

1. GENERAL TERMS

- 1.1. These General Terms and Conditions for Engine Repair shall constitute an inseparable part of Magnetic MRO Proposal (hereinafter – the “Proposal”) and Customer’s Purchase Order for Engine repair and shall hereinafter collectively be referred to as the “Agreement”. Customer’s Standard Contract Terms and Conditions are not applicable. Deviations from these General Terms and Conditions for Engine Repair need to be agreed in writing. These General Terms and Conditions for Engine Repair apply to all engine maintenance and repair services (hereinafter – the “Services”) provided by Magnetic MRO, unless Parties execute a separate Engine Maintenance Agreement without referring to these General Terms and Conditions for Engine Repair. “Engine” shall mean complete engine as well as engine modules and / or engine parts.
- 1.2. Customer shall supply Magnetic MRO in advance with current (updated) engine documentation required for Service performance. The Customer warrants that at the date of the input of the engine to Magnetic MRO / its subcontractor’s facility it will have obtained any relevant authorizations required from the appropriate authority to allow Magnetic MRO / its subcontractor to perform the Services and shall provide copy of such authorization.
- 1.3. Magnetic MRO shall have the right to sub-contract any or all of the Services as a result of Magnetic MRO lack of capability or capacity provided it obtains the Customer’s consent, which consent shall not be unreasonably withheld. The Customer shall not contract any third party to carry out work on the engine whilst the engine is at Magnetic MRO / its subcontractor’s facility.
- 1.4. Delivery of material or an engine will be DDP Magnetic MRO / its subcontractor’s facility unless otherwise agreed in writing. Redelivery of material or an engine will be EXW Magnetic MRO / its subcontractor’s facility.
- 1.5. Parties are entitled to parts exchange under the conditions agreed in the relevant requests. Parts interchanged between the Customer and Magnetic MRO shall be equivalent in configuration and Part Number approved for the Engine model and type in which interchanged.
- 1.6. Title of property to original Customers parts, for which Magnetic MRO has provided the corresponding Exchange parts, shall pass to Magnetic MRO upon redelivery of the Engine to the Customer.
- 1.7. Customer shall deliver the Engine to for repair at least one day prior to the scheduled commencement of the Service. In case of any delay in delivery, Magnetic MRO will not be responsible for any delay in redelivery, even if the redelivery date has been agreed to be binding. Where possible, Magnetic MRO shall attempt to mitigate the effects of any such delay. In the event that the delay results in Magnetic MRO being unable to perform the Services, Magnetic MRO and Customer shall discuss arrangements for delivery/redelivery dates rescheduling. All costs and expenses incurred under this clause shall be charged to the Customer. If Customer is unable to deliver the Engine on the scheduled date, the redelivery of such shall be extended accordingly subject to availability of slots and manpower.
- 1.8. At completion of Services the work performed by Magnetic MRO will be certified on applicable release documents (EASA Form 1 or Aircraft CRS) by authorised Magnetic MRO personnel. Certificates can be single (EASA) or dual (EASA/FAA) release.
- 1.9. At redelivery the Customer shall sign and provide Magnetic MRO with a written document of acceptance confirming that the agreed Services have been completed in accordance with the Agreement or stating any objections that the Customer may have. In the event that the aforementioned signed document is not provided to Magnetic MRO prior to or upon redelivery of the Engine, the Services shall be deemed to have been completed as agreed.
- 1.10. Customer shall inspect and collect the Engine within 1 (one) week of being notified by Magnetic MRO that the Services have been completed. If Customer does not collect the Engine, the Customer shall reimburse Magnetic MRO for all costs incurred by Magnetic MRO in relation to the Engine not being collected on time, including but not limited to costs for storage, parking and insurance.
- 1.11. Any offer and respective purchase order itself and any information, data or documents supplied by the Customer in connection with the Services as well as individual provisions contained therein are deemed and treated by the Customer and Magnetic MRO as strictly confidential.
- 1.12. The disclosure of any documents, data and other information in connection with the Agreement will not be deemed as a grant or transfer of any rights, in particular but not limited to intellectual and industrial property rights.

2. COMMERCIAL TERMS

- 2.1. Prices for the Services shall be specified in the Proposal.
- 2.2. 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 set off 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 MRO such additional amounts as may be necessary to ensure that Magnetic MRO 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 MRO shall not be liable for any VAT or any taxes, duties or similar charges which arise in any jurisdiction other than Estonia 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 MRO under the Agreement, and should Magnetic MRO 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 MRO of the full amount so provided.

- 2.3. All payments in connection with the Agreement shall be made in currency 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 MRO will be borne by Customer.
- 2.4. If not otherwise specified in the Proposal, the Customer will pay to Magnetic MRO fifty percent (50%) of the price defined in the Proposal, at least 1 (one) day before delivery of the Engine to Magnetic MRO. Any delay in payment of this amount may result in loss of free slot for subject engine(s) shop visit. The remaining fifty percent (50%) plus additional routine and non-routine work not specified in the Proposal and previously submitted in a form of individual offer(s) and approved by the Customer, shall be paid by the Customer after completion of the Services, at least 1 (one) day before the redelivery date.
- 2.5. A final invoice for the Services shall be issued as soon as practicable, following redelivery. The final invoice will reflect the total charges the Customer owes or any credits owed to Customer and will reflect any additional charges or credits to the costs estimate incurred. Final settlement is to be performed in 10 days from issuance of Final Invoice.
- 2.6. Customer shall notify Magnetic MRO of any disputed amount in 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.
- 2.7. 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.
- 2.8. Any overdue amount shall incur a monthly simple interest charge of 3% until actual payment is received in cleared funds. Interest shall be immediately payable on demand.
- 2.9. In the event any sum is not paid by the Customer as provided for under the Agreement then Magnetic MRO shall be entitled on 24 hours’ notice to suspend further performance of the services until all outstanding amounts have been received by Magnetic MRO in cleared funds and the time for performance of such services shall, at Magnetic MRO option, either be extended by a period equal to the duration of the suspension plus 24 hours or shall be re-scheduled.
- 2.10. Magnetic MRO may set off amounts due to Customer against amounts due by Customer. Magnetic MRO will notify Customer of such set off.
- 2.11. Failure to make any payment due hereunder within 30 days after such payment is due shall constitute a material breach of the Agreement.
- 2.12. Magnetic MRO shall retain ownership and title to the items delivered to the Customer by Magnetic MRO (including the right to repossess any property of Magnetic MRO 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 MRO 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 MRO 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 injury 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 MRO 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.
- 2.13. If (a) the Customer for any reason, including the exercise of Magnetic MRO lien, but excluding Magnetic MRO fault, should not collect any aircraft / engine from Magnetic MRO facility on completion of the Services, or (b) Services are suspended without Magnetic MRO’s fault for more than 3 days; Magnetic MRO shall no longer be responsible for the aircraft / engine and shall be entitled to charge the Customer parking / storage charges at the following rates: (i) parking of aircraft in the hangar – EUR 2000 per day; (ii) parking of aircraft outdoors – EUR 200 per day; (iii) storage of engine – EUR

500 per day. Customer shall be charged for parking / storage until the aircraft / engine is removed from Magnetic MRO premises or until provision of Services is renewed. Any maintenance on and insurance of the aircraft / engine shall be the responsibility of the Customer for so long as the aircraft / engine shall remain at Magnetic MRO premises.

3. WARRANTY

- 3.1. Magnetic MRO warrants that all Services provided by Magnetic MRO under the Agreement will be free from defects in workmanship.
- 3.2. If not otherwise specified in the Proposal, a defect will only be regarded as subject to warranty if it arises within 12 months or 2000 FH after Redelivery, whichever may occur first.
- 3.3. A warranty claim must be raised by Customer within 7 days after the defect has become apparent and Magnetic MRO must be provided with the defective part for inspection and repair within an additional 30 days after the warranty claim has been raised. If a defect arises on an irremovable part of an engine the Parties will agree upon arrangements by which such defect will be remedied at Customer's best convenience as well as at conditions reasonable for Magnetic MRO.
- 3.4. Customer must prove that Magnetic MRO did not properly perform the work causing the defect. Material must at all times have been stored, handled and operated in accordance with manufacturer's recommendation and the defective part may not be serviced, repaired, overhauled, maintained or modified by anyone other than Magnetic MRO or its Subcontractors.
- 3.5. The cause of the defect must be related to Services rendered by Magnetic MRO. Magnetic MRO does not warrant for Subcontractor's / Supplier's material or Services. For such material or Services any assignable rights to warranty granted to Magnetic MRO by its Subcontractors / Suppliers will be assigned to Customer. In case work is performed by Subcontractor or in case parts procured from Subcontractor / Supplier are installed, all assignable warranties of Subcontractor / Supplier will be transferred by Magnetic MRO to Customer. In case of demands, pretensions or warranty claim against a Subcontractor / Supplier Magnetic MRO shall cede its rights against the Subcontractor / Supplier to Customer. Subcontractor / Supplier directly will response and be liable to Customer for its breach of warranty.
- 3.6. Magnetic MRO 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 Engine 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 MRO.
- 3.7. Magnetic MRO will correct the defective workmanship at its own cost and expense except that Customer will arrange at its own risk and expense for the removal, installation and the transport of such Item DDP repair shop. Magnetic MRO obligations with respect to the foregoing shall only require Magnetic MRO to correct defects in workmanship. The Warranty explicitly excludes the repair of damage that occurs to any and all areas of the Aircraft or Engine which are damaged as a result of defects in workmanship. In case of a remedial action, the initial warranty period shall continue for the remaining period of the warranty as set forth in Clause 3.2 above.
- 3.8. Should the warranty claim be rejected, the services provided by Magnetic MRO, including shipping costs, material or inspections costs and/or specialists assignment (if applicable), will be charged to Customer on a time-and-material basis.
- 3.9. The warranties and obligations of Magnetic MRO 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 MRO and all other rights, claims or remedies of Customer against Magnetic MRO 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 intended use, (iii) any implied warranty arising from course of performance, course of dealing or usage of trade, (iv) any warranty against infringement, (v) any obligation, liability, right, claim or remedy (whether in contract, in tort or otherwise). In no event will Magnetic MRO be liable for indirect damages. Magnetic MRO liability connected with or resulting from this warranty will not exceed the cost of correcting the defect / price of replacing Material.

4. LIABILITY AND INDEMNIFICATION

- 4.1. Magnetic MRO, its personnel and its subcontractors shall not be liable for any damage to, or loss of, property of Customer including the aircraft, engine, or injury or death or any other damage directly or indirectly caused to Customer's 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 by wilful misconduct or gross negligence of Magnetic MRO or its Subcontractors, and Customer shall indemnify and hold harmless Magnetic MRO, its directors, officers, employees, agents, servants and Subcontractors against any and all such claims including costs and expenses incident thereto.

- 4.2. Customer, its personnel and its subcontractors shall be liable for any damage to, or loss of, property of Magnetic MRO including any facility where the engine or any part may be situated, or injury or death or any other damage directly or indirectly caused to Magnetic MRO 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 by wilful misconduct or gross negligence of Magnetic MRO.
- 4.3. Notwithstanding any other clause, Magnetic MRO shall never be liable and Customer hereby waives, releases and renounces all rights and claims against Magnetic MRO to the fullest extent permitted by law for any special, incidental, consequential, 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 engine or Item or other costs resulting from the unavailability of an engine or Item, accommodation and compensation of passengers, or immaterial damage), for any reason whether arising in contract (including warranty) or otherwise.
- 4.4. Magnetic MRO 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.

5. INSURANCE

- 5.1. Throughout the provision of Services (and for 2 years thereafter or to the next major check whichever is the greater) Customer shall procure and maintain and will provide Magnetic MRO with a certificate of the following insurances in a combined single limit of not less than USD 750,000,000.00 each occurrence in respect of the Aircraft:
 - 5.1.1. Hull "All Risks" insurance (including War and Allied Perils Liability Insurance in accordance with AVN52E); and
 - 5.1.2. "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 MRO), for not less than the replacement value of such spare parts, engines and equipment.
- 5.2. The insurance referred above will include the following provisions where applicable:
 - 5.2.1. Magnetic MRO, its directors, officers, employees, servants, agents and sub-contractors will be included as additional assured under all required liability insurance;
 - 5.2.2. waiver of Underwriter's rights of subrogation against Magnetic MRO, its directors, officers, employees, agents, servants and subcontractors under all required Hull / Hull war insurance;
 - 5.2.3. 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;
 - 5.2.4. 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;
 - 5.2.5. 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;
 - 5.2.6. a thirty (30) days written notice-period of cancellation or material change in favor of Magnetic MRO (seven (7) days or such lesser period as may be available for war risks cover).
- 5.3. The Customer shall be responsible for any deductible payable under their Insurance policies.
- 5.4. The Customer will, at least 3 days prior to the commencement of the Services and from time to time as Magnetic MRO may reasonably request, furnish to Magnetic MRO certificates of insurance evidencing that the forgoing insurances are in full force and effect.

6. TURNAROUND TIME, EXCUSABLE DELAY, FORCE MAJEURE

- 6.1. From time to time the Parties may agree upon Turnaround Times or other performance dates and time limits.
- 6.2. The Parties agree that it will be deemed not to be Magnetic MRO's fault and Magnetic MRO 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):
 - 6.2.1. Force majeure as defined in Clause 6.3;

- 6.2.2. Major defects on airframe, systems, engines or components which were unforeseen and which could not have been expected and which have an impact on the Services to be performed;
 - 6.2.3. An aircraft, 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 MRO;
 - 6.2.4. Material ordered in a timely manner from suppliers not being delivered to Magnetic MRO on time or not being delivered at all;
 - 6.2.5. The Customer withholding or delaying its consent where such consent is required;
 - 6.2.6. Additional tasks which were not part of the contracted work scope being carried out by Magnetic MRO upon the Customer's request;
 - 6.2.7. Delays in receipt of OEM's approval where such requests are submitted by Magnetic MRO with due diligence;
 - 6.2.8. Delays or failure of Customer to comply with the payment terms;
 - 6.2.9. Magnetic MRO rightfully stopping or refusing the performance of Services.
- 6.3. The ICC Force Majeure Clause (Long Form) is incorporated in the present Agreement.

7. EXPORT CONTROL

- 7.1. Lawful Use. The Customer agrees to comply with any and all applicable export, import and sanctions laws, regulations, orders and authorizations that apply to its respective activities and obligations set forth in the Agreement including usage of Magnetic MRO goods, software, technical data (including products derived from or based on such technical data), or services received directly or indirectly from Magnetic MRO (collectively "Export Laws").
- 7.2. Prohibited Parties. Customer shall not, directly or indirectly, sell, export, re-export, transfer, divert, or otherwise dispose of any Magnetic MRO goods, software, technical data (including products derived from or based on such technical data), or services received directly or indirectly from Magnetic MRO 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 MRO 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.

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) 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) fails to make any payment due under any other agreement between the Parties or otherwise (iii) 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 MRO 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 MRO immediately due and payable. Exercise of any of the foregoing remedies by Magnetic MRO 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 MRO under the applicable law.

9. GOVERNING LAW AND DISPUTE RESOLUTION

- 9.1. Any dispute or difference arising between the Parties hereto as to the construction of the Agreement or any other matter or thing arising hereunder or in connection therewith shall in the first instance be settled by the Parties in good faith through friendly negotiations. Failing such settlement, the dispute shall be settled as per the rules below:
 - in case the mutual legal assistance treaty between the Republic of Estonia and Customer's country exists – the disputes shall be settled in the Courts of Estonia in accordance with Estonian law;

- in all other cases, the disputes shall be settled in the courts of the country the Customer is based in, in accordance with laws of the respective country.