

1. GENERAL TERMS

1.1. These General Terms of Total Technical Support shall constitute an inseparable part of MAGNETIC GROUP USA CORP (hereinafter – “Magnetic”) Proposal, Quotation or any other similar document, as applicable (hereinafter – the “Proposal”) and Customer’s Purchase Order (hereinafter collectively – the “Agreement”). No terms or conditions endorsed on, delivered with or contained in the Customer’s purchase order, confirmation of order, specification or other document shall form part of the Agreement and be applicable simply as a result of such document being referred to by the Customer. Deviations from these General Terms of Total Technical Support must be agreed in writing. In the event of any conflict between the provisions of these General Terms of Total Technical Support and the provisions of any other agreement entered into by Magnetic and Customer in respect of any particular services, the more specific provisions of the mutual agreement shall prevail over the more general provisions listed herein. These General Terms of Total Technical Support apply to services and goods provided by Magnetic (hereinafter – the “Services”), specific conditions of which (if any) are listed in Exhibits hereto. In the event of any conflict between the provisions of these General Terms and provisions of any Exhibit, the more specific provisions of the Exhibit for particular services shall prevail.

1.2. Magnetic may subcontract (and subcontracting shall be deemed to mean subcontracting and contracting, whichever may be applicable, in accordance with EASA / FAA / NAA regulations) the Services to any other EASA / FAA / NAA-approved facility. The Services may also be subcontracted to any other facility provided that Magnetic’s quality assurance system is extended to such facility.

2. TURNAROUND TIME, EXCUSABLE DELAY, FORCE MAJEURE

2.1. From time to time the Parties may agree upon Turnaround Times or other performance dates and time limits.

2.2. The Parties agree that it will be deemed not to be Magnetic’s fault and Magnetic will not be held liable if such Turnaround Times, performance dates or other agreed upon time limits are not met for reasons such as but not limited to (Excusable Delay):

2.2.1. Force majeure as defined in Clause 2.3;

2.2.2. Major defects on components which were unforeseen and which could not have been expected and which have an impact on the Services to be performed;

2.2.3. A component, material, documentation, insurance certificates or securities to be supplied by the Customer not being available or being supplied late or the Customer not accepting suitable material offered by Magnetic;

2.2.4. Material ordered in a timely manner from suppliers not being delivered to Magnetic on time or not being delivered at all;

2.2.5. The Customer withholding or delaying its consent where such consent is required;

2.2.6. Additional tasks which were not part of the contracted work scope being carried out by Magnetic upon the Customer’s request;

2.2.7. Delays in receipt of the Original Equipment Manufacturer (OEM)’s approval where such requests are submitted by Magnetic with due diligence;

2.2.8. Delays or failure of Customer to comply with the payment terms;

2.2.9. Magnetic rightfully stopping or refusing the performance of Services.

2.3. The International Chamber of Commerce (ICC) Force Majeure Clause (Long Form) is hereby incorporated in the present Agreement.

3. COMMERCIAL TERMS

3.1. The applicable prices for the Services and materials shall be specified in the Proposal and invoice.

3.2. All rates prescribed in the Agreement or addendums hereto do not include VAT (if such applies). In addition to the price for the Services, the Customer shall pay any taxes (including value added taxes, excise, import and export duties and etc.), any levies and any other fees related to the Agreement (including withholding taxes). All payments to be made by the Customer hereunder shall be made without setoff or counterclaim, free and clear of and without deduction for or on account of any present or future taxes, charges, levies, imposts, duties or Withholdings (hereinafter – the “Withholding”). If the Customer is compelled by law to make a Withholding the Customer will ensure that the deduction does not exceed the minimum legal liability therefore and the Customer shall pay to Magnetic such additional amounts as may be necessary to ensure that Magnetic receives a net amount equal to the full amount that would have been received had the payment not been made subject to such Withholding. Magnetic shall not be liable for any VAT or any taxes, duties or similar charges which arise in any jurisdiction other than Florida, United States and these will be covered by the Customer. Should any taxes be levied by any government or any tax authority against any payment by Customer to Magnetic under the Agreement, and should Magnetic not actually receive on due time a net amount equal to the full amount provided for under the Agreement, Customer shall pay all necessary additional amounts to ensure receipt by Magnetic of the full amount so provided.

3.3. All payments in connection with the Agreement shall be made in U.S. Dollars unless otherwise specified in the invoice, to the bank amount specified in the invoice. Any fees charged by a bank in connection with the transfer of funds from Customer to Magnetic will be borne by Customer.

3.4. If payment terms were not individually agreed, Customer shall be obliged to make payment within ten (10) calendar days from the issuance date of copy of the Invoice. Copies of invoices shall be sent to the Customer via email. Time for payment shall be of the essence.

3.5. Customer shall notify Magnetic of any disputed amount within fifteen (15) Days from the invoice issuance date, accompanied with all relevant justifications. Customer shall not withhold the payment of any amount of any invoice nor shall Customer set off any amount against invoices. After settlement of the dispute, the eventual adjustment of the invoice (and late payment charge) will be made.

3.6. All invoices shall become due and payable immediately upon the occurrence of a breach by Customer to perform its obligations as agreed under the Agreement. In case of repeated late payments, Magnetic reserves its right to request other payment terms to Customer (such as but not limited to letter of credit or cash before delivery), or to immediately terminate without legal notice the Agreement or any part thereof without prejudice to any other rights that Magnetic may have under the Agreement or at law.

3.7. Any amount overdue for payment by the Customer shall incur a daily simple interest charge of zero point one percent (0,1%) until actual payment is received in cleared funds. Interest shall be immediately payable on demand. Should collection of Customer’s debt be assigned to debt collectors or other professionals, costs of such debt collection shall be covered by the Customer.

3.8. In the event that any sum is not paid by the Customer as provided for under the Agreement Magnetic shall be entitled on twenty-four (24) hours’ notice to suspend further performance of the services until all outstanding amounts have been received by Magnetic in cleared funds and the time for performance of such services shall, at Magnetic option, either be extended by a period equal to the duration of the suspension plus twenty four (24) hours or shall be re-scheduled.

3.9. Magnetic may set off amounts due to Customer against amounts due by Customer, even if such amounts are not liquid, fungible and/or payable. Magnetic will notify Customer of such set off.

3.10. Magnetic shall retain ownership and title to the items delivered to the Customer by Magnetic (including the right to repossess any property of Magnetic in Customer’s possession) until the Customer has made full and final payment of all amounts due. In case of non-payment by Customer, Magnetic has by virtue of its Services rendered a contractual right of retention and a contractual lien over the subject matter in its custody. The contractual lien shall entitle Magnetic to publicly offer the object for sale. To the extent allowed under applicable laws, these rights shall also apply in case respective items are mixed with other goods or are used in the manufacture of another product; where such items cannot be removed without material damage to the product to which they are attached, right of retention and lien shall extend to the whole product. The retention of title shall not affect the passing of risk in accordance with the respective applicable INCOTERM. The Customer hereby grants Magnetic irrevocable authority to take any measures necessary to effect the above rights. These rights as well as a set-off right may also be claimed for Services rendered or items supplied previously.

3.11. In case any payment cannot be allocated to a specific Service, Magnetic is entitled to balance the respective amount against any other outstanding amount owed by the Customer to Magnetic and will inform the Customer accordingly.

4. QUALITY AND WARRANTY

4.1. Magnetic will provide all Services in accordance with Magnetic’s quality system approved by the airworthiness Authority of the country of aircraft registration. The Customer at any time will have the right to perform quality surveillance and quality audits of Magnetic.

4.2. Magnetic warrants that all Services and all material under the Agreement will be free from defects in workmanship. Non-compliance of Services or material with the quality system described in 4.1 above will also be considered a defect.

4.3. The warranty is limited as follows:

4.3.1. If other warranty periods are not specified in the Proposal or below, a defect will only be regarded as subject to warranty if it arises within nine (9) months or within one thousand (1000) flight hours after Redelivery, whichever may occur first.

4.3.2. A warranty claim must be raised by the Customer within seven (7) days after the defect has become apparent and Magnetic must be provided with the defective part for inspection and repair within an additional thirty (30) days after the warranty claim has been raised. If a defect arises on an irremovable part of an aircraft the Parties will agree upon arrangements by which such defect will be remedied at the Customer’s best convenience as well as at conditions reasonable for Magnetic.

4.3.3. The cause of the defect must be related to Material manufactured by Magnetic and / or its subcontractors or to Services rendered by Magnetic and / or its subcontractors. Magnetic does not warrant supplier material or services. For such material or services any assignable rights to warranty granted to Magnetic by its suppliers will be assigned to the Customer. Magnetic will support the Customer in pursuing such warranty claim.

4.3.4. The defective part must not have been serviced, repaired, overhauled, maintained or modified by anyone other than Magnetic or its subcontractors. The warranty shall not apply if the Customer makes any further use of the item after noticing the defect.

- 4.3.5. If upon the Customer's special request Magnetic or its subcontractors perform a provisional repair the material installed and the services rendered during such repair are not subject to warranty.
- 4.3.6. Material must at all times have been stored, handled and operated in accordance with manufacturer's recommendations.
- 4.3.7. Magnetic will correct any defect under warranty at its own cost and expense at one of its technical facilities or at any other place the Customer and Magnetic may agree upon from time to time except that the Customer will arrange at its own risk and expense for the removal and the transport of the defective parts to and from the location where the repair will be made and for the reinstallation of the defective parts. Magnetic obligations with respect to the foregoing shall only require Magnetic to correct defects, replace or restore the defective item to a serviceable condition equivalent to that at the time the defect occurred. In case of a remedial action, the initial warranty period shall continue for the remaining period of the warranty as set forth in Clause 4.3.1 above.
- 4.3.8. Magnetic warranty shall not extend to any claim, failure or damage which results from defects, non-conformity, failure or not normal wear and tear which are in whole or in part attributable to or the result of, FOD, IOD, abnormal, incorrect, inaccurate or improper use, operation, maintenance, handling, storage, transportation, packing or installation, OEM's design deficiencies, misuse, abuse or accidents, Force Majeure or incidents and taking into consideration the specific use and design of such Aircraft and / or Item, which has not been anticipated by the standards, regulations, procedures and / or requirements issued by the relevant manufacturer, the relevant Airworthiness Authorities and / or Magnetic.
- 4.4. THE WARRANTIES AND OBLIGATIONS OF MAGNETIC AND REMEDIES OF CUSTOMER SET FORTH IN THIS CLAUSE ARE EXCLUSIVE AND IN SUBSTITUTION FOR, AND CUSTOMER HEREBY WAIVES, RELEASES AND RENOUNCES ALL OTHER WARRANTIES, OBLIGATIONS AND LIABILITIES OF MAGNETIC AND ALL OTHER RIGHTS, CLAIMS OR REMEDIES OF CUSTOMER AGAINST MAGNETIC AND / OR ITS INSURERS, EXPRESS OR IMPLIED, ARISING BY LAW OR OTHERWISE, WITH RESPECT TO ANY NON-CONFORMITY OR DEFECT IN ANY DATA, PART OR PRODUCT DELIVERED OR SERVICE PERFORMED IN RELATION TO OR UNDER THE AGREEMENT INCLUDING BUT NOT LIMITED TO (I) ANY WARRANTY AGAINST HIDDEN DEFECTS, (II) ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR FITNESS FOR INTENDED USE, (III) ANY IMPLIED WARRANTY ARISING FROM COURSE OF PERFORMANCE, COURSE OF DEALING OR USAGE OF TRADE, (IV) ANY WARRANTY AGAINST INFRINGEMENT INCLUDING INTELLECTUAL PROPERTY INFRINGEMENT, (V) ANY OBLIGATION, LIABILITY, RIGHT, CLAIM OR REMEDY (WHETHER IN CONTRACT, IN TORT OR OTHERWISE). IN NO EVENT WILL MAGNETIC BE LIABLE FOR INDIRECT, SPECIAL, INCIDENTAL, CONSEQUENTIAL, MULTIPLE OR PUNITIVE DAMAGES, LOST PROFITS, LOSS OF PROSPECTIVE ECONOMIC ADVANTAGE, OR OPPORTUNITY COSTS SUFFERED DIRECTLY OR INDIRECTLY IN CONNECTION WITH THIS AGREEMENT. UNDER NO CIRCUMSTANCES MAGNETIC TOTAL LIABILITY CONNECTED WITH OR RESULTING FROM THIS WARRANTY WILL NOT EXCEED THE COST OF CORRECTING THE DEFECT OR PRICE OF REPLACING MATERIAL.
- 4.5. Should the warranty claim be rejected, the Services provided by Magnetic, including shipping costs, material or inspections costs and/or specialists assignment (if applicable), will be charged to Customer on a time-and-material basis.
- 5. LIABILITY AND INDEMNIFICATION**
- 5.1. Magnetic, its personnel and its subcontractors shall not be liable for any damage to, or loss of, property of Customer including the aircraft, or injury or death or any other damage directly or indirectly caused to Customer's or its' directors, officers, employees, agents, servants or third parties during or after, due to, or in connection with, or in consequence of the performance or non-performance of the Agreement (including third parties' claims), unless caused solely by wilful misconduct or gross negligence of Magnetic or its Subcontractors, and Customer shall defend, indemnify and hold harmless Magnetic, its directors, officers, employees, agents, servants and subcontractors against any and all such claims including costs and expenses incident thereto.
- 5.2. Customer, its personnel and its subcontractors shall be liable for any damage to, or loss of, property of Magnetic including any facility where the aircraft or any part may be situated, or injury or death or any other damage directly or indirectly caused to Magnetic or its directors, officers, employees, agents, servants during or after, due to, or in connection with, or in consequence of the performance or non-performance of the Agreement (including third parties' claims), unless caused solely by wilful misconduct or gross negligence of Magnetic.
- 5.3. NOTWITHSTANDING ANYTHING TO THE CONTRARY, MAGNETIC SHALL NEVER BE LIABLE FOR AND CUSTOMER HEREBY WAIVES, RELEASES AND RENOUNCES ALL RIGHTS AND CLAIMS AGAINST MAGNETIC TO THE FULLEST EXTENT PERMITTED BY LAW FOR ANY SPECIAL, INCIDENTAL, CONSEQUENTIAL, MULTIPLE, PUNITIVE OR INDIRECT LOSSES OR DAMAGES OF ANY KIND WHATSOEVER (INCLUDING WITHOUT LIMITATION LOSS OF USE, REVENUE OR PROFIT, LOSS OF PROSPECTIVE ECONOMIC ADVANTAGE, LOSS OF CUSTOMERS, LOSS OF DATA, COSTS INCURRED AS A RESULT OF THE LEASE OF A SPARE AIRCRAFT OR ITEM OR OTHER COSTS RESULTING FROM THE UNAVAILABILITY OF AN AIRCRAFT OR ITEM, ACCOMMODATION AND COMPENSATION OF PASSENGERS, OR IMMATERIAL DAMAGE), FOR ANY REASON WHATSOEVER AND WHETHER ARISING IN CONTRACT (INCLUDING WARRANTY), STRICT LIABILITY, EQUITY, TORT, STATUTE OR OTHERWISE.
- 5.4. IN ANY EVENT, MAGNETIC'S TOTAL LIABILITY FOR ANY AND ALL DEMANDS OR CLAIMS, FOR ANY DAMAGES CONNECTED WITH, OR RESULTING FROM THE PERFORMANCE OF ANY SERVICE WILL NOT EXCEED THE PRICE ALLOCABLE TO THE SERVICE WHICH GAVE RISE TO SUCH DEMAND OR CLAIM.
- 6. INSURANCE**
- 6.1. Throughout the provision of Services (and for two (2) years thereafter or up to the next major check whichever is the later) Customer shall procure and maintain and will provide Magnetic with a certificate of the following insurances in a combined single limit of not less than seven hundred and fifty million United States dollars (USD 750,000,000.00) for each occurrence in respect of the Aircraft:
- 6.1.1. Hull "All Risks" insurance (including War and Allied Perils Liability Insurance in accordance with AVN52E); and
- 6.1.2. "All Risks" Insurance (including War and Allied Perils Insurance) in respect of Spare Parts, Engines and Equipment when not installed on the aircraft (including any of the Customer's or third party spare parts or components in the possession of Magnetic), for not less than the replacement value of such spare parts, engines and equipment.
- 6.2. The insurance referred above will include the following provisions where applicable:
- 6.2.1. Magnetic, its directors, officers, employees, servants, agents and sub-contractors will be included as additional assured under all required liability insurance;
- 6.2.2. waiver of Underwriter's rights of subrogation against Magnetic, its directors, officers, employees, agents, servants and subcontractors under all required Hull / Hull war insurance;
- 6.2.3. provide that in the interests of the additional assured, the insurance will not be invalidated by any action or inaction of the Customer regardless of any breach or violation of any warranty of the policy;
- 6.2.4. the geographical limits, if any, shall include at the minimum all territories, to, from or over which the Aircraft / Engine to be maintained hereunder will be operated;
- 6.2.5. include a severability of interests section under the liability coverage, which provides that the insurance shall operate to give each Insured the same protection as if there were a separate policy, issued to each Insured;
- 6.2.6. a thirty (30) days written notice-period of cancellation or material change in favor of Magnetic (seven (7) days or such lesser period as may be available for war risks cover).
- 6.3. The Customer shall be responsible for any deductible payable under their Insurance policies.
- 6.4. The Customer will, at least three (3) days prior to the commencement of the Services and from time to time as Magnetic may reasonably request, furnish to Magnetic certificates of insurance evidencing that the forgoing insurances are in full force and effect. In the event the Customer fails to perform obligations set out under Section 6, Magnetic shall be released of all liability under this Agreement.
- 7. EXPORT CONTROL**
- 7.1. Lawful Use. The Customer agrees to comply with any and all applicable export, re-export, import and sanctions laws, regulations, orders and authorizations of the United States, European Union and other countries applicable to its respective activities and obligations set forth in the Agreement including usage of Magnetic goods, software, technical data (including products derived from or based on such technical data), or services received directly or indirectly from Magnetic (collectively "Export Laws"). Upon Magnetic request, Customer shall execute the End Use / End User Statement set forth in Exhibit 1 to this Agreement.
- 7.2. Prohibited Parties. Customer shall not, directly or indirectly, sell, export, re-export, transfer, divert, or otherwise dispose of any Magnetic goods, software, technical data (including products derived from or based on such technical data), or services received directly or indirectly from Magnetic to any Prohibited Party without obtaining prior authorization from the relevant government authorities as required pursuant to Export Laws. "Prohibited Parties" mean, collectively, those countries, and persons and entities from those countries, on which the U.S. or European Union Governments ("Applicable Governments") maintain an embargo or sanctions and those entities and individuals on the Applicable Governments' lists of restricted or denied parties pursuant to applicable export laws.
- 7.3. The Customer shall indemnify and hold harmless Magnetic from and against any and all claims, losses, damages, expenses, costs, demands, liabilities and proceedings suffered or incurred by the Customer and arising from or in respect of compliance with any of the provisions and requirements specified in Paragraph 7.
- 7.4. Where applicable, the Customer shall assist and provide Magnetic in a timely manner with all relevant information and / or documentation in order to enable Magnetic to apply for and receive any export licenses required at Magnetic location or otherwise. This may include, inter alia, the export classification (ECNN), end use and end user information, Harmonized System (HS) tariff number, customs value and country of origin (non-preferential). Upon receipt of all appropriate documentation from the Customer, Magnetic shall apply for the required export license, however, no obligation shall fall on Magnetic should such export licenses fail to be issued, and the Customer waives any claims or demands against Magnetic in relation to any damages, expenses or loss (direct or indirect) incurred by the Customer if issuance of the required export licenses was being delayed or if such export licenses were not being issued at all.
- 8. EVENT OF DEFAULT**

8.1. The occurrence of any of the following will constitute an Event of Default and material breach of the Agreement: (i) any Party fails to make any payment due hereunder in the manner and by the date provided herein and fails to make such payment within twenty (20) Business Days after such payment is due; (ii) any Party fails to make any payment due under any other agreement between the Parties or otherwise (iii) any Party (a) suspends payment on its debts or other obligations, (b) is unable to or admits its inability to pay its debts or other obligations as they fall due, (c) is adjudicated or becomes bankrupt or insolvent or (d) proposes or enters into any composition or other arrangement for the benefit of its creditors generally; (vi) any proceedings, resolutions, filings or other steps are instituted or threatened with respect to the Party relating to the bankruptcy, liquidation, reorganization or protection from creditors of the Party or a substantial part of the Party's property.

8.2. In the Event of default by the Customer, Magnetic may, upon written notice to the Customer, (1) suspend its performance in whole or in part, (2) terminate the Agreement and/or (3) declare all sums owing to Magnetic immediately due and payable. Exercise of any of the foregoing remedies by Magnetic shall not preclude exercise of any of the others, and neither the existence nor exercise of such remedies shall be construed as limiting, in any manner, any of the rights or remedies available to Magnetic under the applicable law (including, without limitation, cancellation fees, storage fees, parking charges, etc.).

9. GOVERNING LAW AND DISPUTE RESOLUTION

9.1. This Agreement will in all respects, including all matters of construction, validity and performance, be governed by, and construed in accordance with, the laws of the State of Florida, without regard to rules governing conflicts of law.

9.2. Each Party hereto, for itself and its successors and assigns, hereby irrevocably agrees, accepts and submits to, generally and unconditionally, the exclusive jurisdiction of the state and federal courts located in Miami-Dade County, Florida, in connection with any legal action, suit or proceeding with respect to any matter relating to or arising out of or in connection with this Agreement and hereby waives any objection to venue in such courts. Furthermore, to the fullest extent permitted by applicable law, each Party hereby waives, and agrees not to assert, by way of motion, as a defense, or otherwise, in any such suit, action or proceeding any claim that it is not personally subject to the jurisdiction of the above named courts, that the lawsuit or proceeding is brought in an inconvenient forum, or that the venue of the suit, action or proceeding is improper.

9.3. EACH PARTY HERETO HEREBY EXPRESSLY WAIVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW ANY RIGHT IT MAY HAVE TO A JURY TRIAL IN RESPECT OF ANY CLAIM OR LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED HEREBY.

10. CONFIDENTIALITY

10.1. Any specifications, plans, drawings, patterns, designs or any other information, supplied by Magnetic to Customer in connection with provision of Services, including all and any IPRs, shall remain the property of Magnetic, and any information derived therefrom or otherwise communicated to Customer in connection with the provision of Services shall be regarded by Customer as secret and strictly confidential and shall not, without consent in writing of Magnetic, be published or disclosed to any third party, or made use of by Customer except for the purpose of implementing the Agreement.

EXHIBIT A. SPARE PARTS SALE, EXCHANGE, REPAIR AND LEASE

A.1. GENERAL TERMS

1.1. This Exhibit A of General Terms of Total Technical Support forms an integral part thereof and altogether contain the entire agreement in connection with and shall be applicable, *inter alia*, to all offers and deliveries of spare parts, components, materials and equipment (including tools, test equipment and ground support equipment) (hereinafter collectively – the "Spare Parts") on sale, exchange, repair and lease basis.

1.2. All Spare Parts quoted are subject to prior sale. Magnetic shall provide the Customer with Spare Parts as detailed in Customer's Purchase Order (accepted by Magnetic in written form) and Magnetic Quotation.

1.3. If not stated otherwise, Customer may make changes in the quantity, character, specifications, delivery and other terms of the Purchase Order by a written change order, subject to written acceptance by Magnetic. Change fee will correspond to fifteen percent (15 %) of the total Purchase Order value for each change. If Customer cancels Purchase Order or Magnetic cancels Purchase Order due to Customer's fault, Magnetic shall charge restocking fee up to fifteen percent (15%) of total price of Purchase Order. Customer shall also cover and pay Magnetic costs incurred up to the date of Purchase Order change or cancellation.

1.4. Magnetic shall send the Spare Parts to Customer EXW (INCOTERM 2020) Magnetic facilities, unless otherwise specified in the Quotation.

1.5. Unless the contract states price(s) to be fixed, Magnetic may increase prices for undelivered balances in accordance with increases in Magnetic's costs and/or general price list increases occurring after the date of acceptance of Purchase Order but before dispatch and/or performance. Customer shall pay any increases in delivery costs after the date of acceptance of order.

1.6. The quality of the Services and Parts to be delivered shall be in full conformity

with the technical conditions stipulated by the manufacturer's specification and with FAA or EASA requirements. Magnetic is not the manufacturer of the Spare Parts. Where Magnetic procures on behalf of, or sells Spare Parts to the Customer, Magnetic shall use reasonable endeavours to transfer or assign any warranty made available to Magnetic by any manufacturer or other third-party supplier, to the extent that any such warranty shall be capable of transfer or assignment to the Customer. The warranty shall not be applied until the Customer has paid full price for the Spare Part / Service according to the Purchase Order and the terms specified in the invoice.

A.2. SALE

2.1. Magnetic will sell the Spare Parts, if available, to the Customer from Magnetic's or its partners' stock (hereinafter "Sale").

2.2. In case the Spare Parts requested by the Customer are not available in Magnetic's or its partners' stock, Magnetic may order the Spare Parts from the manufacturer listed as the Approved Supplier.

2.3. SPARE PARTS SHALL BE SOLD "AS IS WHERE IS", UNLESS OTHERWISE AGREED. MAGNETIC DOES NOT WARRANT THAT SPARE PARTS ARE MERCHANTABLE, FIT FOR ANY PARTICULAR PURPOSE OR AN INTENDED USE BY CUSTOMER AND CUSTOMER SHALL SATISFY ITSELF THAT SPARE PARTS ARE SO FIT.

2.4. The Sale Price shall be agreed by the Parties in each particular case.

2.5. Payment of the Sale Price must be performed before delivery of the Spare Part, unless agreed otherwise.

2.6. The title of Parts sold to the Customer shall pass from Magnetic to the Customer when the payment has been in full received by Magnetic and Parts are delivered to the Customer, whichever occurs later.

A.3. LEASE

3.1. Magnetic shall lease the Customer the Spare Parts available in Magnetic's or its partners' stock on the terms set forth herein (hereinafter "Lease").

3.2. Spare Parts provided on Lease (hereinafter "Lease Part") remain the property of Magnetic / its partner. Customer shall redeliver Lease Parts free from any liens, right or claim of a third party or the Customer.

3.3. Whenever a Lease Part has left Magnetic or its partners' stock, Customer bears risk of loss until it is redelivered to Magnetic.

3.4. PARTS SHALL BE LEASED "AS IS WHERE IS", UNLESS OTHERWISE AGREED. MAGNETIC DOES NOT WARRANT THAT LEASE PARTS ARE MERCHANTABLE, FIT FOR ANY PARTICULAR PURPOSE OR AN INTENDED USE BY CUSTOMER AND CUSTOMER SHALL SATISFY ITSELF THAT SPARE PARTS ARE SO FIT.

3.5. Lease Part must be returned to Magnetic by the Customer at the expiry of the Lease Term in the same condition or serviceable condition as delivered, standard wear and tear accepted.

3.6. The Lease Fees shall be agreed by the Parties in each particular case.

3.7. In addition to the Lease Fee, Magnetic reserves the right to charge the Customer the following additional charges: (i) If the Lease Part is not returned to Magnetic with release documentation of the standard and level of completeness of that of the Lease Part when it was supplied – re-certification charges; (ii) Should the Lease Part be returned to Magnetic in an unserviceable condition – inspection charges and either: (a) repair charges, in the event that the Lease Part is repaired by the Workshop in accordance with the CMM; or (b) the Outright Price of the Lease Part, should the Lease Part be deemed BER by the Workshop; (iii) any transportation costs Magnetic may incur for the inspection, re-certification or repair of the Lease Part. Any Disbursements made by Magnetic due to inspection, certification, re-certification or repair of the Lease Part will be charged at cost price plus a ten percent (10%) administrative fee mark-up.

3.8. Customer shall pay Lease Fee for the Lease Term and the Deposit (if applicable) three (3) calendar days before commencement of the Lease. After the end of the Lease as defined in Clause A 3.12 Magnetic shall issue final invoice for remaining lease amounts and additional expenses (if any) and such invoice is to be paid by the Customer in ten (10) calendar days.

3.9. The Lease Term shall be agreed by the Parties in each particular case.

3.10. The Lease Term shall commence on agreed date.

3.11. In case the Customer fails to return the Lease Part at expiry of the Lease Term, Magnetic shall have the right to charge the Customer at double the rate of the Lease Fee until Lease end as defined in Clause A 3.12 without prejudice to Customer's obligation to return the Lease Part. During such delayed delivery Magnetic shall be entitled to convert Lease into Sale for Outright Price which shall be charged in addition to Lease Fees charged previously.

3.12. The Lease shall end on the later of: (i) the day the Lease Part is returned to Magnetic; (ii) if the Lease Part requires re-certification (due to it being returned to Magnetic with incomplete records) the day on which the Lease Part is re-certified; (iii) if the Lease Part is returned in an unserviceable condition, the day on which the Lease Part is either returned to a serviceable condition or determined to be BER by the Workshop.

A.4. EXCHANGE

4.1. Magnetic will, for an agreed Exchange Fee, exchange an unserviceable Spare Part (hereinafter "Core Unit") of the Customer for a serviceable Spare Part, pursuant to

the terms and conditions described herein (hereinafter "Exchange").

- 4.2. The Customer shall pay the Exchange Fee, and cover all transportation (including freight, customs fees and charges for the serviceable Part, the Core Unit, and the freight incurred sending the Core unit to re-pair organization and back to Magnetic), recertification, and / or modification, and / or overhaul and / or test costs incurred and reimburse the relevant costs borne by Magnetic plus ten percent (10%) handling fee.
- 4.3. The cost of repair, overhaul, testing, and recertification of the Core Unit shall be specified by Magnetic in each particular case and shall be invoiced to the Customer.
- 4.4. The Customer must deliver a Core Unit acceptable to Magnetic within fourteen (14) calendar days after the shipment of the serviceable Spare Part. Core Unit returned to Magnetic must be repairable and of the same part number, dash number, and modification level as the Serviceable Part. Any deviation must be approved in writing by Magnetic prior to delivery of the Core Unit to Magnetic by the Customer. If the Core Unit does not comply with the preceding requirements it will be returned to Customer at Customer's expense and any and all charges incurred associated with the Core Unit will be charged to and payable by the Customer.
- 4.5. If Magnetic has not received an acceptable Core Unit including its documentation within fourteen (14) calendar days from the date of the shipment of serviceable Spare Part, then the Customer will be charged an additional amount equal to the Exchange Fee and the terms of these Terms and Conditions will continue to apply. If an acceptable Core Unit has not been received by Magnetic within twenty eight (28) calendar days from the date of the shipment, the exchanged unit will be considered to have been sold to Customer at its outright value, plus the Exchange Fee and any additional amounts already charged to the Customer. Alternatively, Magnetic may elect to invoice additional Exchange Fees every fourteen (14) calendar days until an acceptable Core Unit is received.
- 4.6. The Core Unit returned to Magnetic will not be accepted by Magnetic unless it is accompanied by the following Documentation: (i) unserviceable tags, containing reason for removal information; (ii) non-incident statement from the Customer and the airline from which part is removed, proof of trace from the airline via packing slip or a signed statement from the operator indicating part number and serial number; (iii) records for life-limited parts (i.e.: vanes, disk, etc.); (iv) cargo customs declaration (the component must be released to free circulation) for Magnetic review shall be supplied in advance; (v) previous EASA/FAA certificate. The Core Unit will not be considered received until all of the required documentation has been provided to Magnetic.
- 4.7. In the event (i) the Core Unit is unacceptable for Magnetic; or (ii) the repair cost of the Core Unit exceeds sixty five percent (65%) of the agreed outright value of the Core Unit, i.e. the Core Unit is deemed BER by the re-pair station, then the Customer shall be invoiced the aforementioned outright value as well as the original Exchange Fee, transportation and assessment fees of the Core Unit by Magnetic. Upon the Customer's request Magnetic will return such Parts to the Customer on Customer's expense with complete shop report (hereinafter "Shop Report").
- 4.8. In the event the Core Unit is deemed BER, Magnetic has the right to refuse to repair the Core Unit.
- 4.9. In the event that unmodified Parts are removed from the aircraft due to unserviceability or by FAR / JAR / EASA or OEM directive and Magnetic has supplied modified Parts, the Customer agrees to incur the costs arising from the modification of Core Unit, to modify the Parts to the appropriate standard. The modifications in the meaning of this Clause are, but not only, differences in modification level, difference in Part numbers, submission of an alternative Part.
- 4.10. Life Limited Parts i.e. Core Units subject to life time limitations must be accompanied by TSO / TSN, CSN / CSO & date of manufacture.
- 4.11. The Customer shall perform incoming inspection of all delivered serviceable Spare Parts. Defect claim must be raised in writing within seven (7) calendar days of receipt of the serviceable Spare Part, prior to returning a failed and / or warranty Spare Part, otherwise the returned Spare Part will be processed as a normal Core Unit and the Customer will be liable for any and all re-certification, modification and / or overhaul costs. If the Exchange Unit is under warranty coverage, delivery of such failed Exchange Unit shall be proceeded in accordance with Paragraph 4.
- 4.12. The Customer agrees and warrants, that title to and ownership of the serviceable Spare Part shall remain with and be vested in Magnetic without encumbrances, until the Customer returns a Core Unit acceptable to Magnetic as described above and until payment in full to Magnetic is received from the Customer. Simultaneously, title to and ownership of the Core Unit will vest, without encumbrances, with Magnetic.

A.5. REPAIR

- 5.1. Magnetic will, for an agreed fee, make a Part serviceable by replacing or processing failed or damaged parts and return the repaired Spare Part to the Customer (hereinafter "Repair").
- 5.2. Magnetic shall perform Services within its capability certified by respective aviation authority. For Spare Parts that do not fall within Magnetic's capabilities or capacity, Magnetic shall be entitled to locate and utilise subcontractors, including, but not limited to, other entities within Magnetic.
- 5.3. Magnetic shall release all repaired / overhauled, inspected and tested Spare Parts in ready to service condition (no additional work such as testing, recharging, putting to service or other to be carried out), accompanied with the Certificate for Release to Service as requested by the Customer. All repaired / overhauled and tested Spare

Parts will be accompanied with a full Shop Report.

- 5.4. Any claims related to Repair must be raised in writing within seven (7) calendar days of receipt of the repaired Spare Part, otherwise the repaired Spare Part will be considered accepted by the Customer.
- 5.5. In case the repair cost exceeds ten percent (10%) the Spare Part price, Magnetic must inform the Customer in advance to make the decision regarding expediency of this repair.
- 5.6. In the event of an AOG / IOR request by the Customer for a unit that is within the agreed TAT, Magnetic reserves the right to charge the Customer an additional fifteen percent (15%) charge as a result of the additional costs incurred.
- 5.7. The guaranteed TAT relate to standard Maintenance (i.e. initial inspection and test stipulated in the relevant CMM, replacement of a defective component that has failed during the normal operation of the Part, and its subsequent final test). The non-standard Maintenance (i.e. Customer mishandling or misconduct, Part received physically damaged or supplied to Magnetic as incomplete, Part with unusual damage or wear, Spare Part with results of damage due to improper installation or removal, improper or unauthorized maintenance outside of established Part-145 providers or as a result of an incident not arising out of normal aircraft operation, etc.) and cases of Excusable Delay will not be covered by agreed TAT.
- 5.8. If (a) the Customer for any reason, including the exercise of Magnetic lien, but excluding Magnetic fault, should not collect any Spare Part from Magnetic facility on completion of the Services, or (b) Services are suspended without Magnetic's fault for more than three (3) days; Magnetic shall be entitled to charge the Customer storage and insurance charges at then valid rates. Customer shall be charged for storage and insurance until the Spare Part is removed from Magnetic premises or until provision of Services is renewed. During such storage Magnetic shall not be responsible for maintaining continuous airworthiness of such Spare Part.
- 5.9. Magnetic warrants that the Repair performed by Magnetic shall be free from fault due to defective workmanship for a period as stated below from the date the Certificate for Release to Service has been issued:
 - Wheels – three (3) months or three hundred (300) FC (whichever comes first);
 - Brakes – twelve (12) months or one thousand (1000) FC (whichever comes first);
 - Batteries – three (3) months or three hundred (300) FC (whichever comes first);
 - Spare Parts where FC is not applicable – three (3) months from the date the Certificate for Release to Service has been issued.

EXHIBIT 1

FORM OF GENERAL END USE / END USER STATEMENT

The Undersigned understands that the products (including services) it acquires from **Magnetic Group**¹ may be subject to trade sanctions and export control laws and regulations or other restrictions under the laws of the country of manufacture / country of origin, the country of the supplier, the country of the Undersigned, the country of end user / end use². Therefore, the Undersigned, on behalf of itself, its subsidiaries and affiliates, warrants and agrees to abide by all applicable laws and regulations relating to such products and the direct products thereof.

With this Statement³ the Undersigned, represented by its authorized official, certifies and declares the following:

End Use / End User compliance declaration:

- The products acquired from Magnetic Group will not be directly or indirectly used, sold, exported or re-exported or incorporated into products used directly or indirectly, in the design, development, production, stockpiling, or use of chemical or biological weapons, nuclear programs (including activities related to nuclear explosive devices, nuclear reactors, and nuclear fuel-cycle activities), missile (including cruise and ballistic missile systems, space launch vehicles, sounding rockets, target drones, remotely piloted vehicles, and reconnaissance drones), and maritime nuclear propulsion projects except as authorized under applicable laws and regulations;
- The products acquired from Magnetic Group will not be directly or indirectly used, sold, exported or re-exported or incorporated into products for the use in countries or of persons and / or organisations (including, but not limited to persons or organizations designated as terrorists, drug traffickers or weapons proliferators) subject to applicable international sanctions or embargoes, or to support regional instability and terrorism activities;
- The products acquired from Magnetic Group will not be directly or indirectly used, sold, exported or re-exported to any country, company or individual that is either (i) required by any export regulations to hold a licence to receive the goods (and does not hold the required licence) or (ii) is prohibited from receiving exports by export regulations, as amended from time to time and as applicable, including, but not limited to any natural or legal person, entity or body in (or for use in) Iran, Cuba, Syria, North Korea, Sudan, Russia and Crimea;
- US origin products will not be directly or indirectly used, sold, exported or re-exported for military end-use or to military end-users in China (including Hong Kong and Macau), Myanmar/Burma, Russia, Belarus, Cambodia, or Venezuela unless otherwise authorized by the U.S. Government;
- The products acquired from Magnetic Group will be directly or indirectly used, sold, exported or re-exported or incorporated into products solely for civil / commercial end use;
- The Undersigned shall be the end user of such products; otherwise it shall confirm the end user(s) of all products acquired from Magnetic Group to ensure compliance with trade sanctions and export control laws and regulations and shall inform subsequent acquirers of the products acquired from Magnetic Group (including the end user(s)), in writing, of all the trade compliance requirements in this Statement.

Undersigned's compliance declaration:

- The Undersigned complies with trade sanctions and export control laws and regulations and follows these laws and regulations as well as restrictions specified in this Statement via compliance control mechanism in place.
- The Undersigned, its subsidiaries and their beneficial owners and executives are not subject to any sanctions administered or enforced by the EU, USA governments and their allies, the United Nations Security Council, or other relevant authority.
- The Undersigned certifies that is not an operating division, a branch, a shell company, or an agent facilitating transactions or conducting any other activity for or on behalf of any entity designated on or subject to any trade sanctions and export control laws and regulations; and does not participate in activities the object or effect of which is to circumvent prohibitions in trade sanctions and export control laws and regulations.

Undertakings by the Undersigned:

- The Undersigned shall immediately notify Magnetic Group, in writing, of any material changes to the above statements and declarations;
- The Undersigned shall not act in any transaction with Magnetic Group in any manner that would place Magnetic Group in violation of trade sanctions and export control laws and regulations;
- Should the Undersigned become aware of any violation or suspected violation of the terms of this Statement, it will immediately notify Magnetic Group of the facts and circumstances and will fully cooperate with any investigation of same;
- This Statement shall survive the completion, early termination, cancellation or expiration of any purchase order, agreement or contract with Magnetic Group;
- The Undersigned shall renew this Statement on a yearly basis, unless expressly rescinded in writing by Magnetic Group.

The Undersigned, on behalf of itself, its subsidiaries and affiliates, confirms its knowledge and understanding of all trade sanctions and export control laws and regulations, assumes all responsibilities for export and trade sanctions compliance and warrants and agrees to indemnify and hold Magnetic Group harmless against any losses, damages, fees, monetary sanctions or criminal punishment imposed as a result of failure to comply with any applicable trade sanctions and export control laws and regulations or other restrictions, as well as any declarations or undertakings stated herein above.

By executing this Statement the Undersigned attests to the veracity of the information provided and the representative certifies that it is duly authorized to make this Statement on behalf of the Undersigned.

Date

Name of the legal entity

Registration No of the legal entity

Place of business of the legal entity

Name of the representative

Title of the representative

Signature, seal

¹ Magnetic MRO AS and its subsidiaries

² Where Magnetic Group entity is established with European Union, European Union regulations are directly applicable to it, as well as laws of the country of establishment.

³ This Statement will be retained on file at Magnetic Group. This revision of Statement has been prepared by Magnetic Group on 21 September 2022.