

**CONTRACT No.02/17/195
for the ANOF System extension**

The present Contract is signed by and between

Latvijas gaisa satiksme, State Joint-Stock Company, VAT registration number 40003038621, with the place of business in Muzeju iela 3, Lidosta "Rīga", Mārupes novads, Latvia, LV-1053, hereinafter referred to as "**Customer**", represented by the Chairman of the Board Dāvids Tauriņš and Member of the Board Elmārs Švēde, on one side, and **FREQUENTIS California Inc.**, Federal Tax ID No. 27-1966478, having its registered address at 2511 Garden Road, Monterey, California, USA, represented by its CEO Mr. John Fort, hereinafter referred to as Supplier, from another side,

the Customer and the Supplier hereinafter individually referred to as "**the Party**" and collectively referred to as "**the Parties**",

Whereas the Customer desires to modernize the AFTN/NOTAM/OPMET/FPMS system (hereinafter – ANOF System) operated by the Customer since 2005 in support of services such as AFTN/AMHS messages switch, NOTAM Data Processing System, OPMET Data Processing System and Flight Plan Management System, and whereas the Supplier has a long and distinguished history in the supply of such systems,

NOW THEREFORE the Parties have entered into the following Contract (hereinafter "Contract"), agree as follows:

1. SCOPE OF THE CONTRACT

- 1.1. Within the provisions and time schedule set out in the present Contract and its Annexes, which are integral part of this Contract, the Supplier shall:
- 1.1.1. Perform requirement analysis in cooperation with LGS;
 - 1.1.2. Perform functionality and design concept prototyping in cooperation with LGS;
 - 1.1.3. Develop and deliver ANOF Application software;
 - 1.1.4. Perform installation of System and Application software;
 - 1.1.5. Perform System adaptation into existing ANOF system;
 - 1.1.6. Perform System integration with other LGS systems (if necessary);
 - 1.1.7. Deliver documentation;
 - 1.1.8. Supply software licenses
 - 1.1.9. Provide factory training;
 - 1.1.10. Perform Factory Acceptance Testing (FAT);
 - 1.1.11. Perform Site Acceptance Testing (SAT);
 - 1.1.12. Perform Integration Testing;
 - 1.1.13. Perform Final Acceptance;
 - 1.1.14. Provide the set of the documents required for Certification (DSU, source data for Safety Case etc.) at Latvian Civil Aviation Agency (whenever applicable);
 - 1.1.15. Provide warranty;

- 1.2. The Supplier shall be deemed to comply with its Contractual obligation hereunder insofar in accordance with the agreed Technical Requirements and Specifications (Annex 1) and Technical Proposal (Annex 2).
- 1.3. The Supplier shall provide experienced and competent technical personnel to test the Contract Software with the Customer as specified in Annex 1.
- 1.4. The Supplier shall arrange Design Specification Meeting at the Supplier premises or Customer premises.
- 1.5. The Supplier shall arrange Functionality and Concept Design Prototyping Meeting at the Supplier premises or Customer premises.
- 1.6. The Supplier shall provide FAT at the Supplier factory. FAT will be performed on the Supplier's test servers.
- 1.7. The Software Integration and SAT shall take place in LGS premises on the Test System. The Supplier shall plan and perform his work so that minimal or no disturbance of the operational work will be caused.
- 1.8. The Supplier shall provide Final Acceptance including Functionality Prototyping and Concept Design Approval Meeting at the Supplier's factory.
- 1.9. In case the Parties decide to develop further the functionality and design concept as referred to in the Clause 1.1.2. (within the scope of the current Contract), they shall make an additional agreement in accordance with the Memorandum of Understanding No 03/15/4 signed by the Parties on 10th of March 2015.

2. CONTRACT DURATION

- 2.1. The Contract shall come into force on the date of the last signature (further referred to as Commencement Date) and shall remain in force until the full completion of the contractual obligations.
- 2.2. Termination:
 - a) This Contract may be terminated at any time, if agreed by both Parties;
 - b) This Contract may be terminated by either Party in case of the other Party's failure to fulfill its obligations under this Contract and such failure not having been remedied or made good within thirty (30) days of notice by the Non-Defaulting Party.

3. RIGHTS AND OBLIGATIONS OF THE CONTRACTING PARTIES

- 3.1. The Supplier's obligations are:
 - 3.1.1. The main obligation of the Supplier is to sell, deliver, install and provide commissioning of the updated ANOF System on Turn-Key basis, (hereinafter - Contract System) for the Customer including software delivery, integration, training, testing and supply of documentation and licenses in accordance with Technical Specification (Annex 1) and Technical Proposal (Annex 2), which is integral part of this Contract.
 - 3.1.2. The Supplier in this Contract is regarded as Main Supplier for modernization of ANOF System. Thus, the Supplier has the overall responsibility for the supply of the new functionality (SW), SW platform upgrading and project management activities as specified in this Contract.
 - 3.1.3. The Supplier shall deliver and install software packages as specified in Annexes No. 1 and 2 of this Contract at Customer premises. Application software shall be upgraded to keep current server's functionality for safe migration to the new software version.

- 3.1.4. The Supplier is deemed to take initiative in seeing that he has relevant and necessary information to fulfil his obligations. The Supplier is also obliged to notify the Customer if the Customer should take any actions or in other way assist the Supplier in his performance according to this Contract, insofar this has not been stipulated in this Contract.
 - 3.1.5. The Supplier shall train the Customer's specialists at Supplier's factory, to enable use of the modernized software according to the requirements set out in this Contract.
 - 3.1.6. The Supplier shall carry out his work in accordance with the regulations of the Republic of Latvia. The new modernized software of the ANOF System shall conform to the Latvian law, and Latvian and European Union regulations.
 - 3.1.7. The Supplier undertakes to perform and fulfil his contractual obligations within the agreed period of time (Annex 3) and the Customer undertakes to provide the Customer's Furnished Items (Annex 6) in good time.
 - 3.1.8. The Supplier shall conduct and perform FAT and SAT in accordance with this Contract and Latvian Civil Aviation Administration requirements.
 - 3.1.9. The Supplier shall deliver 2 (two) paper copies and/or 1(one) electronic copy in a PDF format of technical documentation and maintenance manuals for the ANOF System with integrated modernized software in Riga. All documentation shall be in English language.
 - 3.1.10. The Supplier shall provide the Customer, free of charge, with office accommodation, reasonable use of fax and telephone and data communication, if necessary, and local transport assistance during the whole duration of the project at the Supplier's premises.
 - 3.1.11. The Supplier should assist the Customer with travelling, accommodation, local transport for LGS representatives:
 - 3.1.11.1. 5-6 persons during Specification Approval;
 - 3.1.11.2. 2-3 persons during Functionality and Concept Design prototyping Meeting;
 - 3.1.11.3. 5-6 persons during Training and FAT;
 - 3.1.11.4. 2-3 persons during Final Acceptance;
 - 3.1.12. Travel costs, accommodation, local transportation, lodging and daily expenses for the activities mentioned in Clause 3.1.12 shall be covered by Customer in accordance with Latvian and Customer's regulations.
 - 3.1.13. Supplier shall provide all the certificates for the approval of the System by Latvian Civil Aviation Agency in accordance with the EU regulations. The documents required by these regulations are listed in the Technical Specification (Annex 1).
- 3.2. The Customer's obligations are:
- 3.2.1. The Customer shall arrange for the Supplier a free access to the installation area during all on-site-activities such as installation, SAT and implementation of any remedies of defects during the warranty (to the extent they require Supplier to work on-site).
 - 3.2.2. The Customer shall arrange all necessary working permits for the Supplier's personnel for the work that has to be performed at Customer's premises.
 - 3.2.3. The Customer shall provide the Supplier, free of charge, with office accommodation, reasonable use of fax and telephone and data communication, assembly space and provision of local transport assistance during the whole duration of the project at Customer premises.

3.2.4. The Customer shall render the payments in accordance with the Payment schedule (Annex 4).

4. PRICE AND PAYMENTS

- 4.1. The total Contract Price is **EUR 1 041 811,00. – (one million forty-one thousand eight hundred eleven euros)**, exclusive of VAT.
- 4.2. The Contract price includes agreed software, functionalities and all services as specified in this Contract and its Annexes (referred to as Contract Works). The agreed functionalities shall be delivered in one Stage and constituting respective Milestones. The detailed Price Breakdown is shown in Annex 5.
- 4.3. The invoices shall be made in EUR. All payments shall be made in USD based on the conversion rate defined by European Central Bank on the day of payment and will be executed by the Customer by a simple bank transfer against Supplier's invoice to the bank account shown on the invoice.
- 4.4. Payments will be applied as Advance payment, Milestone payments, and Final payment, paid against Supplier's invoice within thirty (30) days counting from the day when the Customer received the invoice, according to the Payment Schedule (Annex 4) provided always
 - a) for Advance payment – that the Contract has been signed by both Parties;
 - b) for Milestone payments – that the respective Milestone has been accepted by the Customer by signing a pertaining document (Minutes of the meeting, Acceptance Test Protocol or another document deemed by the Parties to be valid);
 - c) for Final payment – that the Final Acceptance Certificate is signed by both Parties and Customer has received the Equipment Operational Validity Certificate by the Latvian Civil Aviation Agency and/or the System is ready for operational use and the errors detected during the SAT have been resolved.
- 4.5. All taxes, duties and other fees levied by the Supplier's country in connection with the execution or performance of the Contract shall be borne by the Supplier.
- 4.6. The parties herewith agree to accept unsigned electronic invoices (further referred to as e-bills) provided they are always delivered to the Customer's official e-mail XXXXXXXX from the Supplier's email XXXXXXXX. E-bills sent to e-mail addresses other than XXXXXXXX will not be acknowledged. It will be assumed that an e-bill has been delivered and the Customer has received it on the date of the incoming email. If the Customer claims non-receipt then the Supplier shall prove the delivery of the e-bill.

5. DELIVERY CONDITIONS

- 5.1. The Supplier shall execute the Contract by the agreed delivery dates, as defined in the Contract and its Annexes.
- 5.2. The Supplier shall make the System ready for operational use by the date referred to in the Time Schedule (Annex 3), and in line with the agreed terms and conditions for the implementation and testing.
- 5.3. The Supplier shall deliver ANOF System Application Software to the Customer directly via Internet.

- 5.4. Final Delivery date is the date upon which all agreed requirements for the System are met and all after-SAT corrections, including delivery of corrected software, are completed. This is confirmed by the means of the Final Acceptance, in accordance with a procedure, agreed by the Customer and the Supplier. The approval is documented in writing in the form of the Final Acceptance Certificate and signed by the Customer and the Supplier.

6. DELAYS

- 6.1. Once the Final Acceptance delay occurs, the Customer is entitled to deduct from any payment owed to the Supplier liquidated damages in the maximum amount of 0.5% (zero point five per cent) of the total Contract Price for each week of delay, within 10 (ten) calendar days from filling a written request to the Supplier.
- 6.2. Given the circumstances of the delay, the Customer may grant a 4 (four) weeks grace period and start calculation of the liquidated damages from the fifth week of delay counting from the due date in the Time Schedule (Annex 3).
- 6.3. The liquidated damages in aggregate shall not exceed 10% (ten per cent) of the total Contract Price.
- 6.4. The Supplier shall inform the Customer immediately, if any delays of the planned milestones or any other difficulties are foreseen. In this case Supplier shall submit all information explaining the circumstances of such delays and without hesitation agree with the Customer on a new plan with revised dates for deliveries, implementation, testing, acceptance and any other dates which are important for a timely execution of the Contract. The Updated Time Schedule shall, whenever possible, be to the maximum extent close to the original dates to minimize the expected delay.
- 6.5. The Customer shall duly effect payments. If the Customer delays the payment, the Supplier is entitled to calculate and invoice late payment interest for overdue payment, 0.5% of the outstanding amount for each week of delay. The late-payment interest shall not in aggregate exceed 10% (ten per cent) of the total Contract price.

7. PROJECT MANAGEMENT

- 7.1. The Supplier shall implement a formal project organisation to plan, organise, conduct and manage the activities required for a successful and timely implementation and monitoring of the project.
- 7.2. The Supplier's and Customer's appointed Project Managers will constitute main points of contact to plan, organise and coordinate the project implementation and monitoring activities:
- 7.2.1. on behalf of the Supplier – XXXXXXXX ;
 - 7.2.2. on behalf of the Customer – XXXXXXXX.
- 7.3. The Supplier shall produce the Project Management Plan, which identifies and defines main activities, significant events and essential interrelations, including decision-making dates and other relevant information.
- 7.4. The Project Management Plan will be used as a tool to monitor the progress of the Project and shall be continuously modified during the Project in order to reflect the correct actual status of the Project.
- 7.5. Progress meetings (held either at Customer or at the Supplier premises or arranged by means of telephone conferences supported by desktop sharing tools) shall be held at

intervals mutually agreed between the Parties, to verify Project progress, review current time schedules, settle objectives, and solve any issues associated with the Project.

- 7.6. The Supplier shall chair the meeting and keep the records. Before distribution, all such records shall be signed by the Project Managers of both Parties or by their authorized attendees. Records from progress meetings shall be ready for distribution within 10 (ten) working days.

8. WARRANTIES

- 8.1. The Supplier warrants that for the warranty periods specified below, following the actual delivery date, the Supplier shall upon notification from the Customer without any unreasonable delay investigate and remedy every reported defect. These warranty periods are:
 - 8.2. Twenty-four (24) months after the Final Acceptance Certificate is signed by both Parties for software developed and delivered by the Supplier under this Contract.
 - 8.3. This means that the Supplier shall at its own expense correct any defects and/or errors in the ANOF software.
 - 8.4. Upon notification of software defect and receipt of the necessary technical details the Supplier will use all reasonable efforts to try to correct the effect within a period of four (4) working days. The Supplier will commence work on defects as soon as the notification has been received from the Customer.
 - 8.5. At the latest three (3) months after the end of the warranty period for software developed by the Supplier, the Supplier will if necessary and free of charge provide the Customer with a new release of the software which incorporates the permanent changes to all of the defects notified and corrected during the warranty period.
 - 8.6. If the Customer establishes within a three (3) months period after the end of the warranty period that any defect still exists within the Software then the Supplier will correct the defects at no cost to the Customer.
 - 8.7. The Supplier guarantees that the System in all respects will be available during the warranty period in accordance with the requirements set out in this Contract and in the Technical Specification (Annex 1).
 - 8.8. In this respect, the Supplier will provide required resources on site if necessary, free of charge, during the warranty period and in the additional three (3) months period referred to in Clauses 8.5 and 8.6.
 - 8.9. If the System however proves not to be available in all respects during the warranty period the Supplier shall at his sole expenses take all necessary steps in order to achieve the agreed availability of the System.
 - 8.10. All costs of transportation and insurance for repairs and/or replacements during the warranty period of deliveries from the Customer to the Supplier and all costs for return transportation (including insurance) to the Customer shall be at the Supplier's own expense.

9. OWNERSHIP AND INTELLECTUAL PROPERTY

- 9.1. All rights transferred to the Customer are covered by the total Contract Price. The Supplier will remain the owner of the software. The Customer will become the owner of the hardware when it has paid for it in full amount.

- 9.2. The Supplier grants to the Customer a royalty-free, irrevocable and non-exclusive license to use any Intellectual Property Right that the Supplier owned or developed prior to or after the Commencement Date and which the Customer reasonably requires in order to exercise its rights and take the benefit of this Contract. The Customer may use the software on any and all of processing units of the system, with configurations specified in the requirements, whether owned, leased, rented or otherwise under the control of the Customer in the ANOF System or its components only.
- 9.3. The Supplier guarantees that the products do not infringe any patent rights, trade marks or other legally protected rights (referred to as Intellectual Property Rights).
- 9.4. The Supplier shall at its own expense defend the Customer and hold the Customer harmless against any claim or demand brought against the Customer for infringement or alleged infringement of any Intellectual Property Right in materials supplied or licensed by the Supplier. The Customer shall notify the Supplier in writing of any such claim or demand brought against the Customer.
- 9.5. If a claim, demand or action for infringement or alleged infringement of any Intellectual Property Right is made in connection with the Contract or in the reasonable opinion of the Supplier is likely to be made, the Supplier shall notify the Customer and, at its own expense and subject to the consent of the Customer (not to be unreasonably withheld or delayed), use its best endeavors to:
 - (a) modify any or all of the deliveries under this Contract without reducing the performance or functionality of the same, or substitute alternative solution of equivalent performance and functionality, so as to avoid the infringement or the alleged infringement; or
 - (b) procure a license to use and supply the System on terms which are acceptable to the Customer, and in the event that the Supplier is unable to comply with clauses (a) or (b) within 20 (twenty) working days of receipt of the Supplier's notification, the Customer may terminate the Contract with immediate effect by notice in writing.

10. LIABILITIES

- 10.1. To the full extent permitted by law, and apart from the warranties expressly stated herein, the Supplier hereby disclaims all warranties, representations, and liabilities, whether express or implied, arising from contract or tort (except fraud), imposed by statute or otherwise, relating to the goods and services provided by the Supplier pursuant to the Contract.
- 10.2. In no event shall the sum total of liabilities incurred by any one Party to the Contract exceed a maximum cumulative amount equal to the Contract Price.

11. QUALITY AND SAFETY CONTROL AND VERIFICATION PROCEDURES

- 11.1. The Supplier shall, for the entire period of this Contract, have and perform the works to be delivered under this Contract, in compliance with a Quality Assurance System that is in accordance with the requirements in the ISO 9000 series or similar systems accepted by the Customer.
- 11.2. The Supplier undertakes to notify the Customer of any variations in its Quality Assurance certifications or accreditations.
- 11.3. The Supplier shall ensure setting up an occurrence reporting system and delivery of reports to the Customer.

- 11.4. The Supplier shall ensure a full investigation of all occurrences and submission of the final report to the Customer.
- 11.5. The Supplier shall allow the Customer to audit the safety and quality of the provided services in compliance with the Commission Implementing Regulation (EU) No 1035/2011 of 17 October 2011 laying down common requirements for the provision of air navigation services.
- 11.6. As a supplement to the requirements of the Standard ISO 9000 Series, the Customer is entitled to verification of the purchased System, as an ongoing process, during any stage of the Project. Due to this, the Customer is entitled to design reviews, inspections, and relevant tests (both production and Factory/Site acceptance), carried out for assemblies, units, sub-systems and the complete System under the Contract.
- 11.7. If any product supplied under this Contract has failed to conform to the expected and agreed standards, the Customer is entitled to determine the use of any such unconformable product.
- 11.8. The objective of supplementary quality control and verification procedures is to obtain a complete verification that the System, once completed and installed on site, meets the contractual requirements, as laid down in the Specification (Annex 1).

12. ACCEPTANCE TESTING

- 12.1. The Parties hereunder agree that Factory, Site and Final Acceptance testing (altogether also referred to as Acceptance Testing) of the Contract Works performed shall be carried out in the order and within the periods specified in Annex 1, and shall be testified by:
 - 12.2. FAT certificate, signed by duly authorized representatives of both Parties after the trials of the ANOF System at the Supplier's factory;
 - 12.3. SAT certificate, signed by duly authorized representatives of both Parties after the delivery, assembling, installation and integration of the ANOF System at the Place of Destination;
 - 12.4. Final Acceptance certificate, signed by duly authorized representatives of both Parties at the Supplier's factory after Contract Works are fully performed and all after-SAT corrections, including delivery of corrected software, are completed.
- 12.5. The Final Acceptance will depend on the progress achieved with the completion of all planned activities and having a successful record of a long-term stability test during the final phase of Site Acceptance Test.
- 12.6. The Final Acceptance will also depend on approval of the functionality prototyping and design concept documentation together with the Supplier.
- 12.7. The level of testing, applicable methods and procedures for Acceptance Testing (approval/rejection criteria) will be agreed upon between both Parties and documented in the Acceptance Test Specifications.
- 12.8. Parties will, without delay, sign approval of successful Acceptance Test (Acceptance Test Protocol).
- 12.9. An Acceptance test will be rejected if the system does not successfully pass the testing in accordance with the Acceptance Test Specifications.
- 12.10. A rejected Acceptance test will require repeated test covering the specific area where the system failed originally, or in whole, if so required by the Customer. After remedial steps have been taken and before announcing a repeated test, the Supplier will provide a written account of the steps taken and also present the result of the repeated internal test.

12.11. All costs including the expenses incurred due to repeated tests shall be at the Supplier's own expense.

13. ORDER TO PROVIDE REMOTE ACCESS TO INFORMATION RESOURCES

13.1. If the Supplier needs to access the System remotely, the Customer will provide it upon a respective written request as stated in Article 13.4, provided always that no access to the operational system may be granted.

13.2. To access the System remotely, the Supplier shall agree with procedures within the Customer's organization.

13.3. The Supplier shall be informed and shall agree with the potential risks with regard to getting access to the systems within the Customer's organization.

13.4. The Supplier shall apply in advance for permission of remote access for a certain time slot/time frame by providing the following information:

- name of the connecting information system;
- IP address used for remote access;
- opening and closure of the remote session;
- justification.

13.5. All remote access sessions will be controlled by the Customer and will be arranged in line with the internal procedures within the Customer's organization.

14. SUBCONTRACTING

14.1. The Supplier is entitled to use sub-contractors at its own choice and shall bear all costs incurred due to this .

14.2. The Supplier shall then be responsible for ensuring that all sub-contractors conform to the contractual requirements, and shall be responsible for the acts and omissions of its sub-contractors as though they are its own

15. FORCE MAJEURE

15.1. Neither Party will be liable for non-delivery, delay in delivery or installation or any other impairment of performance hereunder in whole or in part, if it cannot perform its obligations because of Force Majeure event, defined as war (whether an actual declaration thereof is made or not), sabotage, insurrection, rebellion, riot, act of terrorism or other act of civil disobedience, act of a public enemy, act of any government, judicial action, labour strike, fire, explosion, epidemic, quarantine, restrictions, storm, flood, earthquake, or any act of God provided if such event is beyond the reasonable control of the affected Party and which this Party cannot prevent or overcome.

15.2. The Party referring to the Force Majeure is bound to inform the other Party immediately in writing when such an event has occurred and state the circumstances and reason of its occurrence. Such notice shall be given at the latest 15 days after the occurrence of a Force Majeure event.

15.3. If these circumstances continue over a period of more than 3 (three) months, either Party has the right to refuse further fulfilment of their obligations against this Contract and in this case, none of the Parties is entitled to demand from the other Party compensation for possible losses.

- 15.4. The Parties shall decide upon a new delivery plan which shall not be extended more than is due to the Force Majeure cause, also provided that the Supplier makes its best effort to minimize the delay and the effects of that delay.
- 15.5. The certificates issued by the Chamber of Commerce of the Supplier's or its subcontractor's country, respectively, must be regarded as a sufficient evidence of the presence of such circumstances and their duration.

16. ALTERATIONS AND ADDITIONS

- 16.1. All changes and additions affecting the technical and functional contents of the Contract, or affecting the contractual time schedule and defined costs, responsibilities and other assumptions and conditions, will always be specified by written agreements between the Customer and the Supplier.
- 16.2. Both the Customer and the Supplier will have the right to request changes to the Contract and Contractual agreements and obligations. All such requests shall be in writing.

17. COMMENCEMENT AND TERMINATION

- 17.1. The Contract is effective as of the date when signed by both Parties i.e. the date of the last signature (referred to as Commencement Date).
- 17.2. The Contract shall be deemed accomplished when both Parties have fulfilled their obligations resultant hereof, unless it is otherwise terminated in accordance with the provisions of the Contract, or otherwise lawfully terminated.
- 17.3. This Contract supersedes all previous agreements, verbal or written, made by the Parties prior to signature of this Contract, and it contains the entire agreement of the Parties with respect to the subject matter hereof.
- 17.4. This Contract may be terminated by a mutual agreement between the Parties.
- 17.5. If either Party defaults in complying with any obligation imposed on it by or in accordance with this Contract („the Defaulting Party”), the other Party which has not been in default („the Non-Defaulting Party”) may serve a written notice of default on the Defaulting Party at any time after such default occurs and for so long as such default continues, specifying the nature of the default.
- 17.6. If, on the expiration of thirty (30) days after service of the notice of default referred to in Clause 17.5:
- a) the default: i) if capable of being remedied, has not been remedied; or ii) if incapable of being remedied (either within that period or at all), the Defaulting Party has not paid to the Non-Defaulting Party monetary compensation reasonably acceptable to the Non-Defaulting Party in lieu of remedying the default; and
 - b) neither Party refers the matter for legal proceedings pursuant to Disputes Section
- 17.7. the Non-Defaulting Party, without prejudice to its other rights, powers and remedies in respect of such default, may elect by notice to the Defaulting Party to terminate this Contract on a date specified in the notice being a date not earlier than 30 (thirty) days after the date of the notice.
- 17.8. Either Party may immediately terminate this Contract by giving notice in writing to the other Party, if the other Party is insolvent.
- 17.9. In the event of termination of this Contract, the Customer shall pay to the Supplier as they fall due any and all charges which may be due for Contract Works properly rendered at the date of termination.

18. DISPUTES

- 18.1. The Parties shall make every effort to resolve amicably by direct informal negotiation any dispute arising between them under or in connection with the Contract. If the Parties fail to resolve their dispute by a mutual consultation during 30 (thirty) working days, then either Party may give a notice to the other Party of its intention to commence legal proceedings, as hereinafter provided, as to the matter in dispute, and no proceedings in respect of this matter may be commenced unless such notice is given.
- 18.2. All disputes arising out of or in connection with the present Contract shall be finally settled at Court of Republic of Latvia under the laws of Republic of Latvia.

19. GOVERNING LAW

- 19.1. The Contract as well as the questions arising out of it or in connection with it are governed and constructed by the laws of Republic of Latvia.

20. CONFIDENTIALITY

- 20.1. Confidential information shall only be used for the purpose of exercising the rights or performing the obligations under this Contract, unless the mandatory laws of the Supplier's and the Customer's country specify otherwise.
- 20.2. Confidential information is the information exchanged in connection with this Contract and consisting of documents, information and materials etc. marked as confidential that one Party shall become recipient of, under this Contract, and that are not generally known in the public domain and unless disclosure is due to mandatory laws.

21. CONTACTS

- 21.1. All general contractual issues shall be referred to the signatories of the Customer and the Supplier.
- 21.2. All technical or project management related issues shall be referred to the appointed project managers (Clause 7.2).

22. ORDER OF PRECEDENCE

- 22.1. This Contract and the Annexes shall form the full and final agreement between the Parties relating to the subject matter hereof. In the event of discrepancies between the main terms and conditions and the terms set out in Annexes, the following order of precedence will apply:
- a. The master Contract (terms and conditions of this Contract) and Annexes 3 "Time schedule", 4 "Payment Schedule", 5 "Price Breakdown", and 6 "Customer Furnished Items"
 - b. Technical Specification and the Technical Proposal (Annexes 1 and 2).

23. SIGNING

- 23.1. This Contract is produced in 2 (two) original copies in the English language, one for each Party. Each copy consists of 12 (twelve) pages excluding the Annexes. The Contract has 6 Annexes:

1. Technical Specification -"The Modernization Plan for AFTN/NOTAM/OPMET/FPMS System Enhancement"

2. Technical Proposal
3. Time Schedule
4. Payment Schedule
5. Price Breakdown
6. Customer's Furnished Items

24. SIGNATURES OF THE PARTIES

Signing for and behalf of the Customer:

SJSC "Latvijas gaisa satiksme"
Muzeju iela 3, Lidosta "Rīga",
Mārupes novads, Latvia, LV-1053
VAT register No. LV40003038621
Bank: AS "SEB banka"
SWIFT: UNLALV2X
IBAN: LV20UNLA0003029070855 (EUR)

(signature)

Dāvids TAURINŠ, Chairman of the Board

Date: December 19, 2017

Place: Mārupes novads, Latvia

(signature) Elmārs ŠVĒDE, Member of the Board

Date: December 19, 2017

Place: Mārupes novads, Latvia

Signing for and behalf of the Supplier:

Frequentis California, Inc.
2511 Garden Road, Suite A-165
Monterey, CA 93940, USA
Federal Tax ID No. 27-1966478
Bank, SWIFT

IBAN:

(signature)

John Fort, Chief Executive Officer

Date: December 15, 2017

Place: Monterey, CA, USA