOICE OF LAW AND DISPUTE RESOLUTION

- 20.1. These GTCs and the contract shall be governed by the laws of the Republic of Lithuania, excluding its conflict of laws provisions.
- 20.2. The parties shall endeavour to solve all disputes or disagreements through negotiations between the managing directors of the parties. If the dispute or disagreement cannot be resolved through negotiations, the dispute or disagreement shall be referred to the court.
- 20.3. All disputes arising from the contractual relationship are to be finally settled at the court being competent for the registered place of business of DMC and shall be resolved according to the laws of the Republic of Lithuania.

