

# AIRO GROUP HOLDINGS, INC.

## CORPORATE GOVERNANCE GUIDELINES

The Board of Directors (the “*Board*”) of **AIRO Group Holdings, Inc.** (the “*Company*”) has established the following corporate governance guidelines (these “*Guidelines*”) for the conduct and operation of the Board. These guidelines are designed to give directors a flexible framework for effectively pursuing the Company’s objectives for the benefits of its stockholders. These guidelines should be interpreted in the context of all applicable laws, the Company’s certificate of incorporation, bylaws, other corporate governance documents and policies and any stockholders agreement to which the Company is a party (each as amended, restated and in effect).

### 1 BOARD COMPOSITION, STRUCTURE AND POLICIES

#### 1.1 Size and Classes of the Board

The Board will establish the number of directors in accordance with the Company’s amended and restated certificate of incorporation and amended and restated bylaws (as amended from time to time, the “*Bylaws*”). The Nominating and Corporate Governance Committee of the Board (the “*Nominating Committee*”) periodically reviews the appropriate size of the Board, which may vary to accommodate the availability of suitable candidates and the Company’s needs, and recommends to the Board, if applicable, the class of directors in which a director nominated to fill a vacancy on the Board due to an increase in the size of the Board should serve.

#### 1.2 Independence of Directors

The Board will be composed of not less than a majority of independent directors, subject to an election by the Company to rely on any exemptions and transition periods permitted by the applicable listing standards and rules of The Nasdaq Stock Market (“*Nasdaq*”). The Company defines an “independent” director in accordance with Nasdaq Rule 5605(a)(2).

The Board will make affirmative determinations of director independence at least annually, after taking into consideration the recommendation of the Nominating Committee. The Nasdaq independence definition includes a series of objective tests, such as that the director is not an employee of the Company and has not engaged in various types of business dealings with the Company. Because it is not possible to anticipate or explicitly provide for all potential conflicts of interest that may affect independence, the Board is also responsible for determining affirmatively, as to each independent director, that no material relationships exist that, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. In making these determinations, the Board will broadly consider all relevant facts and circumstances, including information provided by the directors and the Company with regard to each director’s business and personal activities as they may relate to the Company and the Company’s management. As the concern is independence from management, the Board does not view ownership of even a significant amount of stock, by itself, as a bar to an independence finding. Each director shall notify the Board of any change in circumstances that may put his or her independence at issue. In the event of such notification, the Board will evaluate such director’s independence as promptly as practicable thereafter.

Directors may be asked from time to time to leave a Board meeting when the Board is considering a transaction in which the director (or another organization with which the director is affiliated) has a financial or other interest. The Audit Committee of the Board (the “*Audit Committee*”) shall review and approve any proposed related party transactions in compliance with the Company’s policies and Nasdaq rules.

### **1.3     Board Leadership**

The Board will select the Chairperson of the Board (“*Chair*”) in the manner that it determines to be in the best interests of the Company’s stockholders. The Company does not believe there should be a fixed rule regarding the positions of Chief Executive Officer and Chair being held by different individuals, or whether the Chair should be an employee of the Company or should be elected from among the non-employee directors. The needs of the Company and the individuals available to assume these roles may require different outcomes at different times, and the Board believes that retaining flexibility in these decisions is in the best interests of the Company. The Nominating Committee will periodically review this matter and make recommendations to the Board.

If the individual appointed as Chair is not an independent director, or whenever the independent directors determine that it is in the best interests of the Company and its stockholders, the Nominating Committee may nominate an independent director to serve as lead independent director (the “*Lead Independent Director*”). Following nomination by the Nominating Committee, each independent director will be given the opportunity, by ballot, to vote in favor of the Lead Independent Director nominee or to write in a candidate of his or her own. The Lead Independent Director will be elected by a plurality vote. The name of the Chair or Lead Independent Director will be listed in the Company’s proxy statement. The Lead Independent Director will have such responsibilities as may be determined from time to time by the Board, upon the recommendation of the Nominating Committee.

### **1.4     Selection of Directors**

The Board will be responsible for nominating members for election to the Board by the Company’s stockholders at the annual meeting of stockholders. The Board is also responsible for filling vacancies on the Board that may occur between annual meetings of stockholders. The Nominating Committee is responsible for identifying, reviewing and evaluating and recommending to the Board candidates to serve as directors of the Company, in accordance with the Nominating Committee’s charter and consistent with the criteria listed below, subject to any obligations and procedures governing the nomination of directors to the Board that may be set forth in any stockholders agreement to which the Company is a party.

### **1.5     Board Membership Criteria**

The Board will determine the appropriate characteristics, skills and experience for the Board as a whole and for its individual members. The Board considers director nominee recommendations from the Nominating Committee. The Board may consider the minimum general criteria set forth below and may add any specific additional criteria with respect to specific searches, in selecting candidates and existing directors for service on the Board.

In considering candidates recommended by the Nominating Committee, the Board may consider such factors as: (a) minimum individual qualifications, including strength of character, mature judgment, familiarity with the Company’s business and industry, independence of thought and an ability to work collegially with the other members of the Board and (b) all other factors it considers appropriate, which may include (i) possessing relevant professional background or expertise upon which to be able to offer advice and guidance to management; (ii) having sufficient time to devote to the affairs of the Company; (iii) demonstrating excellence in his or her field; (iv) experience as a board member or executive officer of another publicly held company; (v) having a diverse personal background, perspective and experience; (vi) requirements of applicable law; (vii) potential conflicts of interest with other pursuits; and (viii) having the commitment to rigorously represent the long-term interests of the Company’s stockholders.

The Board reviews candidates for director nomination in the context of the current composition of the Board, the operating requirements of the Company and the long-term interests of the Company’s stockholders. In the case of incumbent directors whose terms of office are set to expire, the Board reviews such directors’ overall service to the Company during their term, including the number of meetings attended, level of participation, quality of performance, and any relationships and transactions that might impair such directors’ independence. In the case of new director candidates, the Board also determines whether the nominee must be independent for purposes of satisfying applicable listing requirements.

## **1.6 Term Limits**

The Board does not believe it should limit the number of terms for which an individual may serve as a director. Directors who have served on the Board for an extended period of time are able to provide continuity and valuable insight into the Company, its operations and prospects based on their experience with, and understanding of, the Company’s history, policies and objectives. The Board believes that, as an alternative to term limits, it can ensure that the Board continues to evolve and adopt new ideas and viewpoints through the director nomination process described in these Governance Guidelines.

## **1.7 Limits on Board Memberships**

Directors should advise the Chair and the chairperson of the Nominating Committee before accepting membership on the board of directors or committee of another company or other significant commitments involving affiliation with other businesses, non-profit entities or governmental units. Service on board and board committees of other companies should be consistent with the Company’s Code of Business Conduct and Ethics and other conflict-of-interest policies. In selecting nominees for election or re-election to the Board, the Board shall take into account other demands on the time of a candidate. Non-employee directors should generally serve on no more than five public company boards (including the Company’s Board) and directors that serve on the Audit Committee of the Board should serve on no more than three public company audit committees (including the Company’s Audit Committee), without the approval of the Board, unless the Board (i) determines that such simultaneous service would not impair the ability of such member to effectively serve on the Company’s Audit Committee and (ii) discloses such determination either on or through the Company’s website or in its annual proxy statement. In addition, directors who also serve as executive officers or in equivalent positions should generally

serve on no more than two public company boards (including the Board where they are they are an executive officer), without the approval of the Board.

### **1.8 Retirement Age**

The Board does not believe that a fixed retirement age for directors is appropriate because such a policy may deprive the Board of the service of directors who have developed, through valuable experience over time, an increasing insight into the Company and its operations. It is expected that the Nominating and Corporate Governance Committee will consider the age and tenure of continuing directors when selecting or recommending for the Board's selection those candidates to be nominated for election to the Board.

### **1.9 Directors Who Change Their Job Responsibility**

A director who retires from his or her present primary employment or who materially changes his or her primary employment position should promptly notify the chair of the Nominating Committee. The Board does not believe any director who retires from his or her present employment, or who materially changes his or her position, should necessarily leave the Board; however, there should be an opportunity for the Board, through the Nominating Committee, to review the continued appropriateness of Board membership under these circumstances. The Nominating Committee will then make a recommendation to the Board as to any action to be taken with respect to such circumstances. Following such evaluation and recommendation, it is expected that such director will tender her or his resignation upon the request of the Board. Directors who are officers of the Company are expected to tender their resignations upon termination of employment with the Company. Whether the individual continues to serve on the Board is then a matter for determination by the Board.

### **1.10 Review of Director and Officer Status**

The Company shall periodically review (at least annually) the status of each director and officer of the Company. Such review shall be performed through the distribution and receipt of a Directors' and Officers' Questionnaire (the "**D&O Questionnaire**") to be sent annually to each director and officer. New directors or officers to the Company shall complete a D&O Questionnaire prior to serving as a Company director or officer. The review of the completed D&O Questionnaire shall consider, among other things, the director's or officer's outside business dealings and any relationship he/she may have with the Company, outside of serving as a director or executive officer of the Company.

## **2 ROLE OF THE BOARD OF DIRECTORS**

The Company's stockholders select the Board to provide oversight of and strategic guidance to senior management. The fundamental responsibility of a Board member is to fulfill his or her fiduciary duties of care and loyalty and otherwise to exercise his or her business judgment in the best interests of the Company and its stockholders and when necessary, other stakeholders. Board service requires significant time and attention. More specifically, the Board has responsibilities to (i) review, approve and monitor fundamental financial and business strategies and major corporate actions, (ii) assess major risks facing the Company and consider ways to address those risks, (iii) select and oversee management and determine its composition

and (iv) oversee the establishment and maintenance of processes and conditions to manage these risks and maintain the integrity of the Company. To fulfill their duties, directors must prepare for meetings and discussions with management, participate in Board meetings, review relevant materials and serve on committees. Directors are expected to maintain an attitude of constructive involvement and oversight, ask relevant and incisive questions and demand honest and accurate answers. Directors must act with integrity and demonstrate a commitment to the Company, the Company's values, business and long-term stockholder value.

### **3 DIRECTOR ORIENTATION AND EDUCATION**

It is expected that management, working with the Nominating Committee, will provide an orientation process for directors that are designed to familiarize new directors with the Company's business, strategies, significant financial, accounting and risk management issues and policies and procedures. The Company may also offer continuing education programs to assist the directors in maintaining the level of expertise to perform his or her duties as a director.

Directors are encouraged to be involved in continuing director education on an ongoing basis to enable them to better perform their duties and to recognize and appropriately address issues that arise. Directors are encouraged to attend seminars, conferences and other continuing education programs designed especially for directors of public companies, including but not limited to, accredited director education programs.

### **4 DIRECTOR COMPENSATION**

The Compensation Committee of the Board (the "**Compensation Committee**") will periodically review the compensation paid to non-employee directors for their service on the Board and its committees and recommend to the Board for approval any changes considered appropriate to the type and amount of compensation in accordance with the principles set forth in its charter and applicable legal and regulatory guidelines. To assist in setting compensation, the Compensation Committee or the Board, as applicable, may request compensation information from the Company or from independent consultants.

### **5 BOARD MEETINGS**

#### **5.1 Number of Meetings.**

The Board expects to have at least four (4) regular meetings each year.

#### **5.2 Attendance.**

The Company expects directors to prepare for, attend and participate in all meetings of the Board and committees on which they serve. Directors must notify the Chair when they will be absent from a meeting. Directors are also expected to attend the Company's meetings of stockholders.

#### **5.3 Preparation and Commitment.**

The Company will provide directors with appropriate preparatory materials in advance of a meeting. The Company expects the Company's directors to prepare for, attend, and participate in all Board and committee meetings. Each director should ensure that other existing and planned future commitments do not materially interfere with the member's service as director.

#### **5.4     Agenda.**

The Chair, together with the Lead Independent Director (if one is selected), will, in consultation with management, set the agenda for each Board meeting. Each Board member is encouraged to suggest the inclusion of items on the agenda at any time. Each Board member is free to raise at any Board meeting subjects that are not on the agenda for that meeting.

#### **5.5     Executive Session.**

The independent directors of the Board will meet in executive sessions without management and any non-independent directors no less than two times per year. Executive session discussions may include such topics decided by the attendees. The directors generally shall not take formal action at these sessions, but may make recommendations for consideration by the full Board.

The Lead Independent Director, if any, or a director designated by the non-management or independent directors, as applicable, will preside over the executive sessions.

### **6.     BOARD COMMITTEES**

#### **6.1     Number of Committees; Committee Composition**

The committee structure of the Board will consist of at least three standing committees: (a) an Audit Committee, (b) a Compensation Committee and (c) a Nominating Committee.

Each committee shall be composed of no fewer than the number of members set forth in the relevant committee charter. In addition, each committee member must satisfy the membership requirements set forth in the relevant committee charter and all applicable legal, regulatory and stock exchange requirements.

#### **6.2     Committee Functions and Charters**

All standing committees will operate pursuant to a written charter, which sets forth the responsibilities of the committee and procedures that the committee will follow.

#### **6.3     Board Committee Membership**

The Nominating Committee oversees the Board's committee structure and operations, including authority to delegate to subcommittees and committees reporting to the Board. The Nominating Committee will recommend to the Board each committee's chairperson and membership. In making those recommendations, the Nominating Committee will consider the interests, independence and experience of the directors and the independence and experience

requirements set forth in the Nasdaq listing standards, the rules and regulations of the SEC and applicable law.

#### **6.4 Committee Meetings and Agenda**

Each committee chairperson, in consultation with that committee's members and members of management, will determine the frequency and length for each committee meeting and the appropriate attendees in light of that committee's charter, the authority delegated by the Board to that committee, and the legal, regulatory, accounting and governance principles applicable to that committee's functions. The committee chairperson, in consultation with that committee's members and members of management, will develop the committee's agenda.

### **7. BOARD ACCESS TO MANAGEMENT; USE OF OUTSIDE ADVISORS**

Directors have access to Company management, subject to such processes as deemed appropriate by the Nominating Committee. Directors are expected to use their judgment to ensure that this contact is not distracting to the Company's operations or to management's duties and responsibilities. Directors should copy the Chief Executive Officer and Executive Chairman on written communications to management whenever appropriate.

The Board and each committee will have the power to hire, at the expense of the Company, independent legal, financial or other advisors that they may deem necessary, without consulting or obtaining the advance approval of any officer of the Company.

### **8. SUCCESSION PLANNING**

The Compensation Committee will periodically review the plans for succession to the offices of (i) the Chief Executive Officer and (ii) other executive officers, together with the Board and the Chief Executive Officer. The succession plan should include, among other things, an assessment of the experience, performance and skills for possible successors to the Chief Executive Officer. In addition, it is expected that the Board will approve and maintain a process regarding Chief Executive Officer succession in the event of an emergency or other sudden temporary or permanent absence of the Chief Executive Officer.

### **9. BOARD ASSESSMENT**

The Nominating Committee should at least annually review, discuss and assess the performance of the Board and the committees, seeking input from the full Board and others as deemed appropriate. The Nominating Committee may also consider and assess the independence of directors and the mix of skills and experience that each director brings to the Board to assess whether the Board has the necessary tools to perform its oversight function effectively. The Nominating Committee should provide the results of these evaluations to the Board for further discussion as appropriate.

### **10. BOARD COMMUNICATIONS**

#### **10.1 Communications to the Board**

Stockholders of the Company or other interested parties wishing to communicate with the Board, any then-serving Lead Independent Director or the director designated by the non-management or independent directors as the presiding director, the non-management or independent directors as a group or an individual director may do so by addressing such communications to the Company's Secretary c/o AIRO Group Holdings, Inc., 5001 Indian School Road NE, Suite 100, Albuquerque, New Mexico 87110. The Secretary will forward such communications to the appropriate party.

## **10.2 Board Communications with Interested Parties**

The Chief Executive Officer is responsible for establishing effective communications with all interested parties, including stockholders of the Company. It is the policy of the Company that management speaks for the Company. This policy does not preclude outside directors, including the Lead Director, if any, from communicating with stockholders or other interested parties, but it is expected that, in most circumstances, any such communications will be coordinated with management. In all cases, any communications by directors or employees of the Company are subject to the Company's disclosure policies.

## **11. CONFIDENTIALITY**

Board members have an obligation to protect and keep confidential all the Company's non-public information unless the Company has authorized public disclosure or unless otherwise required by applicable law. Confidential information includes all non-public information entrusted to or obtained by a director by reason of his or her position on the Board. This includes information regarding the Company's strategy, business, finances, and operations, and will include minutes, reports, and materials of the Board and its committees and other documents identified as confidential by the Company.

Board members may not use such confidential information for personal benefit or to benefit other persons or entities other than the Company. Unless authorized by the Company or applicable law, directors will refrain from disclosing confidential information to anyone outside the Company, especially anyone affiliated with any entity or person that employs the director or has sponsored the director's election to the Board. These obligations continue even after service on the Board has ended. Any questions or concerns about potential disclosures should be directed to the Company's General Counsel, or if no individual currently holds such position, then the Company's most senior legal official (or his or her designee), who then may communicate with the Chief Executive Officer or the Nominating Committee regarding potential disclosures.

## **12. REVIEW OF GOVERNANCE GUIDELINES**

It is expected that the Nominating Committee will review and assess the adequacy of these Governance Guidelines from time to time and, as appropriate, will recommend any proposed changes to the Board for approval. These Guidelines, as may be amended from time to time, shall be posted on the Company's website.